SENATE—*Tuesday, September 12, 1995*

(Legislative day of Tuesday, September 5, 1995)

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

PRAYER

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

Gracious God, You have called the men and women of this Senate to glorify You by being servant-leaders. This calling is shared by the officers of the Senate, the Senators' staffs, and all who enable the work done in this Chamber. Keep us focused on the liberating truth that we are here to serve You by serving our Nation. Our sole purpose is to accept Your absolute Lordship over our lives and give ourselves totally to the work of each day. Give us the enthusiasm that comes from knowing the high calling of serving in Government. Grant us the holy esteem of knowing that You seek to accomplish Your plans for America through the legislation of this Senate. Free us from secondary, self-serving goals. Help us to humble ourselves and ask how we may serve today. We know that happiness is not having things and getting recognition, but in serving in the great cause of implementing Your righteousness, justice, and mercy for every person and in every circumstance in this Nation. We take delight in the paradox of life: The more we give ourselves away, the more we can receive of Your love. In our Lord's name. Amen.

FAMILY SELF-SUFFICIENCY ACT

The PRESIDENT pro tempore. The clerk will report the pending business.

The assistant legislative clerk read as follows:

A bill (H.R. 4) to restore the American family, reduce illegitimacy, control welfare spending, and reduce welfare dependence.

The Senate resumed consideration of the bill.

Pending:

Dole modified amendment No. 2280, of a perfecting nature.

Feinstein modified amendment No. 2469 (to amendment No. 2280), to provide additional funding to States to accommodate any growth in the number of people in poverty.

Conrad-Bradley amendment No. 2529 (to amendment No. 2280), to provide States with the maximum flexibility by allowing States to elect to participate in the TAP and WAGE programs.

The PRESIDENT pro tempore. The distinguished Senator from North Dakota is recognized.

Mr. CONRAD. I thank the Chair. I inquire if the Conrad-Bradley amendment is the pending business?

The PRESIDING OFFICER (Mr. CAMPBELL). The Senator is correct.

AMENDMENT NO. 2529

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from New York [Mr. MOYNIHAN], for Mr. CONRAD, for himself and Mr. BRADLEY, proposes an amendment numbered 2529.

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

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

(The text of the amendment is printed in the Friday, September 8, 1995, edition of the RECORD.)

The PRESIDING OFFICER. The Senator from North Dakota is recognized.

Mr. CONRAD. Mr. President, the Conrad-Bradley amendment is based on the four principles of requiring work, protecting children, providing flexibility for States, and promoting the family structure. Our amendment fundamentally reforms the welfare system by allowing States to choose between the pure block grant approach of the Dole bill and a program that maintains a safety net for children, provides an automatic stabilizer for States, and includes the funding to pay for them.

None of us can predict the future. If there are floods in Mississippi, earthquakes in California, a drought in North Dakota, or some economic calamity in Colorado, a flat-funded block grant approach may not meet the need. We should retain the automatic stabilizer that allows a State to receive the help it requires. After all, this is the United States of America, not just 50 separate States.

Our amendment allows States to choose the Dole approach or the Conrad-Bradley option for 4 years. After that, the State may continue its program or switch to the other approach at their option. Our option provides States with complete flexibility to design work requirements, job training programs, to determine eligibility and sanctions. It allows States to set time limits of any duration for participants, provided that no participants are terminated if they comply with all State requirements.

The Conrad-Bradley amendment expands the State flexibility already included in the Dole bill. It uses States as laboratories to experiment, to find what is effective in welfare reform strategies. Although the States will have almost total flexibility to design their own welfare programs, they will do so without the risk that a natural disaster or economic collapse will prevent them from protecting children and families.

The Dole proposal before us already includes such an option for the food stamp program. If an option to choose between a pure block grant approach and a system that automatically adjusts for the need is appropriate for food stamps, I suggest we should provide the same option for the Dole AFDC block grant.

According to CBO, our amendment provides protection for children and States while saving $63 billion over 7 years, compared with the $70 billion of savings in the current version of the Dole bill. In other words, we reduce the overall savings in the Dole bill, which are currently $70 billion, by $7 billion over the 7 years, in order to protect children and protect the States—to preserve the automatic stabilizer mechanism.

Again, it is a State choice. They can choose the pure block grant approach of the Dole bill. They can choose that for 4 years. Or they can choose the approach in our bill, which represents the most dramatic welfare reform ever presented on the floor of the Senate.

Finally, the Conrad-Bradley amendment eliminates the need to struggle over State allocation formulas because it allows States to choose, to choose between the Dole block grant approach and a funding mechanism that automatically adjusts for State need and effort.

Proponents of the Dole bill say that we should let States experiment. We agree. That is precisely what we ought to do. Let us let the States go out and try various welfare reform strategies and see what works. That makes good sense. Let us give the States a chance to experiment. Let us give the States a chance to determine what works and what does not work. But let us maintain the automatic stabilizer to help States hit by natural disasters or economic calamities. Let us make certain they have the resources to meet the need that none of us can foresee. Let us make certain that we can protect children.

