CONGRESSIONAL RECORD—SENATE June 15, 2000

S. 2732. A bill to ensure that all States participating in the National Boll Weevil Eradication Program are treated equivalently; to the Committee on Agriculture, Nutrition, and Forestry.

THE BOLL WEEVIL ERADICATION EQUITY ACT

Mr. GRAMM. Mr. President, today I am introducing the Boll Weevil Eradication Equity Act. Boll weevil infestation has caused more than $15 billion worth of damage to the United States cotton industry. Cotton farmers lose $300 million annually. Texas is the largest cotton producing state in the nation, yet the scope of this problem extends beyond Texas. The ability of all states to eradicate this pest would stop future migration to boll weevil-free areas and prevent reintroduction of the boll weevil into those areas which have already completed a successful eradication effort.

We must continue to build upon the past success of the existing program. The boll weevil eradication program was authorized for the first time by the Boll Weevil Eradication Program Act of 1918. This Act provided for Federal cost share funds. This highly successful partnership has resulted in complete eradication of the boll weevil in California, Florida, Arizona, Alabama, Georgia, Virginia and North Carolina. These states received an average federal cost-share of 26.9 percent, with producers and individual states paying the remaining cost.

Since 1994, however, the program has expanded into Texas, Mississippi, Arkansas, Louisiana, Tennessee, Oklahoma, and New Mexico, but the federal appropriation has remained relatively constant. The addition of this vast acreage has resulted in dramatically reducing the federal cost share to only 4 percent, leaving producers and individual states to fund the remaining 96 percent. This is not fair to the states nor is it fair to the cotton producers in the United States and costs cotton producers in the United States approximately $300,000,000 annually.

The National Cotton Council estimates that for every $1 spent on eradication, cotton farmers will accrue about $12 in benefits. The bill I am introducing today will authorize a Federal cost share that will result in a 26.9 percent Federal cost share. The bill will provide for the preservation of assisted housing for low income elderly persons, disabled persons, and other families; to the Committee on Banking, Housing, and Urban Affairs.

AFFORDABLE HOUSING FOR SENIORS AND FAMILIES ACT

Mr. SANTORUM. Mr. President, I rise with great pride to introduce the Affordable Housing for Seniors and Families Act. I am very pleased to say that Senator Kennedy of Massachusetts and Senator SARBANES are original co-sponsors of this bill.

Even as our national economy flourishes, many Americans are struggling...
to find safe, decent, sanitary, affordable housing. HUD estimates that 5.4 million families are either paying more than half of their income for rent or living in substandard housing. Of these households, 1.4 million, or 26%, are elderly or disabled. The scarcity of affordable housing is particularly troubling for seniors and the disabled who may require special structural accommodations in their homes.

As Vice Chairman of the Subcommittee on Housing and Transportation, and as a member of the Aging Committee, I feel a heightened sense of urgency in helping these special populations find housing. Thus, I am pleased to offer a bill which reauthorizes federal funding for elderly and disabled housing programs; expands supportive housing opportunities for these special needs; and allows dollars options giving owners financial flexibility to use sources of income besides the Section 202 and Section 811 funds. For instance, by requiring HUD to approve prepayment of the 202 mortgages, this bill allows sponsors to build equity in their projects, which can be used to leverage funding for capital improvements or services for tenants. It gives sponsors maximum flexibility to use all sources of financing, including federal money, for construction, amenities, and relevant design features. In order to raise additional outside revenue and offer a convenience to tenants, owners are permitted to rent space to commercial facilities. In the cases of both Section 202 and 811 housing for disabled families in the project reserves to retrofit or modernize obsolete or unmarketable units. Finally, this bill allows project sponsors to form limited partnerships with for-profit entities. Through such a partnership, sponsor can access Low Income Housing Tax Credit, and build larger developments.

The importance of providing a "continuum of care" that allows people to live independently and with dignity; offers incentives to preserve the stock of affordable housing that is at risk; and reduces the loss due to prepayment, Section 8, or deterioration; and modernizes current laws allowing the FHA to insure mortgages on hospitals, assisted living facilities, and nursing homes. Together, I believe these measures will help to fill the critical housing needs of elderly and disabled families.

On September 27, 1999, the House of Representatives overwhelmingly approved the Preserving Affordable Housing for Senior Citizens in the 21st Century Act (H.R. 202) by a vote of 405-5. Several aspects of H.R. 202, which protected residents in the event that their landlords did not renew their project-based Section 8 contracts, were included in the FY 2000 VA-HUD appropriations bill. The legislation I offer today is modeled on the House-passed bill, without the preservation provisions that have already been enacted. I would like to take a few moments to highlight the major provisions of this bill.

The Section 202 elderly housing program and the Section 811 disabled housing program each provide crucial affordable housing for very low-income individuals, whose incomes are 50 percent or below the area median income. By law, sponsors, or owners, of Section 202 or Section 811 housing must be non-profit organizations. Many sponsors are faith-based. The Affordable Housing for Seniors and Families Act will increase the stock of Section 202 and 811 housing in several ways. First, it reauthorizes funding for Section 202 and 811 housing programs in the amount of $700 million and $225 million, respectively, in FY 01. Such sums are necessary as are authorized for FY 02 through FY 04. Second, it creates an optional matching grant program that will enable sponsors to leverage additional money for construction. Third, it allows Section 202 housing sponsors to buy new properties. This legislation authorizes options giving owners financial flexibility to use sources of income besides the Section 202 and Section 811 funds. For instance, by requiring HUD to approve prepayment of the 202 mortgages, this bill allows sponsors to build equity in their projects, which can be used to leverage funding for capital improvements or services for tenants. It gives sponsors maximum flexibility to use all sources of financing, including federal money, for construction, amenities, and relevant design features. In order to raise additional outside revenue and offer a convenience to tenants, owners are permitted to rent space to commercial facilities. In the cases of both Section 202 and 811 housing for disabled families in the project reserves to retrofit or modernize obsolete or unmarketable units. Finally, this bill allows project sponsors to form limited partnerships with for-profit entities. Through such a partnership, sponsor can access Low Income Housing Tax Credit, and build larger developments.

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TITLE III—EXPANDING HOUSING OPPORTUNITIES FOR THE ELDERLY AND PERSONS WITH DISABILITIES

Subtitle A—Housing for the Elderly

Sec. 301. Matching grant program.
Sec. 302. Eligibility for for-profit limited partnerships.
Sec. 303. Mixed funding sources.
Sec. 304. Authority to acquire structures.
Sec. 305. Mixed-income occupancy.
Sec. 306. Use of project reserves.
Sec. 307. Commercial activities.
Sec. 308. Mixed finance pilot program.
Sec. 309. Grants for conversion of elderly housing to assisted living facilities.
Sec. 310. Grants for conversion of public housing projects to assisted living facilities.
Sec. 311. Annual HUD inventory of assisted housing designated for elderly persons.
Sec. 312. Treatment of applications.

Subtitle B—Housing for Persons With Disabilities

Sec. 313. Matching grant program.
Sec. 314. Eligibility for for-profit limited partnerships.
Sec. 315. Mixed funding sources.
Sec. 316. Tenant-based assistance.
Sec. 317. Use of project reserves.
Sec. 318. Construction activities.

Subtitle C—Other Provisions

Sec. 319. Service coordinators.

TITLE IV—AFFORDABLE HOUSING STOCK

Sec. 401. Matching grant program for affordable housing preservation.
Sec. 402. Assistance for nonprofit purchasers preserving affordable housing.
Sec. 403. Section 236 assistance.
Sec. 404. Preservation projects.

TITLE V—MORTGAGE INSURANCE FOR HEALTH CARE FACILITIES AND HOME EQUITY CONVERSION MORTGAGES

Sec. 501. Rehabilitation of existing hospitals, nursing homes, and other facilities.
Sec. 502. Eligibility of for-profit limited partnerships.
Sec. 503. Hospitals and hospital-based integrated service facilities.
Sec. 504. Home equity conversion mortgages.

SEC. 2. REGULATIONS.

The Secretary of Housing and Urban Development (referred to in this Act as the “Secretary”) shall issue any regulations to carry out this Act or the amendments made by this Act that the Secretary determines may be necessary for each such fiscal year, 5 percent shall be available only for providing assistance in accordance with the requirements under subsection (d)(4) (relating to matching funds). Extension of insufficient eligible applicants for such assistance, any amount remaining shall be used for assistance under this section.”.

SEC. 203. SERVICE COORDINATORS AND CONGREGATE SERVICES FOR ELDERLY AND DISABLED HOUSING.

There is authorized to be appropriated to the Secretary $50,000,000 for fiscal year 2001, and such sums as may be necessary for each of fiscal years 2002, 2003, and 2004. Of the amount provided in appropriation Acts for assistance under this section in each such fiscal year, 5 percent shall be available only for providing assistance in accordance with the requirements under subsection (d)(5) (relating to matching funds), except that if there are insufficient eligible applicants for such assistance, any amount remaining shall be used for assistance under this section.”.

CONGRESSIONAL RECORD—SENATE

June 15, 2000
SUBTITLE A—Housing for the Elderly

SEC. 301. MATCHING GRANT PROGRAM.

Section 202 of the Housing Act of 1959 (12 U.S.C. 170q) is amended—

(1) in subsection (b), in the second sentence, by striking "amounts from sources other than" and inserting "sufficient assistance provided pursuant to section 202 of the Housing Act of 1959 (12 U.S.C. 170q(4))"; and

(2) in subsection (c), by adding at the end the following:

"(4) Matching grants.—

"(A) In general.—

"(i) 15 percent minimum.—Amounts made available for assistance under this section shall be used only for capital advances in accordance with paragraph (1), except that the Secretary shall require that, as a condition of providing assistance under this paragraph for a project, the applicant for assistance shall supplement the assistance with amounts from sources other than this section in an amount that is not less than 15 percent of the amount of assistance provided pursuant to this paragraph for the project.

"(ii) Preference.—In providing assistance under this paragraph the Secretary shall take into consideration the degree to which the applicant will supplement that assistance with amounts from sources other than this section and, in all other factors being equal, shall give preference to applicants whose supplemental assistance is equal to the highest percentage of the amount of assistance provided pursuant to this paragraph for the project.

"(B) Requirement for non-Federal funds.—Not less than 50 percent of supplemental amounts provided for a project pursuant to subparagraph (A) shall be from non-Federal sources. Such supplemental amounts may include the value of any in-kind contributions, including donated land, structures, equipment, and other contributions as the Secretary considers appropriate, but only if the existence of such in-kind contributions does not mean that the constructing or more dwelling units than would have been constructed absent such contributions.

"(C) Income eligibility.—Notwithstanding any other provision of this section, the Secretary shall provide that, in a project assisted under this paragraph, a number of dwelling units may be made available for occupancy by elderly persons who are not very low-income persons in a number such that the ratio that the number of dwelling units in the project so occupied bears to the total number of units in the project does not exceed the ratio that the amount from non-Federal sources provided for the project pursuant to this paragraph bears to the sum of the capital advances provided for the project under this paragraph and all supplemental amounts for the project provided pursuant to this paragraph.

SEC. 302. ELIGIBILITY OF FOR-PROFIT LIMITED PARTNERSHIPS.

Section 202(k)(4) of the Housing Act of 1959 (12 U.S.C. 170q(k)(4)) is amended by inserting after paragraph (C) the following:

"Such for-profit limited partnership the sole general partner of which is an organization meeting the requirements under subparagraphs (A), (B), and (C), or a corporation, limited liability company, or similar entity organized by an organization meeting the requirements under subparagraphs (A), (B), and (C),".

SEC. 303. MIXED FUNDED SOURCES.

Section 202(h)(4) of the Housing Act of 1959 (12 U.S.C. 170q(h)(4)) is amended by striking "Non-Federal sources" and inserting "sources other than this section".

SEC. 304. AUTHORITY TO ACQUIRE STRUCTURES.

Section 202 of the Housing Act of 1959 (12 U.S.C. 170q) is amended—

(1) in subsection (b), by striking "from the Resolution Trust Corporation"; and

(2) in subsection (h)(2)—

(A) in the paragraph heading, by striking "RTC properties" and inserting "Acquisition"; and

(B) by striking "from the Resolution" and all that follows through "Insurance Act".

SEC. 305. MIXED-INCOME OCCUPANCY.

SEC. 306. USE OF PROJECT RESERVES.

Section 202(i) of the Housing Act of 1959 (12 U.S.C. 170q(i)) is amended by adding at the end the following:

"(8) Use of project reserves.—Amounts for project reserves for a project assisted under this section may be used for costs, subject to reasonable limitations as the Secretary determines appropriate, for reducing the number of dwelling units in the project. Such use shall be subject to the approval of the Secretary to ensure that the use is designed to retrofit units that are currently obsolete or unmarketable.".

SEC. 307. COMMERCIAL ACTIVITIES.

Section 202(h)(1) of the Housing Act of 1959 (12 U.S.C. 170q(h)(1)) is amended by adding after paragraph (4) the following:

"(5) Financing.—The Secretary may use such section 202 shall be provided in the form of a capital advance, subject to repayment as provided in such subsection, and shall not be structured as a loan. The Secretary shall take such action as necessary to ensure that the repayment contingency under such subsection is enforceable for projects made available under section 202 solely for the purpose of assisting projects that are used both for supportive housing for the elderly and for other types of housing, which may include market rate housing.

(b) CONFORMING AMENDMENTS.—Section 202 of the Housing Act of 1959 (12 U.S.C. 170q) is amended—

(1) by redesignating paragraphs (3) through (8) as paragraphs (4) through (9), respectively; and

(2) by inserting after paragraph (8) the following:

"(10) Low-income.—The term "low-income" has the meaning given the term "low-income families" under section 3(b)(2) of the United States Housing Act of 1937 (42 U.S.C. 1437a(b)(2)).".

SEC. 308. MIXED FINANCE PILOT PROGRAM.

(a) Authority.—The Secretary shall carry out a pilot program under this section to determine the effectiveness and feasibility of providing assistance under section 202 of the Housing Act of 1959 (12 U.S.C. 170q) for housing projects that are used both for supportive housing for the elderly and for other types of housing, which may include market rate housing.

(b) Scope.—Under the pilot program the Secretary shall provide, to the extent that sufficient approvable applications for such assistance are received, assistance in the form provided under subsection (d) for not more than 5 housing projects.

(c) Mixed Use.—The Secretary shall, for a project to be assisted under the pilot program—

(1) require that a minimum number of the dwelling units in the project be reserved for low-income elderly persons to the extent such occupancy is made available pursuant to subsection (i)(1)(B); and

(2) provide that the remainder of the dwelling units in the project may be used for assistance to persons who are not very low-income.

(d) Finacing.—The Secretary may use project income assistance under section 202 of the Housing Act of 1959 for assistance under the pilot program for capital advances in accordance with subsection (c)(1) of such section and project rental assistance in accordance with subsection (c)(2) of such section, only for dwelling units described in subsection (c)(1) of this section. Any assistance provided pursuant to subsection (c)(1) of such section, only for dwelling units described in subsection (c)(2) of this section, only for dwelling units described in subsection (c)(1) of this section. Any assistance provided pursuant to subsection (c)(1) of such section, only for dwelling units described in subsection (c)(2) of this section, only for dwelling units described in subsection (c)(1) of this section. Any assistance provided pursuant to subsection (c)(1) of such section, only for dwelling units described in subsection (c)(2) of this section, only for dwelling units described in subsection (c)(1) of this section.
assisted under the pilot program and to pro-
vide for approved proposed conversions the in-
terests of the Secretary in relation to other in-
terests in the projects so assisted.

(c) REPORT.—Not later than 2 years after as-
sistance is initially made available under the
program under this section, the Secretary shall submit to Congress a report on the
results of the pilot program.

SEC. 309. GRANTS FOR CONVERSION OF ELDERLY HOUSING TO ASSISTED LIVING FACILITIES.

Title II of the Housing Act of 1999 is amended, after section 202a (12 U.S.C. 1701q-1) the following:

"SEC. 202b. GRANTS FOR CONVERSION OF ELDERLY HOUSING TO ASSISTED LIVING FACILITIES.

"(a) Grant Authority.—The Secretary of Housing and Urban Development may make grants in accordance with this section to owners of eligible projects described in subsection (b) for 1 or both of the following activities:

"(1) REPAIRS.—Substantial capital repairs to properties are needed to rehabilitate, modernize, or retrofit aging structures, common areas, or individual dwelling units.

"(2) CONVERSION.—Activities designed to convert dwelling units in the eligible project to assisted living facilities for elderly persons.

"(b) ELIGIBLE PROJECTS.—

"(1) IN GENERAL.—An eligible project described in this subsection is a multifamily housing project that is—

"(A) described in subparagraph (B), (C), (D), (E), or (F) of section 223(a)(2) of the Housing and Community Development Act of 1992 (42 U.S.C. 13641(2)), or (B) only to the extent amounts of the Department of Agriculture and Housing and Urban Development for such grants under this section for such projects, subject to a loan made or insured under section 515 of the Housing Act of 1949 (42 U.S.C. 1485);

"(B) owned by a private nonprofit organization (as such term is defined in section 501(a)(3) of the Internal Revenue Code of 1986) and is evidenced by the tax-exempt status of the organization; and

"(C) designated primarily for occupancy by elderly persons.

"(2) UNUSUALLY UNDERUTILIZED COMMERCIAL PROPERTY.—Providing any other provisions of this subsection or this section, an unused or underutilized commercial property may be considered an eligible project under this subsection, except that the Secretary may not provide grants under this section for more than 3 such properties. For any such projects, any reference under this section to dwelling units shall be considered to refer to the premises of such properties.

"(c) APPLICATIONS.—Applications for grants under this section shall be submitted to the Secretary in accordance with such procedures as the Secretary shall establish. Such applications shall contain—

"(1) a description of the substantial capital repairs or the proposed conversion activities for which a grant under this section is requested;

"(2) the amount of the grant requested;

"(3) a description of the resources that are expected to be made available, if any, in conjunction with the grant under this section; and

"(4) such other information or certifications that the Secretary determines to be necessary or appropriate.

"(d) FUNDING FOR SERVICES.—The Secretary may not make a grant under this section to conversion activities unless the application contains sufficient evidence, in the determination of the Secretary, of firm commitments for the funding of services to be provided in the assisted living facility, which may be provided by third parties.

"(e) SELECTION CRITERIA.—The Secretary shall select applications for grants under this section based upon selection criteria, which shall be established by the Secretary and shall include—

"(1) in the case of a grant for substantial capital repairs, the extent to which the project is in need of such repair, including such factors as the age of improvements to be repaired, and the impact on the health and safety of residents of failure to make such repairs;

"(2) in the case of a grant for conversion activities, the extent to which the conversion is likely to provide assisted living facilities that are needed or are expected to be needed by the categories of elderly persons that the assisted living facility is intended to serve, with a special emphasis on very low-income elderly persons;

"(3) the inability of the applicant to fund the repairs or conversion activities from existing financial resources, as evidenced by the applicant's financial records, including assets in the applicant's residual receipts account and reserves for replacement account; and

"(4) the extent to which the applicant has evidenced community support for the repairs or conversion, by such indicators as letters of support from the local community for the repairs or conversion and financial contributions from public and private sources;

"(5) in the case of a grant for conversion activities, the extent to which the applicant demonstrates a strong commitment to promoting the autonomy and independence of the elderly persons that the assisted living facility is intended to serve;

"(6) in the case of a grant for conversion activities, the quality, completeness, and managerial capability of providing the services which the assisted living facility intends to provide, especially in such areas as meals, 24-hour staffing, and on-site health care; and

"(7) such other criteria as the Secretary determines to be necessary or appropriate.

"(f) DEFINITIONS.—In this section—

"(1) the term 'assisted living facility' has the meaning given such term in section 232(b) of the National Housing Act (12 U.S.C. 1715w(b)); and

"(2) the definitions in section 202(k) shall apply.

"(g) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated for providing grants under this section such sums as may be necessary for each of fiscal years 2001, 2002, 2003, and 2004.

SEC. 310. GRANTS FOR CONVERSION OF PUBLIC HOUSING PROJECTS TO ASSISTED LIVING FACILITIES.

Title I of the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.) is amended by adding after section 8(a) the following:

"SEC. 311. GRANTS FOR CONVERSION OF PUBLIC HOUSING PROJECTS TO ASSISTED LIVING FACILITIES.

Title I of the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.) is amended by adding after section 8(a) the following:

"(a) Grant Authority.—The Secretary may make grants in accordance with this section to public housing agencies for use for conversion activities designed to convert dwelling units into assisted living facilities. The Secretary shall establish the conversion activities described in subsection (b) to assisted living facilities for elderly persons.

"(1) IN GENERAL.—The Secretary shall establish and maintain, and on an annual basis
under this paragraph, the Secretary shall pursuant to this paragraph for the project.

"(b) REQUIREMENT FOR NON-FEDERAL FUNDS.—Not less than 50 percent of supplemental amounts provided for a project pursuant to subparagraph (A) shall be from non-Federal sources. The supplemental amount may include the value of any in-kind contributions, including donated land, structures, equipment, and other contributions as the Secretary considers appropriate, but only if the existence of such in-kind contributions results in the construction of more dwelling units than would have been constructed absent such contributions.

"(C) INCOME ELIGIBILITY.—Notwithstanding any other provision of this section, the Secretary shall require that, as a condition for project assistance under subsection (b)(1) through private nonprofit organizations rather than through public housing agencies.

SEC. 325. USE OF PROJECT RESERVES.

