

it practically impossible to make any of the investments that we say we are going to make when it comes to children, when it comes to education, when it comes to health care, when it comes to affordable prescription drug costs.

The vast majority of the people in the country, if they understand this is the choice, want to see us do more by way of investing in education, investing in children, investing in health care, investing in their families, investing in our communities.

This will become the axis of the debate of the Senate and I think American politics. I believe it is very important the Democrats draw the line in a very firm way.

I say to my colleague, Senator GRASSLEY, I have some amendments I am ready to introduce to the bankruptcy bill. I asked unanimous consent I be able to proceed. I assume that is all right with the manager.

Mr. GRASSLEY. I wonder if the Senator will provide copies of the amendments. We want to know with what we are working.

Mr. WELLSTONE. I am more than pleased to provide copies. Many requests are unreasonable, but this is not.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER (Mrs. CLINTON). Morning business is closed.

BANKRUPTCY REFORM ACT OF 2001

The PRESIDING OFFICER. Under the previous order, the Senate will now resume consideration of S. 420, which the clerk will report.

The assistant legislative clerk read as follows:

A bill (S. 420) to amend title 11, United States Code, and for other purposes.

Pending:

Schumer amendment No. 25, to ensure that the bankruptcy code is not used to exacerbate the effects of certain illegal predatory lending practices.

Feinstein amendment No. 27, to place a \$2,500 cap on any credit card issued to a minor, unless the minor submits an application with the signature of his parents or guardian indicating joint liability for debt or the minor submits financial information indicating an independent means or an ability to repay the debt that the card accrues.

Leahy amendment No. 20, to resolve an ambiguity relating to the definition of current monthly income.

Conrad modified amendment No. 29, to establish an off-budget lockbox to strengthen Social Security and Medicare.

Sessions amendment No. 32, to establish a procedure to safeguard the surpluses of the Social Security and Medicare hospital insurance trust funds.

Mr. WELLSTONE. Madam President, I will summarize these amendments before we get into whatever debate might take place. I say to the Senator from

Iowa, as he looks over the amendments, one of the amendments I am hoping will meet with his approval. Let me explain them very quickly and then go into the payday loan amendment.

The first amendment is protecting the legal rights of retirees of bankrupt companies. This amendment simply clarifies companies in bankruptcy must fulfill their legal obligations as plan administrators and plan sponsors of employee and retirement benefit plans. I think Senator SESSIONS has some interest in this amendment, as well.

Companies occasionally stop administering benefit programs during bankruptcy. This means retiree benefit plans are left without anybody in charge, which results in the failure to pay out benefits to workers such as reimbursements for covered health care costs. This often occurs toward the end of bankruptcy, either a 7 or 11, when there is not much left of the business. The company's management and bankruptcy trustees are trying to wind up the business, and the benefit programs quite often end up falling between the cracks.

I have a specific situation in Minnesota but I know Senator SESSIONS and others can talk about this in their own States. In Minnesota, LTV Corporation shut down and 1,300 people are out of work. People have no jobs. They are out of work. Those out of work, the younger workers, are terrified they will lose their health care coverage in 6 months. Those who worked longer will lose coverage within a year. But the retirees are terrified they will not have their health care benefits any longer after the bankruptcy proceeding. The persons ordinarily responsible for the management of the benefits programs may have been laid off and those who remained refuse to administer the plan. This can happen.

Or it may be a "lights out bankruptcy" where the power is shut off, the doors are locked, and all functions of the company cease. However, even in these cases, the firm is required to either terminate any benefit plans or to continue to administer them.

This is what our amendment does. We don't impose any new burdens on the companies. The companies are already required by law to continue to administer the plans that have not been terminated or to administer plans that are part of the trust. This amendment simply results in companies fulfilling their current legal obligations without any expensive litigation on the part of the workers. We are just trying to codify this into law.

Let me talk about how this helps LTV workers and retirees. Health care and other benefits for retirees at LTV are guaranteed by a trust fund known as the Voluntary Employee Benefit Association Trust Fund, also referred to as the VEBA trust funds. The trust

cannot be wiped out even if LTV is liquidated in bankruptcy, but LTV must administer the VEBA for workers to get any of the benefits and guarantees. We have no reason to believe as of now that LTV will not fulfill its obligation to administer the VEBA. This amendment simply provides added assurance in case the worst happens. So it is an important amendment for a lot of retirees who are worried that somehow through the bankruptcy processes companies are not going to provide them with their retiree benefits.

I will give a real-world example of the worst case scenario. In August of 2000, Gulf States Steel in Alabama locked its doors after failing to conclude a chapter 11 reorganization. Over 1,000 steelworkers immediately, and with little warning, lost their jobs. The union had ordered a VEBA trust as part of the workers' contract. That trust, made up of employee contributions, is intended to cover the costs of retiree health plans under just this scenario.

Gulf States still refuse to administer the trust so the assets and income are not being used to cover the workers' health care costs.

Since September of last year, Gulf States retirees have effectively had no health care coverage because they cannot access the resources of their own VEBA.

Absent the changes made in the bankruptcy law by this amendment, the union will be forced to file an expensive and lengthy lawsuit to force the company to comply with the law. The lawsuit could take months—for all I know, it could take years—to resolve and will do little to address the immediate needs of the retirees. Again, as the several examples I have given indicate, I think this is almost a fix.

I am hopeful there will be support for this amendment. It is certainly the right thing to do. It is one of several amendments I want to lay down.

The second amendment is the payday loan amendment. I assume since we are talking about this today that there may be some time to talk about it. This is an amendment to protect the legal rights of retirees of bankrupt companies which I hope fits in with my colleague's definition of reform.

The second amendment I propose is an amendment that almost passed last Congress. I hope it will pass this time. It will curb a form of predatory lending which targets low- and moderate-income families.

I apologize for having to read. Usually I don't do that. But I am not a lawyer. I find some of these proposals and some of the language of bankruptcy to be technical and not all that easy.

This amendment would prevent claims in bankruptcy on high-cost credit transactions in which the annual interest rate exceeds 100 percent.