Section 811(j)(1) of the Cranston-Gonzales National Affordable Housing Act (42 U.S.C. 8013(k)(1)) is amended by adding at the end the following:

"(7) USE OF PROJECT RESERVES.—Amounts for project reserves for a project assisted under this section may be used for costs, subject to reasonable limitations as the Secretary determines appropriate, for reducing the number of dwelling units in the project. Such use shall be subject to the approval of the Secretary to ensure that the use is designed to retrofit units that are currently obsolete or unmarketable.

SEC. 326. COMMERCIAL ACTIVITIES.

Section 811(h)(1) of the Cranston-Gonzales National Affordable Housing Act (42 U.S.C. 8013(k)(1)) is amended by adding at the end the following:

"(G) "MULTIFAMILY HOUSING.—Section 676 of the National Affordable Housing Act (42 U.S.C. 8013(k)(1)) is amended by adding at the end the following:

"(ii) by adding at the end the following: "A tenant-based rental assistance program may not be used to subsidize any such commercial facility."

Subtitle C—Other Provisions

SEC. 341. SERVICE COORDINATORS.

(a) INCREASED FLEXIBILITY FOR USE OF SERVICE COORDINATORS IN CERTAIN FEDERALLY ASSISTED HOUSING.—Section 876 of the Housing and Community Development Act of 1992 (42 U.S.C. 13632) is amended—

"(i) in the section heading, by striking "Multifamily Housing—Assisted Under National Housing Act" and inserting "Certain Federally Assisted Housing";

"(ii) in the first sentence—

(A) in the first sentence, by striking (E) and (F) and inserting (B), (C), (D), (E), (F), and (G); and

(B) in the last sentence—

(i) by striking "section 661" and inserting "section 671"; and

(ii) by adding at the end the following: "A service coordinator funded with a grant under this section for a project may provide services to low-income elderly or disabled
families living in the vicinity of such projects or (3) by striking subsection (d)—
(A) by striking “(E) or (F)” and inserting “(B), (C), (D), (E), (F), or (G)”; and
(B) by striking section 661 and inserting “section 661(3)”;
(4) by striking subsection (c) and redesignating subsection (d) as amended by paragraph (3) of this subsection as subsection (c).
(b) REQUIREMENT TO PROVIDE SERVICE COORDINATORS.—Section 671 of the Housing and Community Development Act of 1992 (42 U.S.C. 13831) is amended—
(1) in the first sentence of subsection (a), by striking “to carry out this subtitle pursuant to the amendments made by this subtitle” and inserting the following: “for providing service coordinators under this section”;
(2) in subsection (d), by inserting “(i)” after “section 683(2)”;
(3) by adding at the end following:
“(e) SERVICES FOR LOW-INCOME ELDERLY OR DISABLED PERSONS.—(1) Definitions.—In this section—
(A) “education and outreach” means the following: “education and outreach regarding telemarketing fraud, in accordance with the standards issued under section 671(f) of the Housing and Community Development Act of 1992 (42 U.S.C. 13831(f)); and
(B) “telemarketing fraud” means—
(i) engaging in fraud against such residents.
(ii) marketing fraud and facilitates the investigation of such fraud.
(iii) providing education and outreach to elderly persons residing in such housing.
(iv) solicited callers;
(v) their consumer protection rights under Federal law; and
(vi) disseminates the information provided by such education and outreach.
(2) Eligibility for assistance.—The Secretary shall consider on-site presentations at federally assisted housing. (f) PROTECTION AGAINST TELEMARKETING FRAUD.—
(1) SUPPORTIVE HOUSING FOR THE ELDERLY.—The first sentence of section 202(g)(1) of the Housing Act of 1959 (12 U.S.C. 1701q(g)(1)) is amended by striking “and (F)” and inserting “section 671(3) and”;
(2) PRIORITY.—The first sentence of section 671(3) is amended by inserting “section 671(3) and”;
(3) In subsection (d), by striking “section 661(3)”;
(4) Authorization.—The first sentence of section 661(3) is amended by striking section 661(3) and inserting “section 661(3).
(5) DEPARTMENT OF HUMAN SERVICES.—Section 661(3) is amended by striking “section 661(3)”.
(6) Amendments to section 661(3) are—
(A) PRIORITY.—The first sentence of section 661(3) is amended by striking “section 661(3)”.
(B) DEPARTMENT OF HUMAN SERVICES.—The first sentence of section 661(3) is amended by striking “section 661(3)”.
(C) Federal Government.—The first sentence of section 661(3) is amended by striking “section 661(3)”.
(D) Local governments.—The first sentence of section 661(3) is amended by striking “section 661(3)”.
(E) Provisions.—The first sentence of section 661(3) is amended by striking “section 661(3)”.
(F) Telemarketing fraud.—The first sentence of section 661(3) is amended by striking “section 661(3)”.
(G) Approval.—The first sentence of section 661(3) is amended by striking “section 661(3)”.
(H) The term “Secretary” is defined in section 661(3).
(I) The term “Federal Government” is defined in section 661(3).
(J) The term “Local government” is defined in section 661(3).
(K) The term “federal agencies” is defined in section 661(3).
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(cc) The term “Local government” is defined in section 661(3).
(dd) The term “federal agencies” is defined in section 661(3).
(e) SEC. 401. MATCHING GRANT PROGRAM FOR AFFORDABLE HOUSING PRESERVATION.
(f) TITLE IV—PRESERVATION OF AFFORDABLE HOUSING STOCK
SEC. 401. MATCHING GRANT PROGRAM FOR AFFORDABLE HOUSING PRESERVATION.
(a) FINDINGS AND PURPOSES.—
(1) Findings.—The findings are that—
(A) availability of low-income housing rental units has declined nationwide in the last several years;
(B) as rents for low-income housing increase and the development of new units of affordable housing decreases, there are fewer privately owned, federally assisted affordable housing units available to low-income individuals in need;
(C) the demand for affordable housing far exceeds the supply of such housing, as evidenced by waiting lists for affordable housing; and
(D) the efforts of nonprofit organizations have significantly preserved and expanded access to low-income housing.
(2) PURPOSES.—The purposes of this section are—
(A) to continue the partnerships among the Federal Government, State and local governments, nonprofit organizations, and the private sector in operating and assisting housing that is affordable to low-income persons and families;
(B) to promote the preservation of affordable housing units by providing matching grants to States and localities that have developed and funded programs for the preservation of privately owned housing that is affordable to low-income families and persons; and
(C) to minimize the involuntary displacement of tenants who are currently residing in such housing, many of whom are elderly or disabled persons and families with children.
(b) DEFINITIONS.—In this section:
(1) CAPITAL EXPENDITURES.—The term “capital expenditures” includes expenditures for acquisition and rehabilitation.
(2) LOW-INCOME AFFORDABILITY RESTRICTIONS.—The term “low-income affordability restrictions” means, with respect to a housing project, any limitations imposed by law, regulation, or regulatory agreement on rents for tenants of the project, rent contributions for tenants of the project, or income-eligibility for occupancy in the project.
(3) PROJECT-BASED ASSISTANCE.—The term “project-based assistance” has the meaning given such term in section 16(c) of the United States Housing Act of 1937 (42 U.S.C. 1437c(c)).
(4) INCOME ELIGIBILITY.—The term “income eligibility” has the meaning given such term in section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f(8)).
(5) STATE.—The term “State” means each of the several States and the District of Columbia.
(6) LOCAL AUTHORITY.—The term “local authority” means each of the State and local agencies that are eligible to receive grants under this section.
(7) APPLICABLE LAW.—The term “applicable law” means each of the State and local laws (through appropriate State and local agencies) that submit applications for grants under this section.
(c) AUTHORITY.—The Secretary shall—
(1) make such determinations as the Secretary considers necessary to determine which project has met the requirements under his authority;
(2) make grants in such States and localities (through appropriate State and local agencies) to submit applications for grants under this section.
(d) CONSTRUCTION.—A project meets the requirements under this section if such project—
(A) is in the State; and
(B) is in the locality.
(e) USE OF GRANTS.—
(1) ELIGIBLE USES.—
(A) IN GENERAL.—Amounts from grants awarded under this section may be used by States and localities for the purpose of providing assistance to residents whose names appear on a "mooch list", and for activities to prevent and reduce further amounts are made available in advance under subsection (k), 10-year grants under section 401 shall be made available to States and localities for uses consistent with the purposes of this section.
(B) FACTORS FOR CONSIDERATION.—In selecting projects described in subparagraph (A) for assistance with amounts from a grant awarded under this section, the State or locality shall—
(i) give appropriate consideration to the extent amounts are made available in advance under section 401(k); and
(ii) give appropriate consideration to the extent amounts are made available in advance under section 401(k).
(C) The term “Secretary” is defined in section 401(k).
(iii) insured, assisted, or held by the Secretary or a State agency under section 236 of the National Housing Act (12 U.S.C. 171z-2); (B) the project is subject to an unconditional waiver of, with respect to the mortgage, requirements referred to in subparagraph (A); (i) all rights to any prepayment of the mortgage; and (ii) all rights to any voluntary termination of the mortgage insurance contract for the mortgage; and (C) if the low-income affordability restrictions are for less than 15 years, the owner of the project has entered into binding commitments (applicable to any subsequent owner) to extend those restrictions, including any such restrictions imposed because of any contract for project-based assistance for the project, for a period of not less than 15 years (beginning on the date on which assistance is made available for the project by the State or locality under this section).

(5) RURAL RENTAL ASSISTANCE PROJECTS.—A project meets the requirements under this paragraph only if—

(A) the project is subject to a contract for project-based assistance; and

(B) the contract for the project has entered into binding commitments (applicable to any subsequent owner) to extend any low-income affordability restrictions applicable to the project in connection with such assistance.

(4) PROJECTS PURCHASED BY RESIDENTS.—A project meets the requirements under this paragraph only if the project—

(A) is or was eligible low-income housing (as defined in section 229 of the Low-Income Housing Tax Credit, Homeownership Act of 1990 (42 U.S.C. 4119)) or is or was a project assisted under section 613(b) of the Cranston-Gonzalez National Affordable Housing Act (12 U.S.C. 3545b); (B) has been purchased by a resident council or resident-approved nonprofit organization for the housing or is approved by the Secretary for such purchase, for conversion to homeownership housing under a resident homeownership program meeting the requirements under section 226 of such Act (12 U.S.C. 116d); and

(C) the owner of the project has entered into binding commitments (applicable to any subsequent owner) to extend such assistance for not less than 15 years (beginning on the date on which assistance is made available for the project by the State or locality under this section) and to extend any low-income affordability restrictions applicable to the project in connection with such assistance.

(5) RURAL RENTAL ASSISTANCE PROJECTS.—A project meets the requirements of this paragraph only if—

(A) the project is a rural rental housing project financed under section 516 of the Housing Act of 1949 (42 U.S.C. 1485); and

(B) the consent on the use of the project (as required under section 502 of the Housing Act of 1949 (42 U.S.C. 1472)) will expire not later than 12 months after the date on which assistance is made available for the project by the State or locality under this subsection.
and very low-income families" have the
meaning given such term in section 2(b) of
the United States Housing Act of 1937.
(e) AUTHORIZATION OF APPROPRIATIONS.—
There are authorized to be appropriated for
grants under section 353(a) such sums as may
be necessary for each of fiscal years 2001,
SEC. 403. SECTION 236 ASSISTANCE.
Section 236(g) of the National Housing Act
(12 U.S.C. 1715z–1(q)(1)) is amended—
(1) in paragraph (2), by striking "Subject
to paragraph (3) and notwithstanding" and
inserting "notwithstanding"; and
(2) by striking paragraph (3) and redesig-
nating paragraph (4) as paragraph (3).
SEC. 404. PRESERVATION PROJECTS.
Section 524(e)(1) of the Multifamily As-
isted Housing Reform and Affordability Act
of 1997 (12 U.S.C. 1437f note) is amended by
inserting "sufficient amounts are"
TITLE V—MORTGAGE INSURANCE FOR
HEALTH CARE FACILITIES AND HOME
EQUITY CONVERSION MORTGAGES
SEC. 501. REHABILITATION OF EXISTING
HOSPITALS, HOMES, AND
OTHER FACILITIES.
Section 223(f) of the National Housing Act
(12 U.S.C. 1715z–1(o)(1)) is amended—
(1) in paragraph (1)—
(A) by striking "the refinancing of existing
debt of an"; and
(B) by inserting "existing integrated serv-
vice facility," after "existing board and care
home,";
(2) in paragraph (4)—
(A) inserting "existing integrated serv-
ice facility," after "board and care home,"
each place it appears;
(B) in subparagraph (A), by inserting before
the semicolon at the end the following: 
"which refinancing, in the case of a loan on
a hospital, home, or facility that is within 2
years of maturity, shall include a mortgage
made to prepay such loan";
(C) in subparagraph (B), by inserting after
"indebtedness" the following: ", pay any
other costs including repairs, maintenance,
mortgage insurance, energy conserving
improvements (as defined in section 1521 of
the Public Health Service Act) and energy
conservation measures" and all that
follows through "2 places it appears;"
(D) in subparagraph (D), by inserting "or
integrated service facility";
(3) by adding at the end the following:
"(6) In the case of purchase of an existing
hospital (or existing nursing home, existing
assisted living facility, existing intermediate
care facility, existing board and care home,
existing integrated service facility or any
combination thereof) the Secretary shall
prescribe such terms and conditions as the
Secretary deems necessary to assure that—
(A) the proceeds of the insured mortgage
loan will be employed only for the purchase
of the existing hospital (or existing nursing
home, existing assisted living facility, exist-
ing intermediate care facility, existing board
and care home, existing integrated service
facility or any combination thereof) includ-
ing any additional equipment, as may be
approved by the Secretary;
(B) the existing hospital (or existing
nursing home, existing assisted living facil-
ity, existing intermediate care facility, ex-
isting board and care home, existing inte-
grated service facility, or any combination
thereof) is economically viable; and
(C) the applicable requirements for cer-
tificates, studies, and statements of section
232 (for the existing nursing home, existing
assisted living facility, intermediate care fac-
cility, board and care home, existing inte-
grated service facility or any combination
thereof, proposed to be purchased) or of sec-
tion 242 (for the existing hospital, the Secretary
decides are necessary to assure that—
(i) that standards acceptable to the
Secretary, which may include "standards gov-
erning licensure or State or local approval
and regulation of a mortgagee or
(ii) that provides any combination of the
services under subparagraphs (A) through
(D);"
(3) in subsection (d)—
(A) in the matter preceding paragraph (1)—
(i) by inserting "existing integrated service
facility," and ("board and care home,"
after "rehabilitated nursing home,");
(ii) by inserting "integrated service facil-
ity," after "assisted living facility," the first
2 places it appears;
(iii) by inserting "board and care home," 
"and inserting", and inserting "; and" and
"after existing nursing home," and
(iv) by striking "or a board and care home" 
and inserting "; and integrated service
facilities that include existing nursing home
and intermediate care facilities, before "the
Secretary";
(II) by striking "or section 1521 of the Pub-
lic Health Service Act and other applica-
tble Federal law (or, in the absence of appli-
cable Federal law, by the Secretary),";
(III) by inserting "; and the portion of an
integrated service facility providing such
services, before "covered by the mortgage,";
and
(IV) by inserting "or for such nursing or
intermediate care services within an inte-
grated service facility" before "the
Secretary,"; and
(ii) by inserting "board and care home,"
and
(3) by adding at the end the following:
"(6) The development of integrated service
facilities for the care and treatment of the
elderly and other persons in need of health
care and related services, but who do not
require hospital care, and the support of health
facilities, to sick, injured, disabled,
erery conserving improvements (as defined in
section 1521 of the Public Health Service Act) and energy
conservation measures" and all that
follows through "95–619)" and inserting "energy
conserving improvements (as defined in
section 1521 of the Public Health Service Act and other applica-
tible Federal law (or, in the absence of appli-
cable Federal law, by the Secretary),";
(II) by striking "or section 1521 of the Pub-
lic Health Service Act or other applica-
tble Federal law (or, in the absence of appli-
cable Federal law, by the Secretary),";
(III) by inserting "; and the portion of an
integrated service facility providing such
services, before "covered by the mortgage,";
and
(IV) by inserting "or for such nursing or
intermediate care services within an inte-
grated service facility" before "the
Secretary,"; and
(ii) by inserting "board and care home," and
(iii) by inserting "the Secretary"
and
(II) by striking "or section 1521 of the Pub-
lic Health Service Act and other applica-
tible Federal law (or, in the absence of appli-
cable Federal law, by the Secretary),";
(III) by inserting "; and the portion of an
integrated service facility providing such
services, before "covered by the mortgage,";
and
(IV) by inserting "or for such nursing or
intermediate care services within an inte-
grated service facility" before "the
Secretary,"; and
(iii) by inserting "board and care home," and
(iv) by striking "or a board and care home"
and inserting "; and intermediate care
facilities that include existing nursing home
and intermediate care facilities, before "the
Secretary";
(II) by striking "or section 1521 of the Pub-
lic Health Service Act or other applica-
tible Federal law (or, in the absence of appli-
cable Federal law, by the Secretary),";
(III) by inserting "; and the portion of an
integrated service facility providing such
services, before "covered by the mortgage,";
and
(IV) by inserting "or for such nursing or
intermediate care services within an inte-
grated service facility" before "the
Secretary,"; and
(ii) by inserting "board and care home," and
(iii) by inserting "the Secretary"
and
(II) by striking "or section 1521 of the Pub-
lic Health Service Act and other applica-
tible Federal law (or, in the absence of appli-
cable Federal law, by the Secretary),";
(III) by inserting "; and the portion of an
integrated service facility providing such
services, before "covered by the mortgage,";
and
(IV) by inserting "or for such nursing or
intermediate care services within an inte-
grated service facility" before "the
Secretary,"; and
(iii) by inserting "board and care home," and
(iv) by striking "or a board and care home"
and inserting "; and intermediate care
facilities that include existing nursing home
and intermediate care facilities, before "the
Secretary";
(II) by striking "or section 1521 of the Pub-
lic Health Service Act or other applica-
tible Federal law (or, in the absence of appli-
cable Federal law, by the Secretary),";
(III) by inserting "; and the portion of an
integrated service facility providing such
services, before "covered by the mortgage,";
and
(IV) by inserting "or for such nursing or
intermediate care services within an inte-
grated service facility" before "the
Secretary,"; and
(ii) by inserting "board and care home," and
(iii) by inserting "the Secretary"
(iv) by striking the penultimate sentence and inserting the following: “A study commission or undertaken by the State in which the facility will be located shall be considered to satisfy such market study requirement. The proposed mortgagor or applicant may reimburse the State for the cost of an independent study referred to in the preceding sentence;”; and
(v) in the last sentence—
(I) by inserting “the proposed mortgagor or applicant for mortgage insurance may obtain from” after “10 individuals”; and
(II) by striking “may” and inserting “and”;
and
(III) by inserting a comma before “written support”; and
(D) in paragraph (4)(C)(vii), by striking “the appropriate State” and inserting “any appropriate”; and
(4) in subsection (i)(1), by inserting “integrated service facilities,” after “assisted living facilities.”.

**SEC. 505. HOSPITALS AND HOSPITAL-BASED INTEGRATED SERVICE FACILITIES.**

Section 242 of the National Housing Act (12 U.S.C. 1716z-2) is amended—

(1) in subsection (b)—
(A) in subparagraph (A), by inserting “and” at the end;
(B) in paragraph (2), by striking “respectably” and all that follows through the period at the end and inserting “given such facts in section 207(a), except that the term ‘mortgage’ shall include a parity first mortgage or a parity first deed of trust”;
(C) by redesignating subparagraph (C) as subparagraph (B) and striking “and” at the end;
(B) in paragraph (2), by striking “respectably” and all that follows through the period at the end and inserting “‘given such facts in section 207(a), except that the term ‘mortgage’ shall include a parity first mortgage or a parity first deed of trust,”;
(C) by redesignating subparagraph (C) as subparagraph (B) and striking “and” at the end;
(D) by redesignating subparagraph (B) as subparagraph (C) and inserting “integrated service facility” before the comma; and
(E) in subparagraph (A), by deleting “the period at the end the following:”;
(2) in subsection (c), by striking “title VII of” and inserting “title VI of”;
(3) in subsection (d)—
(A) in the matter preceding paragraph (1), by deleting “infrastructure,” the following: “or that covers an integrated service facility owned or to be owned by an applicant or proposed mortgagor that also owns a hospital in the same market area, including equipment to be used in its operation;”;
(B) in paragraph (1)—
(i) in the first sentence, by inserting before the period at the end the following: “and who, in the case of a mortgage covering an integrated service facility, is also the owner of a hospital facility;” and
(ii) by inserting at the end the following: “A mortgage insured hereunder covering an integrated service facility may only cover the real and personal property where the eligible facility will be located;”; and
(C) in paragraph (2)(A), by striking “or integrated service facility” before the comma; and
(D) in paragraph (2)(B), by striking “energy conservation measures” and all that follows through “95–619)” and inserting “energy conservation measures (as defined in section 202(a))”;
(E) in paragraph (4)—
(i) in the first sentence—
(I) by inserting “for a hospital” after “any mortgage”; and
(II) by striking “section 252 of the Public Health Service Act” and inserting “section 252 of the National Housing Act, or other applicable Federal law (or, in the absence of applicable Federal law, by the Secretary),”;
(ii) by striking the third sentence and inserting the following: “If such agency exists, or if the State agency exists but is not empowered to provide a certification that there is a need for the hospital as set forth in paragraph (1), the Secretary shall not insure any such mortgage under this section unless: (A) the proposed mortgagor or applicant for the hospital’s construction and payment for the preparation of an independent study of market need for the proposed project: (1) is prepared in accordance with the principles established by the Secretary with the State and the Secretary of Health and Human Services (to the extent the Secretary of Housing and Urban Development considers appropriate); (ii) assesses, on a marketplace basis, the impact of the proposed hospital on, and its relationship to, other facilities providing health care services, the percentage of excess beds, demographic projections, alternative health care delivery systems, and the reimbursement structure of the hospital; (2) is designed to correct a difficulty identified by the Secretary in form and substance; and (ii) is prepared by a financial consultant selected by the proposed mortgagor or applicant and approved by the (B) State complies with the other provisions of this paragraph that would otherwise be required to be met by a State agency designated in accordance with section 201(a) of the Public Health Service Act, or other applicable Federal law (or, in the absence of applicable Federal law, by the Secretary). A study commission or undertaken by the State in which the hospital will be located shall be considered to satisfy such market study requirement.”;
and
(III) in the last sentence, by striking “feasibility”;
and
(4) in subsection (f), by inserting “and public integrated service facilities” after “public hospitals.”

**SEC. 504. HOME EQUITY CONVERSION MORTGAGES.**

(a) In General.—Section 255 of the National Housing Act (12 U.S.C. 1715z-20) is amended—

(1) by redesignating subsection (k) as subsection (l);
(2) by inserting after subsection (j) the following:

“(k) INSURANCE AUTHORITY FOR REFINANCING.—

“(1) In General.—The Secretary may, upon application for a mortgage, insure under this subsection any mortgage given to refinance an existing home equity conversion mortgage insured under this section.

“(2) Anti-Churning Disclosure.—The Secretary shall, by regulation, require that the mortgage of a mortgage insured under this subsection, provide to the mortgagor, within an appropriate time period and in a manner established in such regulations, a good faith estimate of—

“(A) the total cost of the refinancing; and
“(B) the increase in the mortgagor’s principal limit as measured by the estimated initial principal limit on the mortgage to be insured under this subsection less the current principal limit on the home equity conversion mortgage that is being refinanced and insured under this subsection.

“(3) Waiver of Counseling Requirement.—The mortgagor under a mortgage insured under this section may waive the applicability, with respect to such mortgage, of the requirements under subsection (d)(2)(B) (relating to third party counseling), but only if—

“(A) the mortgagor has received the disclosure required under paragraph (2);

“(B) the increase in the principal limit described in paragraph (2) exceeds the amount of the total cost of refinancing (as described in such paragraph) by an amount to be determined by the Secretary; and

“(C) the time between the closing of the original home equity conversion mortgage that is refinanced through the mortgage insured under this subsection and the application for, and approval of, the refinancing mortgage insured under this subsection does not exceed 5 years.

“(4) Credit for Premiums Paid.—Notwithstanding section 203(e)(2)(A), the Secretary may reduce the amount of the single premium payment otherwise collected under such section at the time of the insurance of a mortgage refinanced and insured under this subsection. The amount of the single premium for mortgages refinanced under this subsection shall be determined by the Secretary based on an actuarial study conducted by the Secretary.

“(5) Fees.—The Secretary may establish a limit on the origination fee that may be charged in connection with mortgages refinanced under this subsection, except that such limitation shall provide that the origination fee may be fully financed with the mortgage and include a surcharge on counter mortgages approved by the Secretary. The Secretary shall prohibit the charging of any broker fees in connection with mortgages insured under this subsection.”.

(b) Regulations.—

(1) In General.—Notwithstanding sections 2 and 3 of this Act, the Secretary shall issue any final regulations necessary to implement the amendments made by subsection (a) of this section, which shall take effect not later than the expiration of the 180-day period beginning on the date of enactment of this Act.

(2) Procedure.—The regulations issued under this subsection shall be issued after notice and opportunity for public comment in accordance with the procedure under section 553 of title 5, United States Code, applicable to substantive rules (notwithstanding sections (a)(2), (b)(B), and (d)(3) of such section).

Mr. KERRY. Mr. President, today, along with my colleagues, Senators SANTORUM and SARBANES, I am introducing legislation which will address the lack of affordable housing for the most vulnerable Americans—the elderly, disabled persons, and low-income families. This bill closes a number of gaps in the federal housing assistance programs for these families, and ensures that programs designed to promote affordable housing can do so in this rapidly expanding economy.

As our economy flourishes at an unprecedented rate, some Americans have prospered. However, as the economy grows, so too does the gap between rich and poor. Instead of finding opportunities in this new economy, some Americans have found closed doors. This is especially true for low income people who are being squeezed out of tight housing markets in my home state of Massachusetts and around the Nation.

Although a majority of elderly Americans live in decent, adequate and affordable housing, millions of elderly households require some assistance in order to afford housing that meets
their needs. In fact, there are eight eld-erly people waiting for each unit of assisted elderly housing in this coun-try. Forty percent of people in Mas-sachusetts are over 65 years of age, and one out of every ten of these elderly persons has an income below the pov-erty level. This bill expands upon the current program of providing affordable hous-ing, increasing housing opportunities for low-income elderly and disabled persons, and bringing the program up-to-date. As Americans grow older, housing programs must be altered to address the changing needs of a genera-tion that is living longer, and aging in place. This bill enables existing hous-ing to be converted to assisted living facilities to meet the needs of the el-dery and disabled. Aging is the fastest growing type of elderly housing in the U.S., and this legislation ensures that this sup-portive, and increasingly necessary liv-ing arrangement, is available to all el-dery and disabled Americans, regard-less of income. By 2030, 20 percent of this Nation’s population will be over the age of 65, compared with only 13 percent of the population today. As we make strides in medicine to allow older people to live longer, more active lives, we must also make sure that the serv-ices and structures are in place to sup-port elderly Americans. This bill is a step in this direction.

This bill also encourages the leveraging of federal funds, helping to increase the stock of affordable hous-ing. Public dollars alone are unable to meet the needs of low-income families. This legislation makes it easier for fed-eral funds for disabled and elderly hous-ing to be combined with other sources of funding, including the Low-Income Housing Tax Credit, and pri-vate funds.

Not only will this bill increase the supply of affordable housing for the el-dery and disabled, it will help to pre-serve affordable housing for all low-income households. A recent high num-ber of households, 5.4 million, have worst case housing needs, paying over 50 percent of their income to housing costs or living in substandard housing. This is a 12 percent increase since 1991. At the same time that more Americans are finding it increasingly difficult to find suitable and affordable housing, the federal government has not been doing enough to preserve the affordable housing that exists.

A number of provisions aim to ensure that affordable housing is preserved. This bill allows uninsured 236 project owners to retain their excess income for use in the project, helping to keep these owners in the program and ensur-ing their units will remain affordable. In addition, this bill includes the preservation bill introduced earlier this Congress by Senator JEFFORDS and myself, S. 1318, to provide matching grants to States and localities devoting resources to the preservation of afford-able housing. Cities, like Boston, which have preserved a substantial amount of funds to the production and preserva-tion of affordable housing units, would receive federal funds to assist in their efforts under this provision, ensuring that an even greater number of units will be preserved.

I hope that this critical legislation will attract broad support. At this time of prosperity, we cannot forget that while many Americans have benefited, there are still too many people who cannot afford to meet their basic hous-ing needs. These people cannot be over- looked in this era of economic growth. This legislation ensures that they won’t be.

Mr. SARBANES. Mr. President, I rise to the floor today in support of the Affordable Housing for Seniors and Families Act introduced by Senators KERRY and SANTORUM.

This bill expands upon critical hous-ing programs for both elderly and dis-abled Americans. The fastest growing popula-tion of elderly is growing rapidly. Be-tween 1980 and 1997, the number of peo-ple over the age of 65 grew by 33 per-cent. AARP estimates that by 2030, 20 percent of the population will be over 65 years of age, compared to only 13 percent of the population today. We need to have programs in place to assis-tant growing numbers of seniors.

AARP also estimates that there will be 2.8 million elderly people who, by 2020, will have difficulty performing a number of basic functions such as eat-ing, bathing, and dressing. As Ameri-can’s age, traditional housing will have to change to accommodate the unique needs of those in their golden years. The future will call for a model of additional housing opportunities where elderly Americans can receive the serv-ices they need. This legislation allows traditional elderly and disabled hous-ing to be converted to assisted living facilities, to meet these growing needs.

We must not only work to ensure that adequate services are available, we must work to increase the afford-able housing stock. A recent study con-ducted by HUD indicates that 1.7 mil-lion low-income elderly are in urgent need of affordable housing. Nearly 7.4 million elderly households pay more than they can afford on housing, and there are more than eight elderly peo-ple waiting for every unit of assisted elderly housing.

In addition, HUD estimates that 1.4 million disabled Americans have worst case housing needs, meaning they pay over half of their income for housing or live in substandard housing. The Con-sortium for Persons with Disabilities conduced a study in 1999 which showed that there was not one housing market in the U.S. where a disabled person re-ceiving SSI benefits could afford rent based on federal guidelines.

The federal government is not doing enough to meet the needs of these low-income people. This legislation assists us in that time to accomplish two goals: It expands access to capital from both federal and non-federal sources for elderly and dis-abled housing programs, helping to create new housing opportunities for these communities. Providers of elderly and disabled housing will be able to link with the Low-Income Housing Tax Credit, a crucial source of affordable housing funding, and other private funds.

This bill also ensures that the afford-able housing which exists in this coun-try is maintained. This crucial stock of housing will be preserved through a matching grant preservation program authored by our colleagues, Senators KERRY and JEFFORDS, which will re-direct HUD’s grant resources to preserve affordable housing by giving them federal dollars to assist in their efforts. This provision will help to ensure that as we increase the stock of affordable housing on the front end, there are no losing units on the back end. Our goal is to increase available housing, not maintain the status quo.

This bill is a step in the right direc-tion towards providing necessary hous-ing opportunities for those Americans that are too often forgotten. And many people in this nation enjoy the benefits of a prospering economy, so too are many Americans being left behind. This legislation will ensure that more Americans have the opportunity to live in safe and decent housing.

By Mr. FITZGERALD.

S. 2734. A bill to amend the United States Warehouse Act to authorize the issuance of electronic warehouse receipts, and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

The WAREHOUSE IMPROVEMENT ACT OF 2000

Mr. FITZGERALD. Mr. President, I rise today to introduce legislation to revitalize and streamline the federal program governing agricultural com-modity warehouses. This legislation, entitled the “Warehouse Improvement Act of 2000,” will make U.S. agri-culture more competitive in foreign markets through efficiencies and cost savings, and by today’s computer technology and information manage-ment systems.

The Warehouse Act was originally enacted in 1916, and was subsequently amended in 1919, 1923, and 1931. How-ever, since that time, the authorizing legislation for this program has seen little change. At the same time, U.S. agriculture and our society has seen drastic changes since the early part of the 20th century. Computer technology has revolutionized our world and laptops and handheld computers have become almost commonplace. Now is the time for us to bring USDA’s agri-cultural warehouse program out of the
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The U.S. Warehouse Act does not mandate participation by warehouse operators that it regulates; it simply offers those who apply and qualify for licenses an alternative to state regulation. Currently, warehouse licenses may be issued for the storage of cotton, grain, tobacco, wool, dry beans, nuts, syrup and cottonseed. According to the U.S. Department of Agriculture, 45.5 percent of the U.S. off-farm grain and rice storage capacity and 49.5 percent of the total cotton storage capacity is licensed under the Warehouse Act. In general, these paper warehouse receipts that are issued under the Warehouse Act are documents of title and represent ownership of the stored commodity.

The Warehouse Improvement Act of 2000 will make this program more relevant to today’s agricultural marketing system. The legislation would authorize and standardize electronic documents and allow their transfer from hand to hand across state and international boundaries. This new paperless flow of agricultural commodities from farm gate to end-user would provide significant savings and efficiencies for farmers across the Nation. In 1992, the Congress directed the Secretary of Agriculture to establish electronic warehouse receipts for only the cotton industry. Since that time participation in the electronic-based program has grown to over half of the U.S. cotton crop. In 1996, for example, nearly 12 million bales of cotton, out of the total crop of approximately 19 million bales, were represented by electronic warehouse receipts. Recently, the cotton industry estimated that this electronic warehouse receipt program saved them 5 to 15 dollars per bale, a savings of over $275 million per year. The legislation that I introduce today extends this electronic warehouse receipt program to all agricultural commodities covered by the U.S. Warehouse Act. This reduced paperwork, increased efficiency, and substantial time savings will certainly make U.S. agriculture more competitive in world markets, giving our U.S. farmers the upper hand.

In the short year and a half I have served in the U.S. Senate, I have introduced two bills that have been delivered to the President’s desk to help bring the United States Department of Agriculture into the information age. First, S. 1733, the Electronic Benefit Transfer Interoperability and portability Act of 2000, which improves the electronic benefits transfer system that has provided significant savings and efficiency to the food stamp program, was signed into law on February 11 of this year (P.L. 106-171). And second, S. 777, the Freedom to E-File Act, requires USDA to set up a system to allow farmers to file all USDA required paperwork over the internet. This legislation unanimously passed both the House and Senate recently and is currently awaiting the President’s signature. The legislation I am introducing today follows these two pieces of legislation by requiring USDA to use computer technology and information management systems to better serve farmers and the American public.

The Warehouse Improvement Act of 2000 is a positive step toward moving the Department of Agriculture from the computer technology “dirt road” to the information superhighway of the 21st century. It is common sense legislation and I look forward to working with my colleagues on this issue as the legislative session moves forward. I would also like to thank a number of the Senate Agriculture Committee staff who have worked tirelessly on this issue. Michael Knieke and Bob White on Senator Lugar’s staff and Terry Van Doren on my staff. They have worked to build consensus among the USDA and the agricultural industry to bring about these needed changes to improve the efficiency of our grain marketing system. In fact, this legislation enjoys the support of the American Far Bureau Federation, and various other commodity groups.

I ask unanimous consent that the bill be printed in the RECORD following the conclusion of my remarks.

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

S. 2734

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

TITLE

This Act may be cited as the “Warehouse Improvement Act of 2000”.

SECTION 1. SHORT TITLe.

This Act may be cited as the “Warehouse Improvement Act of 2000”.

SEC. 2. STORAGE OF AGRICULTURAL PRODUCTS IN WAREHOUSES.

The United States Warehouse Act (7 U.S.C. 214 et seq.) is amended to read as follows:

SEC. 1. SHORT TITLE. This Act may be cited as the “United States Warehouse Act”.

SEC. 2. DEFINITIONS.

“In this Act:

“(1) AGRICULTURAL PRODUCT.—The term ‘agricultural product’ means an agricultural commodity, as determined by the Secretary, including a processed product of an agricultural commodity.

“(2) APPROVAL.—The term ‘approval’ means the consent provided by the Secretary for a person to engage in an activity authorized by this Act.

“(3) DEPARTMENT.—The term ‘Department’ means the Department of Agriculture.

“(4) ELECTRONIC DOCUMENT.—The term ‘electronic document’ means a document authorized under this Act generated, sent, received, or stored by electronic, optical, or similar means, including electronic data interchange, electronic mail, telegram, telex, or telecopy.

“(5) ELECTRONIC RECEIPT.—The term ‘electronic receipt’ means a receipt that is authorized by the Secretary to be issued or transmitted under this Act in the form of an electronic document.

“(6) HOLDER.—

“(a) IN GENERAL.—The term ‘holder’ means a person, as defined by the Secretary, that has possession in fact of a crop, granary, warehouse, or a warehouse for which a license is applied for under this Act, including an electronic receipt.

“(b) A STATE; AND

“(c) A POLITICAL SUBDIVISION OF A STATE.

“(7) PERSON.—The term ‘person’ means—

“(d) a person (as defined in section 1 of title 1, United States Code);

“(e) the United States Warehouse Act (7 U.S.C. 214 et seq.) is amended to read as follows:

“(8) RECEIPT.—The term ‘receipt’ means a warehouse receipt issued in accordance with this Act, including an electronic receipt.

“(9) SECRETARY.—The term ‘Secretary’ means the Secretary of Agriculture.

“(10) WAREHOUSE.—The term ‘warehouse’ means a structure or other approved storage facility, as determined by the Secretary, to the extent that this Act applies, including an electronic warehouse receipt issued in accordance with this Act.

“(11) WAREHOUSE OPERATOR.—The term ‘warehouse operator’ means a person, as defined by the Secretary, that is lawfully engaged in the business of storing or handling agricultural products.

“SEC. 3. POWERS OF SECRETARY.

“(a) IN GENERAL.—The Secretary shall have exclusive power, jurisdiction, and authority, to the extent that this Act applies, with respect to—

“(1) each warehouse operator licensed under this Act;

“(2) each person that has obtained an approval to engage in an activity under this Act; and

“(3) each person claiming an interest in an agricultural product by means of an electronic document or electronic receipt subject to this Act.

“(b) COVERED AGRICULTURAL PRODUCTS.—

The Secretary shall specify, after an opportunity for notice and comment, those agricultural products for which a warehouse license may be issued under this Act.

“(c) INVESTIGATIONS.—The Secretary may investigate the storing, warehousing, distributing, accounting for, and otherwise weighing, and certifying of agricultural products.

“(d) INSPECTIONS.—The Secretary may inspect or cause to be inspected any person or warehouse licensed under this Act and any warehouse for which a license is applied for under this Act.

“(e) SUITABILITY FOR STORAGE.—The Secretary may determine whether a licensed warehouse, or a warehouse for which a license is applied for under this Act, is suitable for the proper storage of the agricultural product or products stored or proposed for storage in the warehouse.

“(f) CLASSIFICATION.—The Secretary may classify a licensed warehouse, or a warehouse for which a license is applied for under this Act, in accordance with the ownership, location, circumstances, capacity, conditions, and other qualifications of the warehouse, and as to the kinds of licenses issued or that may be issued for the warehouse under this Act.

“(g) WAREHOUSE OPERATOR’S DUTIES.—Subject to the other provisions of this Act, the Secretary may prescribe the duties of a warehouse operator operating a warehouse licensed under this Act with respect to the warehouse operator’s care of and responsibility for agricultural products stored or handled by the warehouse operator.
SEC. 1. DEFINITIONS.

(a) In general.—The term "agricultural product" means any natural product that is subject to the provisions of this Act.

(b) System for conveyance of title in agricultural products.—The Secretary may by regulation require electronic recording and transfer of receipts and any other written or electronic documents in accordance with a process established by the Secretary.

(c) Treatment of fees.—All fees collected under this Act shall be credited under subsection (c).

(d) Interest.—Funds collected under this Act shall be credited to the account with a financial institution, and any interest on such account shall be credited under subsection (c).

(e) Efficiencies and cost effective requirements.

"(1) In general.—The Secretary shall seek to minimize the fees established under this Act by improving efficiencies and reducing costs, including the efficient use of personnel to the extent practicable and consistent with the effective implementation of this Act.

"(2) Annual report.—The Secretary shall publish an annual report on the actions taken by the Secretary to comply with paragraph (1).

SEC. 2. QUALITY AND VALUE STANDARDS.

(a) In general.—If standards for the evaluation or determination of the quality or value of an agricultural product are not established under another Federal law, the Secretary may establish standards for the evaluation or determination of the quality or value of the agricultural product under this Act.

(b) Systems for conveyance of title in agricultural products.

"(a) In general.—The Secretary shall seek to minimize the fees established under this Act by improving efficiencies and reducing costs, including the efficient use of personnel to the extent practicable and consistent with the effective implementation of this Act.

"(b) Annual report.—The Secretary shall publish an annual report on the actions taken by the Secretary to comply with paragraph (1).

SEC. 3. IMPOSITION AND COLLECTION OF FEES.

(a) In general.—The Secretary may impose a fee on the transfer of an agricultural product stored or handled in a warehouse subject to this Act.

(b) Licensee of other persons.

"(1) In general.—On presentation of satisfactory proof of competency to carry out the activities described in this paragraph, the Secretary may issue to any warehouse operator, a license to operate a warehouse in accordance with this Act.

"(2) Condition.—As a condition of a license, the Secretary may require:

"(A) to inspect any agricultural product stored or handled in a warehouse subject to this Act;

"(B) to sample such an agricultural product;

"(C) to classify such an agricultural product, assign the grade, class, or other class and certify the condition, grade, or other class of the agricultural product;

"(D) to weigh such an agricultural product and certify the weight of the agricultural product;

"(E) to establish standards for the evaluation or determination of the quality or value of an agricultural product in the warehouse if the agricultural product is not established under another Federal law, the Secretary may establish standards for the evaluation or determination of the quality or value of the agricultural product under this Act.

"(F) to maintain records, papers, and accounts relating to activities subject to this Act of—

"(1) a warehouse operator operating a warehouse licensed under this Act;

"(2) a person operating a system for the electronic recording and transfer of receipts and other documents authorized by the Secretary to the extent practicable and consistent with the ordinary and usual course of business.

"(G) to cooperate with officers and employees of a State who administer or enforce State laws relating to warehouses, warehouse operators, weig...
(d) Prohibition on Additional Receipts or Other Documents—

(1) Receipts.—While a receipt issued under this Act is outstanding and uncanceled by the warehouse operator, no other or further receipt may be issued for the same agricultural product represented by the outstanding receipt, except as authorized by the Secretary.

(2) Other Documents.—If a written or electronic document is recorded or transferred under this section, no other similar document shall be recorded or transferred with respect to the same agricultural product represented by the document, except as authorized by the Secretary.

(e) Electronic Receipts and Electronic Documents.—Except as provided in subsection (f) and notwithstanding any other provision of Federal or State law:

(1) In general.—The Secretary shall promulgate regulations to authorize the issuance of electronic receipts, and the recording and transfer of electronic receipts and other documents, in accordance with this subsection.

(2) Systems for Electronic Recording and Transfer.—Electronic receipts and electronic documents issued or filed in accordance with this Act shall be recorded and transferred, under a system or systems established by the Secretary, that is maintained in 1 or more central filing systems.

(f) Priorities and Security Interests.—If more than 1 security interest exists in the agricultural product represented by the electronic warehouse receipt authorized under this subsection, if requested by the warehouse operator, the Secretary shall provide a written record to each security holder to establish the order of priority of the security interests.

(1) Authority.—Notwithstanding any other provision of Federal or State law, the Secretary, or the designated representative of the Secretary, may provide that, in the event of the issuance of a receipt representing the same agricultural product, if no receipt has been issued.

(2) Electronic Receipts and Electronic Documents for Cotton.—

(1) Authority.—Notwithstanding any other provision of Federal or State law, the Secretary, or the designated representative of the Secretary, may provide that, in the event of the issuance of a receipt representing the same agricultural product, if no receipt has been issued.

(3) Conditions for Delivery on Demand.—In the case of a warehouse receipt issued under this Act, the warehouse operator shall provide a written record to each security interest holder to establish the order of priority of the security interests.

(4) Priorities and Security Interests.—If more than 1 security interest exists in the agricultural product represented by the electronic warehouse receipt authorized under this subsection, if requested by the warehouse operator, the Secretary shall provide a written record to each security interest holder to establish the order of priority of the security interests.

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delivery of the agricultural product for which they have now issued.

SEC. 14. SUSPENSION OR REVOCATION OF LICENSES.

(a) In General.—After providing notice and an opportunity for a hearing in accordance with this section, the Secretary may suspend or revoke any license issued, or approval for an activity provided, under this Act—

(1) for a material violation of, or failure to comply with, any provision of this Act (including regulations promulgated under this Act); or

(2) on the ground that unreasonable or exorbitant charges have been imposed for services rendered.

(b) Temporary Suspension.—The Secretary may temporarily suspend a license or approval for an activity under this Act prior to an opportunity for a hearing for any violation of, or failure to comply with, any provision of this Act (including regulations promulgated under this Act).

(c) Authority To Conduct Hearings.—The agency within the Department that is responsible for administering regulations promulgated under this Act shall have exclusive authority to conduct any hearing required under this Act.

(d) Judicial Review.—

(1) Jurisdiction.—A final administrative determination issued subsequent to a hearing may be reviewable only in a district court of the United States.

(2) Procedure.—The review shall be conducted in accordance with the standards set forth in section 706(c) of title 5, United States Code.

SEC. 15. PUBLIC INFORMATION.

(a) In General.—The Secretary may require to the public the results of any investigation made or hearing conducted under this Act, including the names, addresses, and locations of all persons—

(1) that have been licensed under this Act or that have been approved to engage in an activity under this Act; and

(2) with respect to which a license or approval has been suspended or revoked under section 14, including the reasons for the suspension or revocation.

(b) Confidentiality.—Except as otherwise provided by law, an officer, employee, or agent of the Department shall not divulge confidential business information obtained during a warehouse examination or other function performed as part of the duties of the officer, employee, or agent under this Act.

SEC. 16. PENALTIES FOR NONCOMPLIANCE.

(a) Civil Penalties.—If a person fails to comply with any requirement of this Act (including regulations promulgated under this Act), the Secretary may assess, on the record after an opportunity for a hearing, a civil penalty—

(1) of not more than $25,000 per violation, if an agricultural product is not involved in the violation; or

(2) of not more than 100 percent of the value of the agricultural product, if an agricultural product is involved in the violation.

(b) Suspension.—A district court of the United States shall have exclusive jurisdiction over any action brought under this Act without regard to the amount in controversy or the citizenship of the parties.

(c) Arbitration.—Nothing in this Act prevents the enforceability of an agreement to arbitrate disputes that would otherwise be enforceable under chapter 1 of title 9, United States Code.

SEC. 17. REGULATIONS.

The Secretary shall promulgate such regulations as the Secretary considers necessary to carry out this Act.

SEC. 18. AUTHORIZATION OF APPROPRIATION.

There are authorized to be appropriated such sums as are necessary to carry out this Act.

By Mr. CONRAD (for himself, Mr. GRASSLEY, Mr. DASCHLE, Mr. BAUCUS, Mr. KERREY, Mr. JEFFORDS, Mr. ROCKEFELLER, Mr. THOMAS, Mr. HARKIN, Mr. ROBERTS, Mr. JOHNSON, Mr. COCHRAN, and Mrs. LINCOLN):

S. 2755. A bill to promote access to health care services in rural areas; to the Committee on Finance.

HEALTH CARE ACCESS AND RURAL EQUALITY ACT OF 2000

Mr. CONRAD. Mr. President, today, I rise to introduce the Health Care Access and Rural Equality Act of 2000 (H–CARE).

This proposal is the result of a bipartisan and bicameral effort. I am proud to be joined by several cosponsors, including Representatives DASCHLE, THOMAS, HARKIN, BAUCUS, KERREY, JEFFORDS, ROCKEFELLER, ROBERTS, JOHNSON, LINCOLN, and COCHRAN. I would also like to thank our House counterparts for joining me as supporters of this proposal. In particular, would like to recognize Representatives FOLEY, POMEROY, TANNER, NUSSELL, MCINTYRE, STEINHOLM, BERRY, and LUCAS for their efforts. Working together, I believe we are taking important steps toward improving health care access in our rural communities.

Also, I would like to thank the National Rural Health Association, the Federation of American Health Systems, and the College of American Pathologists for their support of this effort.

Last year, we received information that 12 of my State’s 35 rural hospitals were in jeopardy of closing. In North Dakota, many areas do not have hospitals within their county borders. This means that in some areas of my State, many communities depend on having access to one specific rural health care facility. If this facility were to close, this would leave residents in these areas without access to vital health care resources.

We know that in many rural communities, Medicare patients make up the majority of the typical rural hospitals’ caseloads—in N.D., more than 70 percent of most rural hospitals’ patients are covered by Medicare. This means that Medicare funding and changes to the program greatly impact our small, rural providers.

Unfortunately, while our rural facilities may serve a disproportionate number of Medicare patients, they are often forced to operate with merely half the reimbursement of their urban counterparts. For example, Mercy Hospital in Devils Lake receives on average about $4,200 for treating a patient with pneumonia. In New York City, we know that some hospitals receive more than $8,500 for treating the same illness. This disparity places our providers at a clear disadvantage.

Against the backdrop of this funding disparity, we know that rural providers were particularly hard hit by reductions in the Balanced Budget Act of 1997. Last year, N.D. hospitals were losing at minimum 7 percent on every Medicare patient they serve. In some of our smaller communities, hospital margins fell as low as negative 21 percent. How can our hospitals be expected to survive at a 20 percent loss? Recognizing the challenges that our communities were facing, I fought hard last year to offer relief to our rural providers. I am happy to say that the Balanced Budget Act of 1999 (BBRA) brought more than $100 million to our ND providers—but we must do more.

Even though the BBRA improved the outlook for our hospitals, N.D. facilities were still in financial trouble—they are still projected to have negative 4.9 percent margins by 2002. Continued funding shortfalls have made it, and will continue to make it, impossible for our smallest rural hospitals to make needed building improvements; impossible for them to provide patients access to updated technologies; and difficult for them to competitively recruit and retain health care providers, particularly to the most isolated, frontier areas.

For this reason, I rise to introduce H–CARE. This legislation offers targeted relief to our most vulnerable rural providers, including: our sole community, critical access, and Medicare dependent hospitals.

In particular, H–CARE would offer a full inflation update to all rural hospitals. The BBRA limited hospitals’ inflation updates through 2002. This has meant that our providers have not been allowed to receive payments that are in line with the costs they incur for serving Medicare patients. H–CARE would close the gap on this funding shortfall.

Also, H–CARE permanently extends the important Medicare dependent hospital program, which is due to expire in 2006, and would offer these providers more up-to-date funding. Currently, they are reimbursed based on 1988 costs. As providers that serve at least a 60 percent Medicare caseload, it is important that they receive appropriate Medicare payments.

In addition, H–CARE addresses several flaws in last year’s Medicare add-back bill that have adversely impacted our rural providers. For example, many rural hospitals entered the Critical Access Hospital (CAH) program under the promise that they would receive adequate resources to keep their doors open. The BBRA inadvertently limited
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these hospitals' ability to receive funding for providing lab services to their patients. H-CARE fixes this problem by ensuring CARE once again receives the funding they need to provide lab services.

For our sole community hospitals, H-CARE corrects an error in the BBRA which excluded some of these hospitals from receiving higher reimbursement rates based on more recent costs. H-CARE fixes this mistake by letting all sole community hospitals receive more up-to-date payments based on 1996 costs. This is particularly important for N.D. since 29 of my state's 36 rural facilities are sole community hospitals.

Lastly, H-CARE would establish a loan fund that rural facilities could access to repair crumbling buildings or update their equipment—eligible facilities could receive up to $5m to make repairs and an extra $50,000 to help develop a capital improvement plan. H-CARE also includes grants in the amount of $50k once again that hospitals could use to purchase new technology and train staff on using this technology.

In summary, this year, I will fight to enact these and other measures that are vital to improving our rural health care system. I urge my colleagues to support this important effort. 

Mr. JOHNSON. Mr. President, I am pleased to join my colleagues today to support introduction of the Health Care Access and Rural Equality Act of 2000, known as H-CARE.

I especially want to commend Senators CONRAD and GRASSLEY, and Representatives FOLEY for the tremendous amount of effort they put forth in drafting this key legislation. As well, I commend a number of my other colleagues who have contributed immensely to the crafting of this bill, including Senators DASCHLE, HARKIN, ROCKEY, ROBERTS, THOMAS, ROASSLE, and Representatives POMEROY, TANNER, RUSSEL, and MINTYRE.

The bipartisan and bicameral support for this legislation signifies the critical and often times desperate condition that our rural hospitals are in due in large part to the unforeseen impact of the Balanced Budget Act (BBA) of 1997 and disparities in Medicare reimbursements for rural facilities.

Impact estimates and preliminary data suggest that the BBA cuts have fallen squarely on the shoulders of our rural hospitals who do not have the operating margins to shoulder consecutive years of budgetary deficits. Unfortunately, rural hospitals do not have the luxury of trimming spending in one area to meet the needs in another. Recent cuts have forced hospitals to eliminate important programs such as home health care or therapy services in order to cut within these tight budget restraints.

Rural hospitals are charged with the responsibility to provide high-quality, compassionate care to individuals in times of need, especially our senior and disabled Medicare populations. However, it also seems evident to me that we have asked hospitals to do a day's work for an hour's pay.

The H-CARE Act works to restore some of the funding disparities that exist for rural hospitals and provides resources to ensure their survival.

Hospitals in my home state of South Dakota face a potential loss in Medicare revenues of nearly $711 million over five years if something is not done to help them.

Provisions in H-CARE including inflation updates for rural hospitals, protection for Medicare Dependent Hospitals, support for the Critical Access Hospitals Programs, creation of a capital infrastructure loan program, assistance to update technology, and increased reimbursement for Sole Community Hospitals will allow rural facilities the necessary resources to keep their doors open.

We are talking about rural facilities such as the Medical Center in Huron, SD, which was forced to eliminate 24 full-time positions to compensate for Medicare cuts in their FY 2001 budget, or the hospital in Burke, SD, which had to cut $124,000 from their hospital this year to ensure their survival. These are just a few examples of the many stories that I've heard from hospital administrators throughout my home state of South Dakota.

Once again, I am pleased to join my colleagues today as an original cosponsor of the H-CARE Act and look forward to working with the full Senate to ensure quick and immediate action on this critically important legislation.

By Mr. DOMENICI (for himself, and Mr. BINGAMAN).

S. 2736. A bill to provide compensation for victims of the fire initiated by the National Park Service at Bandelier National Monument, New Mexico; to the Committee on Environment and Public Works.

THE CERRO GRANDE FIRE ASSISTANCE ACT

Mr. DOMENICI. Mr. President, let me say from the very beginning of this discussion today, it has been a real pleasure to work with Senator BINGAMAN and his staff—and I hope that is mutual—on putting together a bill that we are going to introduce today. It is our best effort to put together a bill that permits the citizens of Los Alamos, the people who reside there, whose houses or personal property were damaged or destroyed, and businesses that existed, owned either by corporations or individuals—the damage they might have suffered. This is just a partial list. I will read the list before we leave the floor.

This is in an effort to compensate the Indian people for similar losses.

Mr. President, since May 4, 2000, it is now known that the National Park Service started a forest fire, a so-called prescribed burn, at Bandelier National Monument in New Mexico. That was during the height of the fire season and, regrettably, as everyone now knows, that fire, which was expected to be a controlled burn by the Park Service in Bandelier National Park, was not able to be controlled by those who were called in to contain it. The fire went right down the mountainside, ended up burning down the forest and parts of the community of Los Alamos. The fire destroyed more than 425 residences.

I am going to start from the beginning with just one photo. Senator BINGAMAN has others. He drove the streets while some of the fires were still cooling off. As I understand it, Senator BINGAMAN could see the remnants of steam and heat, and the residue of fires that had not yet totally burned out.

This is just one picture of the old town site. That means there is a part of the area that was built up by the Federal Government years ago when Los Alamos was a closed off and secret community, at which the first atomic bomb was being built. All of the science was put in place up there, and it was totally a secret city. Years later, while I was a Senator—I have been here 29 years—we tore down the walls and sold those houses to individuals.

This is the way the fire looked as a house burned adjoining the trees and forests that surround Los Alamos. It was actually much worse than that. But that is the best we can do in a photograph of this type.

The fire started on May 4, and by May 5 it was a full-fledged wildfire devouring everything in its path. Ultimately, it devoured 48,000 acres of forest land and significant parts of the community where houses and businesses were owned by individuals.

During the time this fire burned out of control, our Nation was celebrating the 50th anniversary of Smokey the Bear; that is, the date of his rescue from a razing forest fire in the Lincoln National Forest in NM.

For 50 years, Smokey the Bear had cautioned Americans to be careful. Apparently, no one told the Park Service. The decision was made to start a forest fire. The basis was a miscalculation of the danger. The result was, believe it or not, about 25,000 people were evacuated; 405 families lost their residences or homes; two Indian pueblos lost land, livelihood, and sacred sites; and 48,000 acres were transformed from a lush forest into a charcoal garden covered in some places by 12 inches of ash.

The cost thus far to taxpayers just to fight the fire is perhaps $10 million. We now have a couple of official reports. We have a 40-page report called "Sierra Grande Prescribed Burn Investigative Report" dated May 18, 2000. It can be summarized.
Too little planning; too few followed procedures; too little caution; too little experience; too much dry underbrush; too much wind; too much advice heeded; too much sympathy heeded; and too late arrival of the “hotshot” experts; and, it was too bad.

It is more than too bad. It calls into question the policy with reference to prescribed burns. But that is an issue for another day. But I am hopeful that serious discussions are taking place as to how we should handle controlled burns in the future.

We have a catastrophe. It is a catastrophe that it started in the first place. There is no doubt about that.

It is a tragedy that it destroyed homes. There is no doubt about that.

It is a disaster that fire disrupted businesses. It cost State and local governments millions of dollars. There is no disagreement about that.

Imagine the horror of seeing your home reduced to ashes and the freakishness of owning a concrete staircase to nowhere and calling it your home as the ashes for any unincinerated remnants of your life.

You want to go back to work, to get your life in gear, to go back to back-to-back-meetings, dealing with appraisers, contractors, insurance, FEMA, SBA, and flood insurance.

Everyone involved wishes that the fire could be un-set, the match un-lit, the fires needed to compensate the victims of that conference, along with the monster.

The Federal Government can’t undo the damage, but it can provide prompt compensation. That is the objective of the legislation that Senator BINGAMAN and I are introducing today. We have worked closely with the administration, and I am pleased that they support this legislation.

I am pleased to introduce legislation that starts the process of rebuilding lives. It provides an expedited settlement process for the victims of the fire.

The first estimate of the cost that we are covering is an approximate number of $300 million. We will use $300 million as our approximate cost as we take this bill into conference on the MILCON bill and attempt to get it adopted in an expedited matter as part of that conference, along with the monies needed to compensate the victims for their claims under this legislation. And there are monies for other components of the fire under other federal laws, the laboratory damage itself, which is a separate appropriations item.

To accomplish the goal of compensating fire victims in the most efficient and fair way possible, this legislation establishes a compensation process through a separate Office of Cerro Grande Fire Claims at FEMA.

It provides for full compensation for property losses and personal injuries sustained by the victims, including all individuals, regardless of their immigration status, small businesses, local governments, schools, Indian tribes, and any other entities injured as a result of the fire.

Such compensation will include the replacement cost of homes, cars, and any other property lost or damaged in the fire, as well as lost wages, business losses, insurance deductibles, emergency staffing expenses, debris removal and other clean-up costs, and any other losses deemed appropriate by the Director of FEMA.

To make sure that this is an expeditious procedure, within 45 days of enactment, FEMA must promulgate rules governing the claims process. After the rules are in place, FEMA must publish in newspapers and other places in New Mexico, an easy-to-understand description of the claims process in English and Spanish, so that everyone will know their rights and where and how to file a claim.

Once those rules are in place, victims will have 2 years to file their claims, and FEMA must pay those claims within 6 months of filing.

During the adjudication of each claim, FEMA is authorized to make interim payments so that those with the greatest need will not be forced to wait a long time before receiving a form of compensation from the government.

This bill will also reimburse insurance companies for the costs they paid to help rebuild Los Alamos and the surrounding communities. Under this bill, insurance companies will be able to make subrogation claims against the government on behalf of themselves or their policyholders in the same manner as any other victim of the fire.

I want the victims to know that this bill requires that they will be compensated before insurance companies.

The intent is to encourage insurance companies to settle with their policyholders and then to come to the government for compensation. That way, victims can get on with their lives as soon as possible, and insurance companies can get reimbursed through the claims process before the need to proceed under the cumbersome Federal Tort Claims Act.

For victims whose insurance will not cover the complete replacement cost of their property loss or their personal injury, insurance companies should cover all that is required under their policies, and the government will make up the difference.

Mr. President, I think that in this bill, we have developed a process which is fair, comprehensive, and efficient. Yet there will be some who believe, for whatever reasons, that they are not receiving what they are entitled from the government.

For those individuals, this bill preserves their right to sue under the Tort Claims Act or to protest the final claims decision of FEMA. I hope that there will be few, if any, such lawsuits, but I believe we must maintain the rights of individuals to proceed to court if they are unhappy with their claims award.

I believe that we have taken an excellent first step in proposing this claims legislation. There is no way one bill can address every issue which might arise in every circumstance. Many of the details will be determined by the Fire Claims Office. I want my constituents to know that I will do all I can to monitor the process as it moves forward to ensure that New Mexicans are treated fairly and in accordance with the intent of this law.

All our citizens owe a tremendous gratitude to the workers at Los Alamos. We won the cold war because of their contributions. Today we enjoy our freedoms because of their dedication. We need their continued dedication to assure that those freedoms survive for our future generations. And they need our help to rebuild their lives and return to their vital missions. I hope my colleagues will support the Cerro Grande Fire Assistance Act.
Mr. BINGAMAN. I toured the community and the neighborhoods with

James Lee Witt, the head of FEMA, and with our Governor, Governor John-
sen, who was also very involved. We observed the damage firsthand.

Mr. DOMENICI. This is a chimney?

Mr. BINGAMAN. That is a chimney.

The people did not have time to even arrange to drive their cars out of town. Of course, all their personal belongings were left in the houses. The damage was total. The loss was total for the families who were burned out.

Another photo makes the case, a photo of the rubble that was left at one of the sites. Here is a bicycle. I might add, the water lines in these houses were still running. As we drove up and down the street, we saw water spurting out of the water lines, but there would be no house. Clearly, the devastation was enormous.

The people of Los Alamos and Senator DOMENICI made this point, and it has been made many times: The people of Los Alamos were heroic in their response to this tragedy. They pulled together as a community. They helped each other. They worked together to get their community running.

The people of the entire State came together and rallied to help the people who were injured. This was a period, and we are still in it to some extent, a period where we have lots of fire going on in New Mexico. It was not just the people who were injured in the Cerro Grande fire who were requiring assistance. We had other fires in our State, including the Scott Able fire in southern New Mexico which was very devastating, the fire at Rudivo, the Viveash fire near Pecos.

Our job now, and what Senator DOMENICI and I are trying to do in this legislation, is to put in place a mechanism so people can get as full a relief as possible. We are not ever in a position to compensate someone for all of this loss, but we want to compensate people as fully as the Government can. We also, of course, want to do so as quickly as possible.

The reason this is important, I believe—and I think this was something which the administration officials, and Jack Lew with the Office of Management and Budget agreed with entirely—is that the time it takes to go through the Tort Claims Act is extensive. History has shown that, in many cases it is not satisfactory, that process has not been satisfactory. It was our conclusion, and the conclusion supported by the administration, that we should do a separate bill which would set up a different procedure that, hopefully, would give better compensation to people, and do it more much quickly than is otherwise possible.

Senator DOMENICI pointed out we have gone to great lengths to not inter-

ference, yet it is the right of people to pursue their remedies under current law, if they choose to do that. We have not changed the rules for that. We have not in any way impeded that. But people

have to make a judgment after they consult with everyone involved—their attorneys if they have attorneys, or anyone else with whom they want to consult—make a judgment as to whether to use the remedy, the process we are setting up in this legislation, once this becomes law, or to use the process that is available to them under current law.

My own hope is that we have come up with a better alternative. That is my belief. That has certainly been our pur-

pose. We hope people will see it that way and that this legislation will re-

sult in more full compensation, much more rapidly than would otherwise be possible, and that people will be able to get on with their lives because of that.

The legislation has many aspects to it, which I discussed in detail. Senator Domenici and I are trying to do in this legislation, is to put in place a mechanism so people can get as full a relief as possible. We are not ever in a position to compensate someone for all of this loss, but we want to compensate people as fully as the Government can. We also, of course, want to do so as quickly as possible.

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ference, yet it is the right of people to pursue their remedies under current law, if they choose to do that. We have not changed the rules for that. We have not in any way impeded that. But people
The Cerro Grande Fire Assistance Act that I am introducing with Senator DOMENICI today is what we believe represents the Government’s responsibility to the citizens of Los Alamos and the surrounding pueblos.

The Cerro Grande fire didn’t just burn 47,000 acres of national forest. This fire was so intense that it traveled several miles from the point of origin to the town of Los Alamos, New Mexico. When the fire burned the canyons in Los Alamos, it completely destroyed 365 dwellings and seriously damaged another 17 dwellings. Over 60 homes were burned on 46th, 48th and Yucca Streets alone. Keep in mind that Los Alamos is not a large community and this destruction will reflect a large majority of the residents in those areas. This chart shows what used to be single family homes on Arizona Avenue. It was one of the 50 homes destroyed along Arizona Avenue.

This second picture shows the damage done along Alabama Avenue. The fourplexes across the street were spared but many of the fourplexes across Alabama are no longer standing. Most of these fourplexes were built between 1949 and 1954 by the federal government for the first workers of the national laboratory. In the late 1960’s the federal government sold these homes to the residents of Los Alamos. On May 4th, many homes were occupied by the original residents—individuals who are now retired from the lab and enjoying their golden years. Ten percent of the households destroyed belonged to senior citizens. One such couple showed up at a town meeting and told me all they had left of their former home—the wife had the burned door handle and the husband had the key in his pocket.

Other fourplexes that were destroyed were occupied by young families and the most recent generation of lab employees. 35% of the housing units destroyed were being rented and 92 of those tenants were without any form of insurance. Many of these people are now living in their cars for their young families. One of the couples I spoke with after the fire was a young couple expecting a child who lost their home and their adjoining rental unit. And I was recently informed that over 200 school children were burned out of their homes.

Driving through these neighborhoods that are now filled with blackened trees, melted swing sets and burned bicycles is a difficult thing to witness. Fire grew out of control quickly, mostly due to winds of 60 mph winds that swirled through the controlled burn area, that those families had less than an hour to gather their belongings and evacuate the mesa. Many others didn’t have that even that much time. As you can see by the numerous burned cars, many families were unable to get both of their cars down the hill before the fire hit. In the end, 5% of the housing units in Los Alamos was destroyed by this fire.

Despite the personal tragedy many of them suffered, the residents of Los Alamos came together and helped one another and supported the efforts of the hundreds of firefighters who fought hard and long to control this monstrous blaze. Several Los Alamos restaurant owners returned to Los Alamos during the height of the fire and donated their inventory and services to cook up meals at the local Elks Lodge for the firefighters, police and National Guardsmen who were sent to this remote community. In addition, the outpouring of support from the nearby communities in setting up shelters and offering food and clothing was something I was proud to witness firsthand. This support included the shelters and individuals who volunteered to take in the hundreds of animals that belonged to the over 20,000 residents evacuated from Los Alamos and White Rock.

The citizens of Los Alamos were heroic throughout this fire. Residents, like engineer Tony Tomei, were single-handedly trying to help save their neighborhoods from spreading wildfire. Tomei used his garden hose to douse small fires and used a rake and shovel to extinguish burning debris. His all night efforts saved his own house and the house of one neighbor, much to the neighbor’s surprise.

After returning from Los Alamos and viewing the extent of damage, I began work with Senator DOMENICI on legislation that would compensate the people of Los Alamos, the surrounding pueblos, and the national laboratory for the damages sustained. We have been working for the past 3 weeks now with the Office of Budget and Management, the White House, and the citizens of New Mexico to come up with legislation that will provide those who suffered personal and/or financial injury the most expedient and thorough compensation possible. We have received input from a number of individuals who lost their homes, from business owners who were shut down for up to a week, from the Los Alamos County Council and the governors of the San Ildefonso and Santa Clara Pueblos. While no one can truly be made whole after such a devastating experience, the role of the federal government in this situation is to ensure that people are adequately compensated for the losses resulting from the fire. Senator DOMENICI and I worked to come up with legislation that would compensate New Mexicans as fully as possible, while still being something acceptable to the entire Congress.

Based on the numerous meetings we held with the people mentioned above, we have come up with categories of damages that are covered under this legislation: property losses, business losses and financial losses. The goal is to compensate individuals for losses that were not otherwise covered by insurance or any other third party contribution.

For example, compensable property losses will include such things as uninsured property losses. This should address the problem many individuals are facing after realizing that they were under insured for their homes or their personal property. The goal of this legislation is to provide individuals with the funds needed to repair or replace their real and personal property using “replacement value” as a determining factor. This means that individuals should receive the dollar amount needed to rebuild their homes using current construction methods and materials, in line with current zoning requirements, and without a deduction for depreciation. It also means that individuals should be provided with the funds necessary to allow them to replace their damaged personal property with property that provides them equal utility. Moreover, we realize that homeowners will need funds to cover the cost of stabilizing and restoring their land to a condition suitable for building after the debris is removed.

The legislation will also compensate public entities for the damage to the physical infrastructure in the community. The county and other governmental entities will be able to seek compensation for the rebuilding community infrastructure damaged by the fire, such as power lines, roads and public parks.

Compensable business losses will include such things as damage to tangible business assets, lost profits, costs incurred as a result of suspending business for one week, wages paid to employees for days missed during the fire, and other business losses deemed appropriate by the Claims Office. This provision is intended to help business owners who were forced to evacuate Los Alamos for up to 5 days. For people like the local nursery owner, closing shop during Mothers’ Day weekend and the short planting season in northern NM was devastating. While the residents of Los Alamos disappeared from the community, the ranches, and the short term costs of the small business owners did not appear.

Compensable financial losses will include economic losses for expenses
such as insurance deductibles, temporary living expenses, relocation expenses, debris removal costs, and emergency assistance for our governmental and tribal entities. The intent is to assist victims in rebuilding and recovering incidental expenses that they would otherwise not have incurred, had it not been for the Cerro Grande Fire. This includes costs incurred by the claimant in proving his losses, including the cost of appraisals where necessary.

In addition, the pueblos will be eligible to seek compensation for the damage to the forest lands on the pueblo and the impact of the fire on their subsistence hunting, fishing, firewood, timbering, grazing and agricultural activities. Individual tribal members and wholly-owned tribal entities will be eligible to seek reimbursement through this claim and claims manager for quantifiable losses. This means that the BIA will not serve as a conduit for any settlement to an individual tribal member or a tribe.

This legislation also intends to provide resources for the remediation that will be necessary to prevent future disasters because of flooding and mudslides. While we have experienced an unusually dry summer in the Southwest, forecasters predict an earlier than usual monsoon season and efforts must be made to shore up the burned hillsides and 70 foot canyon walls. The remediation effort will have to be undertaken by several federal agencies, including the Department of Interior, the Agriculture Department and other entities with experience in this regard.

In order to expedite an individual’s recovery, we have designed an administrative claims process that will allow injured parties to seek compensation for those possessions that were destroyed and were not otherwise covered by a third party, as a result of the Cerro Grande Fire. This legislation authorizes that claims process and establishes an Office of Cerro Grande Fire Claims which will be under the authority of the Director of FEMA. FEMA is directed to compensate the victims of the Cerro Grande fire for injuries resulting from the fire and to settle those claims in an expeditious manner. FEMA will be given authority to hire an independent claims manager or other experts in claims processing to oversee this large project. We feel that FEMA is the best federal agency to handle this responsibility as they are capable of the task and are familiar with the damages that are common in a disaster. I trust that the FEMA Director will assemble a team that the community of Los Alamos can have confidence in and that will strive to settle claims to the benefit of those injured.

The Director of FEMA has 45 days to design this claims process and promulgate regulations for the claims office to follow. The regulations should not be overly burdensome for the claimants and should provide an understandable and straightforward path to settle. In the event that issues arise concerning a settlement amount, the claimant will be able to enter into binding arbitration to settle any disputes with the claims office. If a claimant would rather have the Director’s decision reviewed by a judge, the claimant will be able to seek judicial review of the Director’s decision in federal court. Claimants who believe they need legal assistance as they proceed through this process should know that attorneys’ fees are provided for in this legislation, with a cap of 10%. And while we believe this administrative claims process is the most efficient and reliable route for those seeking compensation, we are leaving the option of a federal tort action open to this legislation.

Mr. President, there is nothing Senator DOMENICI or I can do to replace the personal items and sentimental possessions that the fire destroyed in the Cerro Grande Fire. This federal compensation will do nothing to replace a coin collection collected over a lifetime or a heirloom inherited from a great-grandmother. However, the federal government has the responsibility to try and restore the lives of the people impacted by this horrible tragedy. The federal government started this mess and it is time the federal government started cleaning up this mess and fixing what was damaged.

Congress can start the recovery process by passing this legislation. I ask that my colleagues act quickly on this legislation as the season for rebuilding this community is a short season for this city that sits high above the valley. I thank my colleagues for their support and for their willingness to do the right thing in this very unique situation.

I yield the floor.

The PRESIDING OFFICER. The senior Senator from New Mexico.

Mr. DOMENICI. Mr. President, I once again thank Senator BINGAMAN.

Part of the time these discussions were taking place in New Mexico, I was not available to be there. As most people in New Mexico know, I have been there twice, but I missed one occasion when Senator BINGAMAN got to talk with the people. I thank him for that because he brought back a number of ideas. One of my staffers was present with him. Those ideas are incorporated in this legislation.

In particular, let me repeat that the bill covers “loss of property,” and it says what that means; “business losses,” and it says what that means; “financial losses,” and it says what that means. Then a “summary of the claims process” and a summary of the remedies and a summary of appeal rights.

The lead agency is going to be the Office of Cerro Grande Fire Claims within FEMA. James Lee Witt or his successor will oversee that office but has the discretion and authority to designate an independent claims manager to run the office, if he so desires.

We are not creating anything new, it will be FEMA. But if he wants an independent claims manager, he has the latitude and authority to do that. There will be a separate account for the victims of the Cerro Grande fire that will be separate from the disaster assistance fund. Also, all of the money appropriated will be designated as an emergency.

I want to thank the staff who worked on this legislation. In my office: Steve Bell, Denise Greenlaw Ramonas, Brian Benczkowski, James Fuller and Ve Neve. Rodwoman Ford, Trudy Bingham’s office, Trudy Vincent, Christine Landavazo, Sam Fowler and Bob Simon. I also want to thank Ann Bushmiller from the White House Counsel’s office and Elizabeth Gore from the Office of Management and Budget. I ask unanimous consent that a letter from Jack Lew expressing the Administration’s support be printed in the RECORD.

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

S. 2736

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 “Cerro Grande Fire Assistance Act”.

SEC. 2. FINDINGS AND PURPOSES.

(a) FINDINGS.—Congress finds that—

(1) on May 4, 2000, the National Park Service at Bandelier National Monument in New Mexico during the peak of the fire season in the Southwest;

(2) on May 5, 2000, the prescribed burn, which became known as the “Cerro Grande Prescribed Fire”, exceeded the containment capabilities of the National Park Service, was classified as a wildland burn, and spread to other Federal and non-Federal land, quickly becoming characterized as a wildfire;

(3) by May 7, 2000, the fire had grown in size and caused evacuations in and around Los Alamos, New Mexico, including the Los Alamos National Laboratory, 1 of the leading national research laboratories in the United States and the birthplace of the atomic bomb;

(4) on May 13, 2000, the President issued a major disaster declaration for the counties of Bernalillo, Cibola, Los Alamos, McKinley, Mora, Rio Arriba, San Juan, San Miguel, Santa Fe, Taos, and Torrance, New Mexico;

(5) the fire resulted in the loss of Federal, State, local, tribal, and private property;

(6) the Secretary of the Interior and the National Park Service have assumed responsibility for the fire and subsequent losses of property; and

(7) the United States should compensate the victims of the Cerro Grande fire.

(b) PURPOSES.—The purposes of this Act are—

(1) to compensate victims of the fire at Cerro Grande, New Mexico, for injuries resulting from the fire; and

(2) to provide for the establishment and \(a\) of...
(2) to provide for the expeditious consideration and settlement of claims for those injuries.

SEC. 3. DEFINITIONS.

In this Act:

(1) CERRO GRANDE FIRE.—The term ‘‘Cerro Grande Fire’’ means the fire resulting from the initiation by the National Park Service of a prescribed burn at Bandelier National Monument, New Mexico, on May 4, 2000.

(2) DIRECTOR.—The term ‘‘Director’’ means—

(A) the Director of the Federal Emergency Management Agency; or

(B) if a Manager is appointed under section 4(a)(3), the Manager.

(3) INJURED PERSON.—The term ‘‘injured person’’ means—

(A) an individual, regardless of the citizenship or alien status of the individual; or

(B) an Indian tribe, corporation, tribal corporation, partnership, company, association, county, township, city, State, school district, or other non-Federal entity (including a legal representative); that suffered injury resulting from the Cerro Grande fire.

(4) INJURY.—The term ‘‘injury’’ has the same meaning as the term ‘‘injury or loss of property, or personal injury or death’’ as used in section 1346(b)(1) of title 28, United States Code.

(5) MANAGER.—The term ‘‘Manager’’ means an Independent Claims Manager appointed under section 4(a)(3).

(6) OFFICE.—The term ‘‘Office’’ means the Office of Cerro Grande Fire Claims established by section 4(a)(2).

SEC. 4. COMPENSATION FOR VICTIMS OF CERRO GRANDE FIRE.

(a) In General.—

(1) COMPENSATION.—Each injured person shall be entitled to receive from the United States compensation for injury suffered by the injured person as a result of the Cerro Grande fire.

(2) OFFICE OF CERRO GRANDE FIRE CLAIMS.—

(A) IN GENERAL.—There is established within the Federal Emergency Management Agency an Office of Cerro Grande Fire Claims.

(B) PURPOSE.—The Office shall receive, process, and pay claims in accordance with this title.

(C) FUNDING.—The Office—

(i) shall be funded from funds made available to the Director under this title; and

(ii) may reimburse other Federal agencies for claims processing support and assistance.

(3) OPTION TO APPOINT INDEPENDENT CLAIMS MANAGER.—The Director may appoint an Independent Claims Manager to—

(A) head the Office; and

(B) assume the duties of the Director under this Act.

(b) SUBMISSION OF CLAIMS.—Not later than 2 years after the date on which regulations are first promulgated under subsection (f), an injured person may submit to the Director a written claim for 1 or more injuries suffered by the injured person in accordance with such requirements as the Director determines to be appropriate.

(c) DETERMINATION AND PAYMENT OF AMOUNT.—

(A) IN GENERAL.—At the request of a claimant, the Director shall determine the amount, if any, to be paid under this Act and to the extent practicable, shall pay subrogation claims submitted under this Act only after paying claims submitted by injured parties that are not insurance companies seeking payment as subrogues.

(B) PARAMETERS OF DETERMINATION.—In determining and making a claim under this Act, the Director shall determine only—

(i) whether the claimant is an injured person;

(ii) whether the injury that is the subject of the claim resulted from the fire;

(iii) the amount, if any, to be allowed and paid under this Act; and

(iv) the person or persons entitled to receive the amount.

(C) INSURANCE AND OTHER BENEFITS.—

(i) In General.—In determining the amount of, and payment of, a claim under this Act, to prevent recovery by a claimant in excess of actual compensatory damages, the Director shall reduce the amount to be paid on or before May 12, 2002, for the processing and payment of claims required to be paid on or before May 12, 2002, as the case may be.

(ii) Priorities.—If an insurer or other third party pays any amount to a claimant to compensate for loss resulting from the Cerro Grande fire, that is incurred not later than the date that is 3 years after the date on which the regulations under subsection (f) are first promulgated.

(v) Any other loss that the Director determines to be appropriate for inclusion as business loss.

(D) FINANCIAL LOSS.—A claim that is paid for injury under this Act may include damages resulting from the Cerro Grande fire for the following types of otherwise uncompensated financial loss:

(i) Increased mortgage interest costs.

(ii) An insurance deductible.

(iii) A temporary living or relocation expense.

(iv) Lost wages or personal income.

(v) Emergency staffing expenses.

(vi) Debris removal and other cleanup costs.

(vii) Costs of reasonable efforts, as determined by the Director, to reduce the risk of wildfire, flood, or other natural disaster in the counties specified in section 2(a)(4), to prevent recovery by a claimant of any payment under this Act.

(viii) A premium for flood insurance that is required to be paid or on or before May 12, 2002, if, as a result of the Cerro Grande fire, a person was not required to purchase flood insurance before the Cerro Grande fire is required to purchase flood insurance.

(ix) Any other loss that the Director determines to be appropriate for inclusion as financial loss.

(e) AWARD OF COMPENSATION.—The award shall be in an amount determined by the Director, after written notice to the claimant of the proposed award, which may include the course of any dispute, and which shall include a statement of the reasons for the award.

(f) REGULATIONS AND PUBLIC INFORMATION.—

(A) REGULATIONS.—Notwithstanding any other provision of law, the Secretary of the Interior shall promulgate and publish in the Federal Register interim final regulations for the processing and payment of claims under this Act.
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June 15, 2000

PUBLIC INFORMATION.—
(2) At the time at which the Director promulgates regulations under paragraph (1), the Director shall publish, in newspapers of general circulation in the State of New Mexico, a clear, concise, and easily understandable explanation in English and Spanish, of—
(i) the rights conferred under this Act; and
(ii) the procedural and other requirements of the regulations promulgated under paragraph (1).

DISSEMINATION THROUGH OTHER MEDIA.—
The Director shall establish by regulation procedures under which a dispute regarding a claim submitted under this Act may be settled by arbitration. Decision of the arbitrator is final. If the election is binding on the claimant, with respect to all injuries resulting from the Cerro Grande fire that are suffered by the claimant.

CONSULTATION.—In administering this Act, the Director shall consult with the Secretary of the Interior, the Secretary of Energy, the Secretary of Agriculture, the Administrator of the Small Business Administration, other Federal agencies, and State, local, and tribal authorities, as determined to be necessary by the Director to—
(1) ensure the efficient administration of the claims process; and
(2) provide for local concerns.

ELECTION OF REMEDY.—
(1) IN GENERAL.—Any claimant aggrieved by a decision of the Director shall establish by regulation procedures under which a dispute regarding a claim submitted under this Act may be settled by arbitration. Decision of the arbitrator is final. If the election is binding on the claimant, with respect to all injuries resulting from the Cerro Grande fire that are suffered by the claimant.

ARBITRATION.—
(1) IN GENERAL.—Not later than 45 days after the date of submission of the report, including—
(A) a description of the claims submitted under this Act; and
(B) a report that describes the claims submitted under this Act during the year preceding the date of submission of the report, including—
(1) the amount claimed;
(2) a brief description of the nature of the claim; and
(3) the status or disposition of the claim, including the amount of any payment under this Act.
(2) Authorization of Appropriations.—There are authorized to be appropriated such sums as are necessary to carry out this Act.

SUMMARY OF CERRO GRANDE FIRE ASSISTANCE
ACT OF 2000
Administrator: FEMA as lead agency, with authority to designate an independent claims manager.

Entities eligible for compensation: all individuals, Indian tribes, corporations, tribal corporations, partnerships, companies, associations, counties, townships, cities, State school districts and any other non-federal entity that suffered injury resulting from the Cerro Grande fire.

Types of compensable injuries: tracks the Federal Tort Claims Act: Injury, loss of property and personal injuries are compensable.

Damages for “loss of property” will include: uninsured or under-insured property loss, decrease in the value of real property, damage to physical infrastructure, loss of subsistence hunting, fishing, grazing and agricultural activities, and any other loss deemed appropriate as a “loss of property.”

Damages for “injury” will include “financial losses” such as: increase mortgage interest costs, insurance deductibles, the cost of flood insurance, temporary living or relocation expenses, emergency staffing expenses, debris removal and other clean-up costs, hazard mitigation and any other injury deemed appropriate for compensation as a “financial loss.”

Process: FEMA Director required to promulgate interim final regulations within 45 days of enactment of the Act. Claims must be filed within two years of promulgation of the regulations, and adjudicated by FEMA within 180 days of filing. Once regulations are promulgated, Director must publish easy-to-understand explanation of the rights conferred by the law and a description of the claims process in English and Spanish in New Mexico newspapers and other media outlets.

Election of remedies: Party must at the outset elect either to proceed under Federal Tort Claims Act (FTCA) or legislatively appropriate process. The election is binding on the claimant for all damages resulting from the Cerro Grande fire. Must release U.S. Government from lawsuit under FTCA as a condition of receiving a claims process award.

Appeal: If victim is dissatisfied with claims decision, may appeal to Federal District Court for the District of New Mexico or pursue binding arbitration. If elect binding arbitration, decision of the arbitrator is final. If elect Federal Court, standard of review is identical to decision of the Director stands if considered as a whole.

ATTORNEY’S FEES.—
(1) Attorney’s fees: Limited to 10 percent of claims award. Attorneys who violate the rule may be suspended or disbarred. Costs under this Act.

[395x156]Attorney’s fees: Limited to 10 percent of claims award. Attorneys who violate the rule may be suspended or disbarred. Costs under this Act.

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The credibility and integrity of the United States grain marketing system must be maintained to allow U.S. producers to continue to feed the world through our marketing system. The Grain Standards Improvement Act of 2000 will help FGIS to continue these high standards and increase the economic efficiency of the U.S. grain marketing system.

Mr. President, I ask unanimous consent that the bill and a section-by-section summary be printed in the RECORD following my statement.

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

S. 2737

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 “Grain Standards Improvement Act of 2000”.

SEC. 2. SAMPLING FOR EXPORT GRAIN.

Section 5(a)(1) of the United States Grain Standards Act (7 U.S.C. 79a(1)) is amended by striking “(on the basis of grain shipped in interstate or foreign commerce)” and requiring that the samples be made at the port of export. The Act also established certain specific requirements for samples taken at the port of export.

SEC. 3. GEOGRAPHIC BOUNDARIES FOR OFFICIAL AGENCIES.

(a) INSPECTION AUTHORITY.—Section 7(f)(2) of the United States Grain Standards Act (7 U.S.C. 79b(2)) is amended by striking “construct pilot programs to”.

(b) WEIGHING AUTHORITY.—Section 7(a)(1) of the United States Grain Standards Act (7 U.S.C. 79a(1)) is amended in the last sentence by striking “conduct pilot programs to”.

SEC. 4. AUTHORIZATION TO COLLECT FEES.

(a) INSPECTION AND SUPERVISION FEES.—Section 7(4)(4) of the United States Grain Standards Act (7 U.S.C. 79a(4)) is amended in the first sentence by striking “2000” and inserting “2005”.

(b) WEIGHING AND SUPERVISION FEES.—Section 7(a)(3) of the United States Grain Standards Act (7 U.S.C. 79a(3)) is amended in the first sentence by striking “2000” and inserting “2005”.

SEC. 5. TESTING OF EQUIPMENT.

Section 7(a)(5) of the United States Grain Standards Act (7 U.S.C. 79a(5)) is amended in the first sentence by striking “but at least annually” and inserting “periodically”.

SEC. 6. LIMITATION ON ADMINISTRATIVE AND SUPERVISION FEES.

Section 7 of the United States Grain Standards Act (7 U.S.C. 79d) is amended—

(1) by striking “2000” and inserting “2005”;

and

(2) by striking “40 per centum” and inserting “30 per centum”.

SEC. 7. LICENSES AND AUTHORIZATIONS.

Section 8(a)(3) of the United States Grain Standards Act (7 U.S.C. 87a(3)) is amended by inserting “inspection, weighing,” after “laboratory testing,”.

SEC. 8. GRAIN ADDITIVES.

Section 13(e)(1) of the United States Grain Standards Act (7 U.S.C. 79e(1)) is amended by inserting “, or prohibit disguising the quality of grain,” after “sound and pure grain”.

SEC. 9. AUTHORIZATION OF APPROPRIATIONS.

Section 19 of the United States Grain Standards Act (7 U.S.C. 87b) is amended by striking “2000” and inserting “2005”.

SEC. 10. ADVISORY COMMITTEE.

Section 21(e) of the United States Grain Standards Act (7 U.S.C. 79e(1)) is amended by striking “2000” and inserting “2005”.

GRAIN STANDARDS IMPROVEMENT ACT OF 2000—SECTION-BY-SECTION SUMMARY

Section 1. Short title

This Act may be cited as the Grain Standards Improvement Act of 2000.

Section 2. Sampling for export grain

This section would provide FGIS with more flexibility in obtaining samples of export grain. Currently, samples of export grain can only be obtained after final elevation of the grain. Historically, this has been a requirement due to the breakage that can occur as the grain goes through an export elevator. In many cases, this sampling procedure is still appropriate. However, for value enhanced traits (e.g. protein) that are not affected by handling, sampling and testing prior to final elevation may be more appropriate. Often it is not a simple process to perform these tests in a field environment. Grain marketing patterns, quality attributes, and quality testing methods are changing rapidly. These changes are being expedited by quality traits developed through biotechnology and new testing methods. In response to these breakthroughs, new grain marketing programs are evolving that require measurement of additional, more complex quality attributes. Also, in order to maintain an efficient and effective marketing system in the United States, more reliance on identity preserved programs to assure acceptable quality with limited testing. These
merchants may need quality results on identity preserving prior to final elevation. Flexibility in obtaining samples would not jeopardize the representatives of the samples obtained for inspection.

Section 3. Geographic boundaries for official agencies
This section would allow, under certain conditions, more than one official agency to perform inspection and weighing services within a single geographic area at interior locations. The amendments provided for pilot programs to test such a change. These programs were successful in that they facilitated the marketing of grain without jeopardizing integrity of the system. This section will give the Secretary the authority to develop criteria similar to the current pilot program.

Section 4. Authorization to collect fees
This section would extend, through fiscal year 2005, the authority of the Secretary to charge user fees assessed for the supervision of official agencies and to invest sums collected.

Section 5. Testing of equipment
This section would eliminate the require-ment for mandatory annual testing for all equipment used in sampling, grading, inspection, and weighing. Annual testing is not necessary or appropriate for such equipment.

Section 6. Limitation on administration and supervisory costs
This section would provide that the administration and supervisory costs for services, performed through fiscal year 2005, would be subject to the ceiling of 30 percent of total costs for such services (excluding the costs of standardization, compliance, and foreign monitoring activities).

Section 7. Licenses and authorizations
This section would allow the Secretary to contract for inspection and weighing services in addition to specified sampling and technical functions. This allows the Secretary greater flexibility in performing the duties required by the Act.

Section 8. Grain additives
This section would prohibit disguising the quality of the grain as a result of the introduction of nongrain substances and other identified grains. The prohibition would include the introduction of nongran substances such as cinnamon, vanilla, and bleach, and could apply to all grain whether officially inspected or not. This prohibition will enhance the integrity of the national grain marketing system.

Section 9. Authorization of appropriations
The section would extend, through fiscal year 2005, the authorization for appropriations to cover standardization, compliance, foreign monitoring activities and any other expenses necessary to carry out the provisions of the Act which are not obtained from fees and sales of samples.

Section 10. Advisory committee
This section would maintain an advisory committee through fiscal year 2005. This committee represents the industry and advises the Secretary in administering the Act.

By Mr. JEFFORDS (for himself, Mr. Frist, and Mr. Enzi), S. 2738, to amend the Public Health Service Act to reduce medical mistakes and medication-related errors; to the Committee on Health, Education, Labor, and Pensions.

Mr. JEFFORDS. Mr. President, I am pleased to join today with my good friend Senator Frist to announce the introduction of the Patient Safety and Errors Reduction Act, a bill which will work toward increasing patient safety for all Americans.

Late last year, the Institute of Medicine (IOM) released a report citing medical errors as the eighth leading cause of death in the United States, with as many as 98,000 people dying as a result each year. More people die of medical mistakes than from motor vehicle accidents, AIDS, or breast cancer. The IOM report took a serious look at the problem of medical errors and provided some thoughtful recommendations for change.

Last year I worked closely with Senator Frist to ensure that Congress pass Senate Bill 580, the Healthcare Research and Quality Act of 1999. This newly passed legislation reauthorized by the Agency for Health Care Policy and Research (AHCPR) funding for Healthcare Research and Quality (AHRQ), and refocused its mission to support healthcare research on safety and quality improvement. I am pleased that AHRQ has decided to dedicate more than $20 million for research on medical error reduction. This shows a real commitment by Dr. John Eisenberg and his agency to address the problem of medical errors.

Our bill will attack this problem in several ways. First, it will provide a framework of support for the numerous efforts that are already underway in the public and the private sectors. Sec-ond, it will establish a Center for Quality Improvement and Patient Safety within the Agency for Healthcare Research and Quality. And finally, it will provide needed confidentiality protections for medical error reporting systems.

I believe we can save thousands of lives by substantially reducing medical mistakes over the next few years. We have a great opportunity to apply the safety lessons that we have already learned—both within health care and in other fields.

How can we prevent these mistakes? One lesson we have learned that was repeated time and again in our hear-ings is that mandatory reporting of all errors and subsequent punishment of healthcare professionals doesn’t work very well.

Even good doctors and nurses make mistakes during the most routine of tasks. Clearly, the root cause of medical errors is more systemic. Medicine has some of the most advanced technology for treating patients and some of the most rudimentary systems for ensuring quality. Taking a look at the systems that ensure patient safety will go farther in addressing the problem of medical errors rather than reprimanding any one individual or group.

Over the past few decades we have seen one industry after another adopt the principles of continuous quality improvement. The government itself has instituted these principles, notably in its regulation of aviation. Focusing on punishment will only deter improve-ment.

Having said that, we are not inter-ested in sweeping problems under the rug, but bringing them out into the open. And if an individual is harmed, this bill in no way limits the legal course that patients have now. The confidentiality protections are just for information that is submitted under quality improvement and medical error reporting systems. Patients and their lawyers will still have access to the entire medical record just like they do now.

Our bill also creates a new center for patient safety through AHRQ as the IOM report recommended. This Center will collect information on medical er-rors and serve as a center to develop strategies to reduce them. It is likely that additional funding beyond the $20 million recommended by the President will be needed for AHRQ’s new role overseeing this center for patient safety.

We also need to allow for confidentiality—through peer review protections—for information that is voluntarily submitted regarding medical errors. This legislation provides for these protections.

Once the information is collected and analyzed, either through AHRQ or an-other deemed institution, such as the Vermont Program for Quality in Health Care, recommendations on ways to reduce medical errors needed to be developed and disseminated throughout the health care industry.

It is my hope that these recom-mendations will continue to be incor-porated into survey instruments by organizations such as the Joint Com-mission on Accreditation of Healthcare Organizations, the accrediting body responsible for hospitals and other inpa-tient healthcare settings. In this way, the health care industry can engage in the kind of continuous quality improvement that is vital to curbing medical errors and saving lives. But a medical errors program will only succeed if hosp-i-tals, doctors and other health profes-sionals support it and participate in it willingly.

Neither the IOM nor Congress discovered this problem. Health care profes-sionals have been at work for some time in trying to address medical errors. I hope that we will be able to build on their work and create a center to develop and disseminate the best evidence available.
United States Pharmacopeia, the American Hospital Association, the American Health Quality Association, the American College of Physicians/ American Society of Internal Medicine, the American Psychological Association, and the Institute for Safe Medication Practices.

Mr. President, we cannot afford to wait on this issue. This legislation will raise the quality of health care delivered by decreasing medical errors and increasing patient safety and I will work to ensure its enactment this year.

By Mr. LAUTENBERG (for himself, Mr. HELMS, Mr. MOYNIHAN, Mr. ROTH, Mr. THURMOND, and Mr. WARNER).

S. 2739. A bill to amend title 39, United States Code, to provide for the issuance of a semipostal stamp in order to afford the public a convenient way to contribute to funding for the establishment of the World War II Memorial; to amend the Government Affairs and Reform Committee of the Senate to establish a special semipostal stamp fund; to provide for the establishment of the World War II Memorial Postage Stamp Act, the purpose of this bill is to raise funds for the construction of the National World War II Memorial by issuing a special World War II Memorial ‘semipostal’ stamp.

Mr. President, many events have shaped world history, but none so dramatically or so deeply as the Second World War. The war permanently altered lives, communities, and nations, at the same time speeding America’s rise as a superpower.

The National World War II Memorial will honor the 16 million Americans who served in uniform during the war, the more than 400,000 who gave their lives, and the millions more who supported the war effort at home. A symbol of the defining event of 20th-century America, the Memorial will honor the spirit, sacrifice, and commitment of the American people as well as the cause of freedom from tyranny throughout the world.

To date, the World War II Memorial Fund, chaired by Bob Dole, has raised approximately $92 million. Issuing a World War II Memorial Stamp could raise millions more, helping the World War Memorial Fund reach its goal of $100 million needed to construct and maintain the Memorial. Furthermore, a new stamp would give every American the chance to play a part in building this monument to those who served our Nation.

Mr. President, I served this great country as a member of the Armed Forces during World War II, and I know firsthand the sacrifices made by our Nation’s veterans. It is my sincere hope that, thanks to this bill, the National World War II Memorial will be a lasting symbol of American unity—and a timeless reminder of the moral strength that joins the citizens of this country.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

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

S. 2739

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SEMIPOSTAL STAMP FOR THE ESTABLISHMENT OF THE WORLD WAR II MEMORIAL.

(a) In General—Chapter 4 of title 39, United States Code, is amended by inserting after section 414 the following:

§ 414a. Special postage stamp for the establishment of the World War II Memorial.

‘‘(a) In order to afford the public a convenient way to contribute to funding for the establishment of the World War II Memorial, the Postal Service shall establish a special rate of postage for first-class mail under this section.

‘‘(b) The rate of postage established under this section—

‘‘(1) shall be equal to the regular first-class rate of postage, plus a differential of not to exceed 25 percent;

‘‘(2) shall be set by the Governors in accordance with such procedures as the Governors shall by regulation prescribe (in lieu of the procedures under chapter 36); and

‘‘(3) shall be offered as an alternative to the regular first-class rate of postage. The use of the special rate of postage established under this section shall be voluntary on the part of postal patrons.

‘‘(c)(1) Amounts becoming available for the establishment of the World War II Memorial under this section shall be paid to the American Battle Monuments Commission. Payments under this section shall be made under such arrangements as the Postal Service shall by mutual agreement with the American Battle Monuments Commission establish in order to carry out the purposes of this section, except that, under those arrangements, payments to such Commission shall be made at least twice a year.

‘‘(2) For purposes of this section, the term ‘amounts becoming available for the establishment of the World War II Memorial under this section’ means—

‘‘(A) the amounts received by the Postal Service that it would not have received but for the enactment of this section, reduced by—

‘‘(i) an amount sufficient to cover reasonable costs incurred by the Postal Service in carrying out this section, including those attributable to the printing, sale, and distribution of stamps under this section, as determined by the Postal Service under regulations that it shall prescribe.

‘‘(d) It is the sense of the Congress that nothing in this section shall—

‘‘(1) directly or indirectly cause a net decrease in total Federal funding received by the American Battle Monuments Commission below that which otherwise would have been received but for the enactment of this section; or

‘‘(2) affect regular first-class rates of postage or any other rate of postage.

‘‘(e) Special postage stamps under this section shall be made available to the public beginning on such date as the Postal Service shall by regulation prescribe in no event later than 90 days after the date of the enactment of this section or, if earlier, November 11, 2000 (Veterans Day).

The Postmaster General shall include in each report rendered under section 2402 with respect to any period during any portion of which this section is in effect information concerning the operation of this section, except that, at a minimum, each shall include—

‘‘(1) the total amount described in subsection (c)(2)(A) which was received by the Postal Service during the period covered by such report; and

‘‘(2) of the amount under paragraph (1), how much (in the aggregate and by category) was required for the purposes described in subsection (c)(2)(B).

‘‘(g) This section shall cease to be effective upon the determination of the Postmaster General (in consultation with the American Battle Monuments Commission) that the Commission has or will have the funds necessary to pay all expenses of the establishment of the World War II Memorial. Any excess funds shall be deposited in the fund within the Treasury of the United States created by section 2138 and may be used for any of the purposes allowable under such section.

‘‘(h) As used in this section, the term ‘World War II Memorial’ refers to the memorial the construction of which is authorized by Public Law 103-32.’’.

(b) CONFORMING AMENDMENTS.—(1) The analysis for chapter 4 of title 39, United States Code, is amended by striking the item relating to section 414 and inserting the following:

‘‘414. Special postage stamps to benefit breast cancer research. ‘‘414a. Special postage stamps for the establishment of the World War II Memorial.’’.

(2) The heading for section 414 of title 39, United States Code, is amended to read as follows:

‘‘414. Special postage stamps to benefit breast cancer research.’’.

By Ms. LANDRIEU:

S. 2740. A bill to provide for the establishment of Individual Development Accounts (IDAs) that will allow individuals and families with limited means an opportunity to accumulate assets, to access education, to own their own homes and businesses, and ultimately to achieve economic self-sufficiency, and to increase the limit on deductible IRA contributions, and for other purposes; to the Committee on Finance.

THE SAVINGS ACCOUNTS ARE VALUABLE FOR EVERYONE ACT OF 2000

Ms. LANDRIEU. Mr. President, I want to speak for a few moments this morning and introduce S. 2740, and I am calling the Savings Are Valuable for Everyone Act of 2000.

Mr. President, as of February 1, 2000, the United States officially entered into the longest period of economic expansion in our history. This means we have had nine years of continuous growth—a hard-earned achievement. During this time, we have had the first back-to-back federal budget surpluses
During this same time period, while the number of families who owned a home or business rose overall, this figure among lower income families has actually been decreasing. The Federal Reserve Board recently released a study which showed that families earning under $10,000 a year had a median net worth of $1,900 in 1989. This figure rose to $4,800 in 1995 but slipped to $3,600 by 1998. The net worth of families who earn less than $25,000 annually was $3,600 by 1998. The net worth of families under $25,000 has actually been decreasing. The Federal Reserve Board recently released a study which showed that families earning under $10,000 a year had a median net worth of $1,900 in 1989. This figure rose to $4,800 in 1995 but slipped to $3,600 by 1998. The net worth of families who earn less than $25,000 annually was $3,600 by 1998 but then dropped to $2,800 in 1998.

During this same time period, while the number of families who owned a home or business rose overall, this figure among lower income families has actually been decreasing. The Federal Reserve Board recently released a study which showed that families earning under $10,000 a year had a median net worth of $1,900 in 1989. This figure rose to $4,800 in 1995 but slipped to $3,600 by 1998. The net worth of families who earn less than $25,000 annually was $3,600 by 1998 but then dropped to $2,800 in 1998. In 43 years, the smallest welfare rolls in 30 years, and 20 million new jobs for people across America.

Clearly, we are doing something right. However, that does not mean our work is done. In order for this economic prosperity to reach its full potential, we must continue to provide more opportunities (not guarantees) to widen the “winners’ circle” and allow all Americans to participate in our economic expansion.

According to the U.S. Department of Labor, the latest unemployment figures show that most Americans do have jobs. The unemployment average is 4.1 percent and many states have even lower rates, such as Iowa with 2.5 percent, New Hampshire with 2.7 percent, and Virginia with 2.8 percent. In some places across the country, there are some who believe that families earning below the poverty line, such as those in Howard County, Maryland, where the unemployment rate is a remarkable 3.4 percent. However, because of the high cost of living, many working families still struggle to make ends meet and are becoming reliant on government assistance to help pay their bills. The number of families who earn less than $25,000 annually was $3,600 by 1998. The net worth of families under $25,000 has actually been decreasing. The Federal Reserve Board recently released a study which showed that families earning under $10,000 a year had a median net worth of $1,900 in 1989. This figure rose to $4,800 in 1995 but slipped to $3,600 by 1998. The net worth of families who earn less than $25,000 annually was $3,600 by 1998 but then dropped to $2,800 in 1998.

While the goal of saving, sensible investing and frugal spending, had managed to accumulate a significant amount of assets. Theirs is a healthy, disciplined, and financially secure life. It is a life that makes theirs have the resources to build assets for themselves and to expand the IRA limit to ensure retirement savings. The goal is not income redistribution, but instead it is to find ways that allow opportunities for everyone, regardless of income, to build the productive assets that lead to economic security.

In order to help the working poor break the discouraging cycle of living from paycheck to paycheck and to help the lower-middle class move up the income ladder, the Administration included this provision in the fiscal year 1996 budget. The Social Security Administration estimates that 1.8 million people will benefit from the proposal. The new program, which is included in the Administration’s budget proposal, is designed to increase the number of families who can save for retirement. The Administration estimates that the proposal will increase the percentage of families who are able to save for retirement from 41 percent in 1995 to 54.9 percent in 2000.

In order to encourage the establishment of IDAs, two tax credits are offered. The first is available to participating financial institutions. For every dollar saved in an IRA, the qualified financial institution will provide a one-to-one match, limited to $500 per person per year. The financial institution would then be eligible for a 90 percent federal tax credit for matching funds.

The second tax credit is known as the IDA Investment Tax Credit. In order to leverage private sector investments and encourage broader community involvement in this program, a 50 percent tax credit will be available for investments in qualified non-profits, 501(c)(3)s or credit unions, which can administer qualified IDA programs.

In order to qualify for this tax credit, at least 70 percent of the funds received must be used for financial education, program monitoring, and/or program administration. Any taxpayer who participates can participate as a donor.

It is important to remember that each IDA consists of two parallel accounts—one that the participants make their deposits into and one that the donor makes their deposits of matching funds into. The interest on the money in the participant’s account would be tax free while all funds in the matching account (including interest) would be tax free. One could say that the participant’s account is treated in a similar fashion to the way that the IRS treats IRAs and 401(k)s.

Already an estimated 3,000 people nationwide are being given the opportunity to participate in an IRA. In order to encourage the establishment of IDAs, two tax credits are offered. The first is available to participating financial institutions. For every dollar saved in an IRA, the qualified financial institution will provide a one-to-one match, limited to $500 per person per year. The financial institution would then be eligible for a 90 percent federal tax credit for matching funds.

As you can see, IDAs are not only good for individuals and their families, they also are good for the future of our country. Russell Long once said, “The problem with Capitalism is that there are not enough Capitalists.” IDAs provide the tools which operate to address this age-old problem and help create more Capitalists. When Capitalism is combined with the proper social safety nets and incentives for asset accumulation, a millionaires’ circle is guaranteed.
Benjamin Franklin once said, "The wealth of an individual is measured not by what a person earns but by what he saves.

Take the example of Oseola McCarty of Mississippi. Oseola toiled in obscurity for most of her life, taking in people's laundry for $2 a bundle and amassing a small fortune by socking away every extra cent in a savings account. At the age of 87, she donated $150,000 of her life savings to the University of Southern Mississippi, establishing a scholarship fund to give African-American youths a chance for the education she never received.

What Oseola accomplished is a great example of the power of savings. Savings, investing and assets—not necessarily income—determine wealth. Just think what Oseola could have accomplished, not only for herself but for others, with the benefit of a program like IDAs to add matching funds and additional interest to her hard-earned savings.

IDAs are partnerships between the government, the community and the individual to build stronger families and a stronger economy. For not only do Americans improve their economic security through the building of assets, this also stimulates the development of capital for every family in the nation. As our nation continues to build on our recent economic successes, we in Congress must continue to look for innovative ways to give working families the tools they need to plan for the future. Passage of the Savings Accounts are Valuable for Everyone Act is one way we can do this.

Mr. President, to summarize my comments, I will share a story about what this act, if passed and adopted, will do. It was all begun in Washington, D.C.—the Darden family. Selena and Dwayne Darden thought they were doing the best they could do. They were both working, earning about 150 percent of the poverty rate. They had four children and were doing a very good job of raising their children, but basically living paycheck to paycheck. They never thought they could save for the future or, for that matter, own a home. There just wasn't anything extra.

Then just about 2 years ago, according to this article, Selena, who is a beautician, heard about something called Individual Development Accounts, a program that was offered here in Washington with the Capital Area Asset Building Corporation. They inquired and were told basically that this was a pilot program that Congress had established a few years earlier that would allow her and her husband to put some savings, which would be matched by the Federal Government, into an appropriate financial institution and a community agency that would provide some education and support for the effort. If she was a consistent and good saver, she and her husband could save enough for a downpayment. The end of the story is that they were successful and now proud homeowners right here in Marshall Heights.

I share that story because that is exactly what this bill does. In my State, in the last few years, I have come to learn about these pilot programs that we initiated through the work of Senator Coats, and Senator Santorum has been on this issue for some time, and Senator Lieberman has been advocating this proposal. I want to add my voice by introducing this bill to say how much I support this effort, and to take these pilot programs that have been successful and expand them nationwide.

In Louisiana I have come across many of their families from New Orleans to Shreveport, and elsewhere, who are coming into partnership with the Hibernia Bank and community action organizations, such as the Providence House in Louisiana, that help families get back on their feet when they go through a crisis. The idea is to help create these accounts. People can begin saving money.

The bill allows for them to either use the funds for home ownership, because we know how important that is, or building a person's confidence and self-esteem—how important it is for children to live in a home that actually belongs to them, as opposed to renting and perhaps having to move, and to be able to put down roots. We know how important that is.

This bill will allow people to save to start up a business. We spend a lot of time in Washington talking about business. Sometimes I think we focus on the big, busy city that is quite large, which is wonderful; but we need to focus on the great strength of America—small business—that entrepreneur out there who takes a risk to start a business. He employs himself and one, two, or three other people. That is the backbone of the American economy and the great system we have enjoyed. We are really the envy of the world. This bill will allow for people to save a few thousand dollars to start a successful business and employ members of their family, or friends, or other workers in their area.

I am hopeful that we can potentially consider, as this bill moves through the process, that it may allow savings for a transportation vehicle. If you can get a good job, sometimes the jobs are not necessarily where people live. Mass transit is not as dependable as it should be. Perhaps we should consider this matched savings plan to give people the ability to get a vehicle and to be able to drive to work. Some of these pilots allow that.

This bill will allow for these savings accounts. It is limited to households of 80 percent of the median income, based
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on regions, and 150 percent of the national poverty rate. While that might work for Louisiana, it doesn’t work very well for poor families in Connecticut or California, where the standard of living is high.

We have designed this bill to reach to the low-income working poor. But we are sensitive to the plight of more different groups in this Nation. We believe if we can help people accumulate assets and encourage them to save, that not only is it good for individual families and it is good for our Nation to encourage savings rates.

Let me share a few statistics about this which are of very great concern to me and of which I would like my colleagues to be more aware.

According to a recent report by the Corporation for Enterprise Development in Washington, DC, one-half of all American households have less than $1,000 in financial assets; one-third of all American households and 60 percent of African American households have zero, or negative financial assets; 40 percent of all white children and 73 percent of all African American children grow up in households with zero or negative financial assets; by some estimates, 13 to 20 percent of all American households do not have a checking or a savings account; and 10 percent of all American households control currently two-thirds of the wealth.

If we want to address an income gap, if we want to try to increase prosperity, if we want to try to eliminate poverty, I suggest that our efforts have to be more than just income, more than just about full employment or a job. It is about income, frugal spending, and reasonable savings. And we should be partnering with the American people to do just that, to encourage wealth and assets creation and development.

Not everyone wants to be a millionaire. Some people are better at that than others. But I don’t know of a family that doesn’t want to have financial security—not one. Whether they work at a relatively modest job from 9 to 5, or whether they work two jobs, or three, or whether they are quite aggressive and well educated enough to make large sums of money, in every case I think it is about security. It is about choices. But I don’t know any family that doesn’t want to be secure. We can be better partners in this Government by encouraging policies such as this that enable people to be part of that American dream, to widen the winners circle, because we have the greatest economic expansion underway and there is a cost-effective way to do it.

Let me just make a couple of other points as I close.

According to some documents that are supporting this policy, let me read for the RECORD a couple of things:

No. 1, assets matter and have largely been ignored in poverty policy debates.

No. 2, individual development accounts address the wealth gap and bring people into the financial mainstream.

No. 3, public policy plays a large role in determining levels of household wealth.

People say, We can’t afford to do this. They ask, Why would we want to do this for a certain group of people, low- and moderate-income people? One reason is we already do it to the tune of $300 billion for middle-income and wealthy individuals and businesses. It is called tax incentives. All throughout the Tax Code and public policy, we are already putting up $300 billion to help create and maintain assets for the wealthy and for businesses. Let’s do the same for the working poor and new and ever increasing opportunities for IRAs, which many of us have supported in a bipartisan way, and by implementing IDAs from pilots to a national model, I believe we could go a long way in eliminating poverty, expanding the middle class and expanding and widening the winners circle in this great economic expansion.

I share this with my colleagues. I thank again Senator Lieberman for his great work. Senator Santorum has also been leading this effort. Senator Dan Coats, who is no longer serving with us, I understand was one of the original sponsors of this pilot program. It is now time. We know it works to take it national. That is what we do with this bill.

I yield whatever time I may have.

Mr. President, I ask unanimous consent to insert additional material into the RECORD.

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

IDAs: Federal Policy

The benefits and rationale for enacting federal IDA policy can be summarized in five points:

1. Assets matter, and have been largely ignored in poverty policy. Assets provide an economic cushion and enable people to make investments in their futures in a way that is not possible without them.

2. IDAs address the wealth gap and bring people into the financial mainstream. Despite the strong trend of average Americans investing in stocks and mutual funds, many are remaining behind. One-third of all American households have zero or negative net financial assets, and 40 percent of all African American households do not even have a checking or savings account.

3. Public policy plays a large role in determining levels of household wealth. Nearly $300 billion in federal tax expenditures are dedicated to asset building, especially assets of households in the lower-income and upper-income people (for home ownership, retirement, and investment). Policies often penalize low-income people or put tax-based asset incentives out of their reach.

4. Individual asset accounts (like IDAs) are the future of asset building. Increasingly, asset accounts such as IRA’s, 401(k)s, medical savings accounts, individual training accounts and other individual savings incentives are the emerging tools for wealth-building policy in the new global, flexible economy. IDAs are an inclusive extension of this policy movement.

5. IDAs are a good national investment and improve the national savings rate. Economic analyses of the impact of a national IDA investment show that for every dollar invested, a five dollar return to the national economy would result in the form of new businesses, new jobs, increased earnings, higher tax receipts, and reduced welfare expenditures. At the same time, IDAs will increase core deposits at a time when many Americans are moving to other investment vehicles. And, importantly, IDAs help address the growing problem of the declining personal savings rate.

By Mr. Johnson (for himself, Mr. Conrad, Mr. Harkin, Mr. Dorgan, Mr. Roberts, Mr. Lan cycott, Mr. Kennedy, Mr. Grassley, and Mr. Craig).

S. 2741. A bill to amend the Agricultural Credit Act of 1987 to extend the authority of the Secretary of Agriculture to provide grants for State mediation programs dealing with agricultural issues, and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

Mediation Program Legislation

Mr. Johnson. Mr. President, I rise on the floor of the Senate today to introduce bipartisan legislation to extend a popular program which provides mediation services between agricultural producers and the various credit agencies who family farmers and ranchers work with to maintain their operations.

During the 1980’s farm crisis, Congress authorized federal participation in a state farm mediation program. Originally authorized in the Agriculture Credit Act of 1987, mediation programs help agricultural producers and their creditors to resolve credit disputes (and other types of disputes) in a confidential and non-adversarial setting which is outside the traditional process of litigation, appeals, bankruptcy, and foreclosure.

The mediators are neutral facilitators and they do not make decisions for the dispute parties.

Federal legislation has encouraged state involvement by providing matching grant funds to the states that participate in the mediation program.

By Mr. SMITH of Oregon (for himself, Mr. ABRAHAM, Mr. ASHCROFT, Mr. BURNS, Mr. ENnz, Mr. GORTON, Mrs. HUTCHISON, Mr. ALLARD, Mr. BENNETT, Mr. COVERDILL, Mr. GREGG, Mr. HELMS, Mr. THOMAS, Mr. INHOFE, Mr. WARBURG, Mr. CAMPBELL, Mr. CRAPo, and Mr. ROBERTS): S. 2742. A bill to amend the Internal Revenue Code of 1986 to increase disclosure for certain political organizations exempt from tax under section 527 and section 501(c), and for other purposes; to read the first time.

**TAX-EXEMPT POLITICAL DISCLOSURE ACT**

**INTRODUCTION**

Mr. SMITH of Oregon, Mr. President, I rise today to introduce legislation, co-sponsored by 20 of my Senate colleagues, to bring sunshine to our campaign finance laws, to provide for full disclosure of contributions and expenditures of groups which have heretofore been held accountable, yet have been subsidized by the American people through their tax-exempt status.

Joining me in this effort are Senators ABRAHAM, ASHCROFT, BURNS, SANTORUM, GORTON, HUTCHISON, ALLARD, BENNETT, COVERDILL, GREGG, HELMS, THOMAS, INHOFE, MACK, WARBURG, CAMPBELL, CRAPo, and ROBERTS.

I have long been a proponent of full disclosure, to the extent it is consistent with the First Amendment, of campaign contributions and expenditures.

If we are to rekindle the trust of the American people, not only must the political parties be held accountable, too, must those tax-exempt groups which engage in political activities yet heretofore have operated outside the realm of disclosure. The public has the right to know the identity of those trying to influence our elections, and Congress must do whatever it can to make sure that these organizations do not wrongly benefit from the public subsidy of tax-exempt activity.

The bill we are introducing today, the Tax-Exempt Political Disclosure Act of 1999 or the McCain-Lieberman amendment of last week which targeted a narrow list of tax-exempt organizations established under section 527 of the tax code. The so-called 527 groups covered in this bill do not make contributions to candidates or engage in express advocacy, and thus are not required to publicly disclose contributors or expenditures. Our bill contains in its entirety the provisions of the McCain-Lieberman amendment, but goes beyond the 527 groups to require tax-exempt labor and business organizations, as well, to disclose their contributors and expenditures.

Specifically, in Title I of our bill, which is identical to the McCain-Lieberman amendment, we require the registration of 527 organizations that are not already subject to the Federal Election Campaign Act to:

1. Disclose their existence to the IRS; 2. File publicly available tax returns; 3. Publicly report expenditures of over $500; and 4. Identify those who contribute more than $200 annually to the organization.

Title II of our bill applies to business or labor organizations that are tax-exempt under section 501(c)(6) of the Internal Revenue Code and that spend $25,000 or more on the very same kinds of political activities engaged in by section 527 organizations covered by Title I of our bill. As we do with the 527 organizations, we require tax-exempt business and labor organizations to report expenditures for political activity of $500 or more and identify those who contribute more than $200 annually.

Importantly, this legislation will not result in disclosure of any labor or business organization's membership lists because annual dues to these tax-exempt groups are excluded from the definition of "contribution." The bill requires disclosure only of those members who choose to contribute more than $200 annually for political purposes.

If the Senate is for disclosure of the few tax-exempt 527 organizations that target a narrow list of tax-exempt groups, will we insist that all tax-exempt dollars on issue ads, then surely we should advocate disclosure of the tax-exempt labor and business organizations that will spend twenty or forty times that amount of money on issue ads and other political activity. Our legislation will require these organizations receiving tax-exempt status to emerge from the shadows and make some minimal disclosure about themselves and the source of their money.

Tax exemption is not an entitlement, and any organization wanting to avoid the ramifications of claiming such status simply may choose not to seek that status. Our bill merely says that if a group engaging in political activity wants tax-exempt status, the public has a right to expect certain things in return.

Let me make clear that we are sincerely in this effort, asSenator DODD and Mrs. MURRAY; S. 2743. A bill to amend the Public Health Service Act to develop an infrastructure for creating a national voluntary reporting system to continually reduce medical errors and improve patient safety to ensure that individuals receive high quality health care; to the Committee on Health, Education, Labor, and Pensions.

**THE VOLUNTARY ERROR REDUCTION AND IMPROVEMENT IN PATIENT SAFETY ACT**

By Mr. KENNEDY (for himself, Mr. DODD, and Mrs. MURRAY):

- Mr. KENNEDY. Mr. President, between 4,000 and 9,000 patients die each
year from medical errors, making it the eighth leading cause of death in the United States. Each day, more than 250 people die because of medical errors—the equivalent of a major airplane crash every day. Estimates of the annual financial cost of preventable errors run as high as $29 billion a year. We can do better for our citizens. We must do better.

The Voluntary Error Reduction and Improvement in Patient Safety Act of 2000, which Senator Dodd and I are introducing today, will provide the federal investment and framework necessary to take the first steps to effectively treat this continuing epidemic of medical errors. Today, there are errors a stealth plague hidden deep within the world’s best health care system. This legislation will support needed research by an area, and identify and reduce common mistakes.

Reducing medical errors can save lives and health care dollars, and avoid countless family tragedies. The field of anesthesia had the foresight to undertake such an effort almost 20 years ago, and today, the number of fatalities from errors in administering anesthesia has dropped by 98 percent. Our goal should be to achieve equal or even greater success in reducing other types of medical mistakes. This legislation lays the foundation to achieve this goal.

The 1999 Institute of Medicine report, To Err is Human, documented the compelling need for aggressive national action on the issue. The IOM report recommended the creation of two reporting systems, each with different goals. The first is a voluntary confidential reporting system to learn about medical errors and help researchers develop solutions for future error prevention and reduction. The second is a mandatory public reporting system for certain serious errors and deaths in order to inform the public and hold health care facilities responsible for their mistakes.

Our legislation today deals with the first issue, but the second issue is also critical. I believe that the public has a right-to-know about certain serious events, and public disclosure is an important tool to assure that institutions put safety first. It is not the back burner, not the back burner.

I commend the Administration for recognizing the value of mandatory reporting by recently establishing such programs in the Department of Veterans Affairs and Department of Defense health care systems. The Agency for Healthcare Research and Quality is also in the process of evaluating existing mandatory reporting systems, and the Health Care Financing Administration is planning to sponsor a mandatory reporting demonstration project for selected private hospitals. I believe our next step should be to move ahead with mandatory reporting, and the results of these studies will shed needed light on the effectiveness of different options.

The bill we introduce today would take a significant first step toward implementing and providing support for the recommendations in the IOM report.

The overwhelming majority of errors are caused by flaws in the health care system, not the outright negligence of individual doctors and nurses. Our hospitals, doctors, nurses, and other health care providers want to do the right thing. Our proposal gives the health care community the tools to identify the causes of medical errors, the resources to develop strategies to prevent them, and the encouragement to implement those solutions.

First, the Act creates a new patient safety authority for the Agency for Healthcare Research and Quality. The Center for Quality Improvement and Patient Safety will improve and promote patient safety by conducting and supporting research on medical errors, and administering the national medical error reporting systems created under this bill, and disseminating evidence-based practices and other error reduction and prevention strategies to health care providers, purchasers and the public.

Second, the legislation would establish an additional mandatory reporting system to learn about medical errors. The National Patient Safety Reporting System will allow health care professionals, health care facilities, and patients to voluntarily report adverse events and close calls. The National Patient Safety Surveillance System would establish a surveillance system, which is modeled on a successful CDC initiative that tracks hospital-acquired infections, for health care facilities that choose to participate. Participating facilities will include a representative sample of various institutions, which will monitor, analyze, and report selected adverse events and close calls. Researchers will provide feedback to the participating facilities.

Reports submitted to both programs will be analyzed to identify systemic faults that led to the errors, and recommend solutions to prevent similar errors in the future.

In order to encourage participation, reports and analyses from both programs will be protected from discovery, and health care workers who submit reports to the programs will be protected against workplace retaliation based on their participation in the reporting systems.

In exchange for establishing this reporting system, support a health care facilities and professionals would be expected to voluntarily implement appropriate patient safety solutions as they are developed. In addition, in recognition of the significant federal investments in error reduction strategies and the provision of health services, the Secretary of Health and Human Services will be required to develop a process for determining which evidence-based practices should be applied to programs under the Secretary’s authority. The Secretary will take appropriate, reasonable steps to assure implementation of these practices.

Our proposal also requires the Director of the Office of Personnel Management to develop a similar process for determining which evidence-based practices should be used as purchasing standards for the Federal Employees Health Benefits Program. Plans will also be rated on how well they met these standards, and compliance ratings will be provided to federal employers and retirees during the annual enrollment period.

The bill authorizes $50,000,000 for the Agency for Healthcare Research and Quality for FY 2001, increasing to $200,000,000 in FY 2005, to fund error-reduction research and the reporting systems.

Systemic errors in the health care system put every patient at risk of injury. The measure we propose today is designed to reduce that risk as much as possible. Americans deserve a high-quality health care system. This bill will raise patient safety to a high national priority, and ensure that patient safety becomes part of every citizen’s expectation of high quality health care. This is essential legislation, and I look forward to working with my colleagues to expedite its passage and to develop companion legislation that establishes a mandatory reporting system.

I ask unanimous consent that the following summary, fact sheet, and letter of support be inserted into the RECORD.

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

**VOLUNTARY ERROR REDUCTION AND IMPROVEMENT IN PATIENT SAFETY ACT OF 2000: SUMMARY**

According to the November 1999 Institute of Medicine report, “To Err is Human: Building a Safer Health System,” between 44,000 and 98,000 patients die each year as a result of mistakes. Estimates of total annual national costs for preventable errors range from $17 to $29 billion. This legislation authorizes the Public Health Service Act to establish a national non-punitive system to prevent and reduce medical errors. Provisions are designed to: (1) identify and investigate certain medical errors; (2) develop and disseminate best practices to prevent and reduce medical errors; and (3) assure implementation of evidence-based error reduction strategies.

**CENTER FOR PATIENT SAFETY**

Authorizes the Agency for Healthcare Research and Quality (AHRQ) to: (1) create a Center for Quality Improvement and Patient Safety to promote patient safety; (2) serve as a central publicly accessible clearhouse for information concerning patient safety; (3) support the development of evidence-based patient safety strategies; and (4) disseminate evidence-based patient safety strategies and other error reduction and prevention strategies. The Center will develop a national non-punitive system to prevent and reduce medical errors. The bill requires the Secretary of Health and Human Services to develop a process for determining which evidence-based practices should be applied to programs under the Secretary’s authority. The Center will take appropriate, reasonable steps to assure implementation of these practices.

**Voluntary Error Reduction and Improvement in Patient Safety Act of 2000**

This legislation authorizes the Agency for Healthcare Research and Quality (AHRQ) to: (1) create a Center for Quality Improvement and Patient Safety to promote patient safety; (2) serve as a central publicly accessible clearhouse for information concerning patient safety; (3) support the development of evidence-based patient safety strategies; and (4) disseminate evidence-based patient safety strategies and other error reduction and prevention strategies. The Center will develop a national non-punitive system to prevent and reduce medical errors. The bill requires the Secretary of Health and Human Services to develop a process for determining which evidence-based practices should be applied to programs under the Secretary’s authority. The Center will take appropriate, reasonable steps to assure implementation of these practices.

**Center for Quality Improvement and Patient Safety**

Authorizes the Agency for Healthcare Research and Quality (AHRQ) to: (1) create a Center for Quality Improvement and Patient Safety to promote patient safety; (2) serve as a central publicly accessible clearhouse for information concerning patient safety; (3) support the development of evidence-based patient safety strategies; and (4) disseminate evidence-based patient safety strategies and other error reduction and prevention strategies. The Center will develop a national non-punitive system to prevent and reduce medical errors. The bill requires the Secretary of Health and Human Services to develop a process for determining which evidence-based practices should be applied to programs under the Secretary’s authority. The Center will take appropriate, reasonable steps to assure implementation of these practices.
VERDIPSA CAN SAVE LIVES AND REDUCE HEALTH COSTS.

The report found that most medical errors are the result of flaws in the health care system, rather than carelessness by health professionals, including, for example, errors that arise from misreading a physician’s handwritten prescription. Many of these problems can be minimized through better systems and computerization.

Over the last 20 years, a systematic effort to reduce deaths from errors in administering anesthetics has resulted in a decline from an estimated 19,000 deaths from anesthetic errors in the early 1980s to one death per 300,000 patients today.

One study found that 80 percent of preventable adverse drug events could be avoided by physician computer-entry order systems.

The experience on other industries has shown the effectiveness of concerted efforts to reduce errors. Since 1976, the death rate from airline accidents has declined 80%. Since the creation of the Occupational Safety and Health Administration in 1970, the workplace death rate has been cut in half.

The Institute of Medicine report concludes that a reduction in medical errors of 50% over the next five years is achievable and should be a minimum target for national action.


STATEMENT ON THE ‘VOLUNTARY ERROR REDUCTION AND IMPROVEMENT IN PATIENT SAFETY ACT’

The American Health Quality Association (AHQA) represents the national network of Quality Improvement Organizations (QIOs), which are known as the Peer Review Organizations (PROs), for their Medicare quality improvement work. The QIOs have vast clinical and analytic expertise, work daily with providers across the country, and know how to affect systemic change and bring about measurable improvement in care. They are experts at translating the literature and research regarding best practices from ‘bookshelf to bedside’ and teaching providers how to perform ongoing measurement of their progress.

Senator Kennedy and Senator Domenici have done a commendable job of addressing all of the various aspects of what is necessary for a national system for improving patient safety. In their ‘Voluntary Error Reduction and Improvement in Patient Safety Act,’ they direct AHQR to establish a Center for Quality Improvement and Patient Safety to conduct research of medical errors and disseminate information on the best practices for reducing them. The bill also proposes two reporting systems that are voluntary, non-punitive, and confidential. One system asks providers to report adverse events and close calls to AHRQ using uniformed standards and forms. The other asks providers to agree to monitor specific types of adverse events as directed by the Secretary.

AHQA is pleased that AHRQ is given the authority to contract with experts in the field to work with health care providers and patients and other health professionals to determine what systemic changes are necessary to prevent them from recurring. AHQA’s goal in the patient safety debate is to make sure every system improvement is achieved. We do not support error reporting for the sake of reporting. Organizations, such as the QIOs, should be encouraged to work side by side with providers and practitioners to improve their health care delivery systems.


Hon. EDWARD KENNEDY, U.S. Senate, Washington, DC.

DEAR SENATOR KENNEDY: On behalf of the hospitals in Massachusetts, I am writing to applaud the introduction of your legislation ‘The Voluntary Error Reduction and Improvement in Patient Safety Act.’ This bill will no doubt serve as a major step toward making patient safety a national priority.

We hope that many aspects of this legislation will become law. In particular, we support your suggested process to ensure that proven practices to reduce medical errors are implemented. In addition, we also believe that your efforts to improve confidentiality protections for reporting will go a long way towards creating a safe environment that supports open dialogue about errors, their causes, and solutions.

Thanks to you and your staff, Massachusetts continues to be on the forefront of the national debate about how best to address this important issue.

Sincerely,

ANDREW DREYFUS, Executive Vice President.


Hon. EDWARD KENNEDY, Health, Education, Labor and Pensions Committee, U.S. Senate, Washington, DC.

DEAR SENATOR KENNEDY: I am writing on behalf of the Federation of Behavioral, Psychological and Cognitive Sciences, a coalition of 19 scientific associations. Among its scientists are human factors researchers whose work is devoted to understanding and reducing the adverse effects of medical errors. I write to endorse the ‘Voluntary Error Reduction and Improvement in Patient Safety Act.’

This bill recognizes that human error in health care settings has reached epidemic proportions and will provide an infrastructure for centralized error reporting systems. Important provisions of the bill will allow healthcare providers through uniformed reporting systems by creating interdisciplinary partnerships to conduct root cause analyses across a wide range of health care settings.

Such analyses will help detect error trends and inform new lines of directed inquiry and

(3) administer the reporting systems created under this legislation; (4) conduct and fund research on the causes of and best practices to reduce medical errors; and (5) disseminate evidence-based information to guide in the development and continuous improvement of best practices.
As in these other industries, particularly as evidenced recently, the real value of error reporting lies in the development of useful applications of the reported data to improve safety. The “Voluntary Error Reduction and Improvement Act” clearly lays out the infrastructure to promote the development of evidence-based interventions to improve safety. Further, unique features of this learning system include basic behavioral principles of positive reinforcement to stimulate voluntary reporting. Such a positive feedback loop will surely strengthen the quality of the database this bill will structure. The database will form the foundation for a bold new way of thinking about patient safety. The data and the results will make us all strive for, the dramatic reduction of adverse events in health care settings.

We believe the Kennedy-Dodd bill is a very strong plan for reducing adverse events due to medical error. We also find much to praise in the Jeffords bill. So we take the unusual step of combining legislation and encourage to meld the unique features of these two extraordinary bills into a coherent whole that will surely reinforce the overwhelming support of this Congress.

Sincerely,

DAVID JOHNSON, Executive Director.

Mr. FRIST. Mr. President, I am pleased to join with my colleague, the distinguished chairman of the Health, Education, Labor, and Pensions Committee (HELP), Senator Jeffords, in introducing today a critical piece of legislation that will take needed steps to improve the quality of health care delivered across our country. The legislation we have before us today is to improve patient safety by reducing medical errors throughout the health care system.

The Institute of Medicine Report on Patient Safety was released last November, sparked a national debate about how safe our hospitals and health care settings actually are for patients. The scope of the problem identified in the findings were shocking. The IOM found that each year an estimated 44,000 to 98,000 hospital deaths occur as a result of preventable adverse events. This makes medical errors the 8th leading cause of death, with more deaths than vehicle accidents, breast cancer or AIDS. These errors cost our Nation $73.6 billion to $50 billion per year, representing 3 percent of national health expenditures.

Despite the recent IOM findings, this is not a new debate. Many experts have told us that the health care industry is a decade or more behind in utilizing new technologies to reduce medical errors. Just last year, the HELP Committee took initial steps last year to reduce medical errors through the re-authorization of the Agency for Healthcare Research and Quality (AHRQ), revitalizing this agency as the federal agency focused on improving the quality of health care in this country. Part of the core mission of AHRQ is to further our understanding of the causes of medical errors and the best strategies we can employ to reduce these errors. The legislation authorized the Director of AHRQ to conduct and support research; to build private-public partnerships to identify the causes of preventable health care errors and patient injury in health care delivery; to develop, demonstrate, and evaluate strategies for reducing errors and improving patient safety; and to disseminate such effective strategies throughout the health care industry.

The legislation we introduce today builds upon the further recommendations that came from the Jeffords bill. It reflects the culmination of testimony received throughout the past several months in a series of hearings held by the HELP Committee.

The central goal of this legislation is quality improvement throughout the health care system. We heard over and over throughout our hearings that we need to develop our knowledge base about the best mechanisms to reduce medical errors. This can only be achieved if we build a system where errors can be reported and understood to improve care, not to punish individuals. We need to create a “culture of safety” in which errors can be reported, analyzed, and then change can be implemented.

I will not go into the details of this legislation, which Senator Jeffords has already outlined, I would simply outline the three main goals of this legislation, the creation of a national center for quality improvement and patient safety, the creation of a voluntary reporting system to collect and analyze medical errors, and the establishment of strong confidentiality provisions for the information submitted under quality improvement and medical error reporting systems.

I am very supportive of the goals of this legislation and will continue to examine the best ways to reduce medical errors in our health care system. It is essential that we pass medical errors legislation which will continue to seek input from patients and provider groups as we work to pass this legislation.

Mr. DODD. Mr. President, I am pleased to join Senator Kennedy in sponsoring the “Error Reduction and Improvement in Patient Safety Act,” legislation which will establish a national system to identify, track and prevent medical errors.

Last November, the Institute of Medicine reported that between 44,000 and 98,000 deaths per year are attributable to medical errors, ranging from illegitimate prescriptions to amputations of the wrong limb. In other words, patients are being harmed not because of a failure of science or medical knowledge, but because of the inability of our health care system to mitigate common human mistakes.

Most Americans feel confident that the health care they receive will make them better—or at the very least, not make them feel worse. And in the vast majority of circumstances, that confidence is deserved. The dedication, knowledge and training of our doctors, nurses, surgeons and pharmacists in this country are unparalleled. But, as the IOM report starkly notes, the quality of our health care system is showing some cracks. If we are to maintain public confidence, we must respond quickly and thoroughly to this crisis.

One thing is certain: the paradigm of individual blame that we’ve been operating under discourages providers from reporting mistakes—and thwarts efforts to learn from those mistakes. We have to move beyond finger-pointing and encourage the reporting and analysis of medical errors if we want to make real progress towards improving patient safety.

This legislation will do just that. It authorizes the creation of a national Center for Quality Improvement and Patient Safety to set and track national patient safety goals and conduct and fund safety research. The bill also sets up national non-punitive, voluntary, and confidential reporting systems for medical errors. By analyzing and learning from mistakes, we will be better able to determine what systems and procedures are most effective in preventing errors in the future.

Identification and analysis of errors is critical to improving the quality of health care. But we must also develop measures of accountability that ensure that the information that is generated by a national error reporting system is actually used to improve patient safety. Our bill takes those practices shown to be most effective in preventing errors and creates a mechanism for integrating those practices into federally-funded health care programs. These evidence-based “best practices” will also be used as standards for health care organizations seeking to participate in the Federal Employees Health Benefits program.

Mr. President, the “Error Reduction and Improvement in Patient Safety Act” addresses the complex problem of medical errors in the most comprehensive manner possible—from the identification of errors, to the analysis of the errors, to the application of best practices to prevent those errors from occurring again. Simply put, this legislation will save lives. I look forward to working with my colleagues to enact this legislation expeditiously, because frankly, one medical error is one too many.

By Mr. ASHCROFT:
Mr. ASHCROFT. Mr. President, I rise today to discuss the concerns of Missouri farmers and ranchers about concentration in the agriculture sector and about individual farmers' ability to compete and to get fair prices for their commodities.

Missouri is a “farm state”, so ensuring fair competition in markets is an important issue to me. The state of Missouri is ranked second in the list of states with the most number of farms—only Texas has more. Missouri's varying topography and climate makes for a very agriculturally diverse state. Farmers and ranchers produce over 40 commodities, 22 of which are ranked in the top ten among the states. Missouri is a leader in such crops as beef, soybeans, hay, and rice, as well as watermelon and concord grapes. Having diversity and the ability to change has allowed Missouri farmers to maintain their livelihood for generations. More than 88 percent of the farms in Missouri are family or individually owned, and 8 percent are partnerships. It is easy to see that Missouri is a state that harbors small and family farms—which are the bedrock of Missouri's rural communities.

As I have traveled around Missouri—visiting every county in the state—Missouri farmers and ranchers have repeatedly told me that increasing concentration of the processing and packaging industry has resulted—and will continue to result—in a less competitive market environment and lower prices for producers.

I have been working to address these concerns, and I am taking further action today. Last year, I asked the Department of Justice to create a high-level task force to investigate agricultural industry practices. The Department of Justice to create a high-level task force to investigate agricultural industry practices. The public will be given an opportunity to comment on the proposed merger, and the USDA will be required to do an impact analysis on producers on a regional basis. I want to ensure that if two agri-businesses merge, the impact on farmers will be given more consideration, and will make these reviews public. The public will be given an opportunity to comment on the proposed merger, and the USDAs rule on the proposed merger is that it requires a value-added approach.

First, this legislation adds “sunsine” to the merger process. It will give the Department of Agriculture more authority when it comes to mergers and acquisitions. This will heighten USDA’s role in review of all proposed agriculture mergers so that the impact on farmers will be given more consideration, and will make these reviews public. The public will be given an opportunity to comment on the proposed merger, and the USDAs rule on the proposed merger is that it requires a value-added approach.

Second, my bill creates a permanent position for an Assistant Attorney General for Agricultural Competition. This position will not simply be appointed by the President or by the Attorney General, but the position will require Senate review and confirmation. Also, my bill provides additional staffing for this new position.

In addition, this bill provides additional funds and requires the Grain Inspection, Packers and Stockyard Administration (GIPSA) to hire more litigators, auditors, and investigators to enforce the Packers and Stockyard Act. An important element of this provision is that it requires GIPSA to put more investigators out “in the field” for oversight and investigations. I want to make sure that there are not just more attorneys and economists in Washington, D.C., but that there are more people out doing investigations and oversight.

Because there has been some controversy over the Packers and Stockyard Act, this legislation also requires an analysis of why the poultry industry is not covered, and requires GAO to offer suggestions for how the disparity between poultry and livestock can be remedied.

This bill addresses another problem I was informed about when I was out visiting Missouri farmers—and that is the issue of confidentiality clauses in contracts signed by farmers. Several farmers were concerned about confidentiality clauses in the contracts with agri-business that they were told make it illegal for farmers to share the contract with others, even their lawyers and bankers. I want to ensure that farmers are able to get the legal and financial advice they need, so this bill ensures that such confidentiality clauses do not apply to farmers' contacts with their lawyers or bankers.

The bill also creates a statutory trust for the protection of ranchers and their cattle. If a rancher delivers their cattle to a dealer and then the dealer goes bankrupt, the rancher is not protected. My bill would set up a trust for the rancher, so that if the dealer goes bankrupt, the rancher would be at the front of the line to get paid. There are similar trusts already set up for when a rancher sells livestock to a packer, and this legislation extends the same protections to ranchers when they sell their livestock to dealers.

One of the recommendations from the Missouri legislature that I included in the bill allows GIPSA to seek reparations for producers when a packer is found to be engaged in predatory or unfair practices. This section specifies that when money is collected from those that are damaging producers, the money should go to the farmers, not to the federal government.

This bill will lead to a more fair playing field for Missouri farmers and ranchers. It addresses concerns of Missourians that I have visited with and incorporates the outline of the Missouri State Resolution Resolution 27 (S. Con. Res. 27) is a bipartisan resolution outlining what the Missouri legislature recommends the federal government should do to address the issue of concentration.

The resolution passed the Missouri State Senate and was reported out of the House Agriculture Committee to the full House. In drafting the package of bills I am introducing today, I studied the State Senator MAXWELL’s Missouri resolution as well as including important provisions of my own.

Mr. President, the bill I’m introducing today—the Fair Play for Family Farms Act—does the following things:

First, this legislation adds “sunshine” to the merger process. It will give the Department of Agriculture more authority when it comes to mergers and acquisitions. This will heighten USDA’s role in review of all proposed agriculture mergers so that the impact on farmers will be given more consideration, and will make these reviews public. The public will be given an opportunity to comment on the proposed merger, and the USDAs rule on the proposed merger is that it requires a value-added approach.

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producers for value-added ventures, including engineering, legal services, applied research, scale production, business planning, marketing, and market development.

The funds would be provided to farmers through grants requests, which will be evaluated on the State level. It has long been my opinion that farmers know how best to farm their land, meet market demands, and make a profit. If the ideas of farmers are cultivated on a local and state level, farmers will likely have more flexibility to make wise decisions for markets in their home states and regions. States would have the opportunity to apply for $10 million grants to start up an Agriculture Innovation Center. The state boards will consist of the State Department of Agriculture, the largest two general farm organizations, and the forty most yet grossing commodity groups. The Agriculture Innovation Center will then use the funds to help farmers finance the start-up of value added ventures.

Once it is determined that the farmers’ ideas for a value added venture could be beneficial, the State Agriculture Innovation Center can give the farmers assistance with plans, engineering, and design. When the farmer is actually ready to begin implementation of the value added project, the third bill I am introducing will help out.

The Farmers’ Value-Added Agricultural Investment Tax Credit Act would create a tax credit for farmers who invest in producer owned value-added endeavors—even ventures that are not farmer-owned co-ops. This would provide a 50% tax credit for the producers of up to $30,000 per year, for six years.

The three bills I am introducing today are important to the continuation of the American farmer over the next century. I know that these bills will benefit the producers of Missouri, and in turn benefit all of America.

### ADDITIONAL COSPONSORS

**S. 514**
At the request of Mr. COCHRAN, the name of the Senator from Rhode Island (Mr. L. CHAFFEE) was added as a cosponsor of S. 514, a bill to improve the National Writing Project.

**S. 567**
At the request of Mr. LEAHY, his name was added as a cosponsor of S. 567, a bill to amend the Dairy Production Stabilization Act of 1983 to ensure that all persons who benefit from the dairy promotion and research program contribute to the cost of the program.

**S. 717**
At the request of Ms. MIKULSKI, the name of the Senator from New Mexico (Mr. RINGAMAN) was added as a cosponsor of S. 717, a bill to amend title II of the Social Security Act to provide that the reductions in Social Security benefits which are required in the case of spouses and surviving spouses who are also receiving certain Government pensions shall be equal to the amount by which two-thirds of the total amount of the combined monthly benefit (before reduction) and monthly pension exceeds $1,200, adjusted for inflation.

**S. 730**
At the request of Mr. DURBIN, the name of the Senator from Iowa (Mr. GRASSLEY) was added as a cosponsor of S. 730, a bill to direct the Consumer Product Safety Commission to promulgate fire safety standards for cigarettes, and for other purposes.

**S. 764**
At the request of Ms. MIKULSKI, the name of the Senator from Utah (Mr. BENNETT) was added as a cosponsor of S. 764, a bill to amend section 1951 of title 18, United States Code (commonly known as the Hobbs Act), and for other purposes.

**S. 779**
At the request of Mr. ABRAHAM, the names of the Senator from Massachusetts (Mr. KERRY), the Senator from Montana (Mr. BAUCUS), and the Senator from Connecticut (Mr. LIEBERMAN) were added as cosponsors of S. 779, a bill to provide that no Federal income tax shall be imposed on amounts received by Holocaust victims or their heirs.

**S. 1159**
At the request of Mr. STEVENS, the name of the Senator from Maine (Ms. SNOWE) was added as a cosponsor of S. 1159, a bill to provide grants and contracts to local educational agencies to initiate, expand, and improve physical education programs for all kindergarten through 12th grade students.

**S. 1262**
At the request of Mr. REED, the name of the Senator from Rhode Island (Mr. L. CHAFFEE) was added as a cosponsor of S. 1262, a bill to amend the Elementary and Secondary Education Act of 1965 to provide up-to-date school library media resources and well-trained, professionally certified school library media specialists for elementary schools and secondary schools, and for other purposes.

**S. 1277**
At the request of Mr. GRASSLEY, the name of the Senator from Rhode Island (Mr. REED) 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. 1351**
At the request of Mr. GRASSLEY, the name of the Senator from New Hampshire (Mr. SMITH) was added as a cosponsor of S. 1351, a bill to amend the Internal Revenue Code of 1986 to extend and modify the credit for electricity produced from newable resources.

**S. 1495**
At the request of Mr. DEWINE, the name of the Senator from Michigan (Mr. ABRAHAM) was added as a cosponsor of S. 1495, a bill to establish, wherever feasible, guidelines, recommendations, and regulations to promote the regulatory acceptance of new and revised toxicological tests that protect human and animal health and the environment while reducing, refining, or replacing animal tests and ensuring human safety and product effectiveness.

**S. 1787**
At the request of Mr. BAUCUS, the name of the Senator from Washington (Mrs. MURRAY) was added as a cosponsor of S. 1787, a bill to amend the Federal Water Pollution Control Act to improve water quality on abandoned or inactive mined land.

**S. 1915**
At the request of Mr. JEFFORDS, the name of the Senator from Alaska (Mr. STEVENS) was added as a cosponsor of S. 1915, a bill to enhance the services provided by the Environmental Protection Agency to small communities that are attempting to comply with national, State, and local environmental regulations.

**S. 2018**
At the request of Mrs. HUTCHISON, the name of the Senator from South Carolina (Mr. THURMOND) was added as a cosponsor of S. 2018, a bill to amend title XVIII of the Social Security Act to revise the update factor used in making payments to PPS hospitals under the Medicare program.

**S. 2084**
At the request of Mr. LUGAR, the names of the Senator from Illinois (Mr. DURBIN) and the Senator from Pennsylvania (Mr. SANTORUM) were added as cosponsors of S. 2084, a bill to amend the Internal Revenue Code of 1986 to increase the amount of the charitable deduction allowable for contributions of food inventory, and for other purposes.

**S. 2273**
At the request of Mr. BRYAN, the name of the Senator from Nevada (Mr. REID) was added as a cosponsor of S. 2273, a bill to establish the Black Rock Desert-High Rock Canyon Emigrant Trails National Conservation Area, and for other purposes.

**S. 2274**
At the request of Mr. GRASSLEY, the name of the Senator from Pennsylvania (Mr. SANTORUM) was added as a cosponsor of S. 2274, a bill to amend title XVIII of the Social Security Act to provide families and disabled children with the opportunity to purchase coverage under the Medicaid program for such children.