We are, after all, the United States of America, not the divided States of America. Let us remember our strength flows not only from our diversity, but from our union.

I thank the Chair and reserve the remainder of my time.

The PRESIDING OFFICER. Is there further debate on the amendment?

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

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

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

Mrs. HUTCHISON. Mr. President at the request of the Senator from Arkansas [Mr. BUMPERS], I ask unanimous consent that his name be added as a cosponsor of S. 978.

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

Mrs. HUTCHISON. Mr. President, thank you.

I yield the floor.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

Mr. SANTORUM. Mr. President, I ask for the yeas and nays on the Conrad amendment.

The PRESIDING OFFICER. Is there a sufficient second? There appears to be a sufficient second.

The yeas and nays were ordered.

The question is on agreeing to the amendment of the Senator from North Dakota [Mr. CONRAD]. The yeas and nays have been ordered. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. LOTT. I announce that the Senator from Mississippi [Mr. COCHRAN] and the Senator from Wyoming [Mr. SIMPSON] are necessarily absent.

I further announce that, if present and voting, the Senator from Wyoming [Mr. SIMPSON] would vote "nay."

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

The result was announced—yeas 44, nays 54, as follows:

[Rollcall Vote No. 409 Leg.]

YEAS—44

Akaka	Feinstein	Lieberman
Biden	Ford	Mikulski
Bingaman	Glenn	Moseley-Braun
Boxer	Graham	Moynihan
Bradley	Harkin	Murray
Breaux	Heflin	Nunn
Bryan	Hollings	Pell
Bumpers	Inouye	Pryor
Byrd	Johnston	Reid
Conrad	Kennedy	Robb
Daschle	Kerrey	Rockefeller
Dodd	Kerry	Sarbanes
Dorgan	Lautenberg	Simon
Exon	Leahy	Wellstone
Feingold	Levin	

NAYS—54

Abraham	Baucus	Bond
Ashcroft	Bennett	Brown
Burns	Grassley	McConnell
Campbell	Gregg	Murkowski
Chafee	Hatch	Nickles
Coats	Hatfield	Packwood
Cohen	Helms	Pressler
Coverdell	Hutchison	Roth
Craig	Inhofe	Santorum
D'Amato	Jeffords	Shelby
DeWine	Kassebaum	Smith
Dole	Kempthorne	Snowe
Domenici	Kohl	Specter
Faircloth	Kyl	Stevens
Frist	Lott	Thomas
Gorton	Lugar	Thompson
Gramm	Mack	Thurmond
Grams	McCain	Warner

NOT VOTING—2

Cochran	Simpson

So the amendment (No. 2529) was rejected.

Mr. KERREY. Mr. President, I move to reconsider the vote by which the amendment was rejected.

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

The motion to lay on the table was agreed to.

AMENDMENT NO. 2469, AS MODIFIED

The PRESIDING OFFICER. Under the previous order, the Senate will now resume consideration of Feinstein amendment No. 2469, on which there will be 4 minutes of debate equally divided, followed by a vote on or in relation to the amendment.

The Senator from California [Mrs. FEINSTEIN], is recognized.

Mr. MOYNIHAN. Mr. President, I respectfully suggest the Senate is not in order.

The PRESIDING OFFICER. Senators will take their conversations off the floor. The Senate will be in order. There will be 4 minutes of debate.

Mr. BYRD. Mr. President, may we have order? We need to know what we are voting on. We cannot hear.

The PRESIDING OFFICER. The Senate will be in order. The Chair advises Senators to take their conversations off the floor. The Senator from California is recognized.

Mr. BYRD. Mr. President, the Senate is still not in order. There are too many discussions going on toward the rear of the Chamber.

The PRESIDING OFFICER. Senators at the rear of the Chamber——

Mr. BYRD. And staff. I thank the Chair.

The PRESIDING OFFICER. The Senator from California.

Mrs. FEINSTEIN. Mr. President, I thank the Senator from West Virginia, because I believe this is a very important amendment.

Let me quickly sum up how my amendment, I believe, improves the underlying bill. In the Dole bill, 31 States have their funding frozen at fiscal year 1994 levels for the next 5 years. Funding is frozen despite very tough mandates to States which require a minimum work participation rate, which CBO says, as late as last night, only 10 to 15 States will be able to meet. Those States that cannot meet the minimum work participation rate will have a penalty of 5 percent with another 5 percent from the State, or a 10-percent cut in funds, and all but 19 States are locked out of the so-called growth formula.

So this is major. What I would like to say to my colleagues who represent the 31 States that are frozen out of the Dole bill is this: Not only will your State be required to meet that mandate, not only will your State receive no additional funding for child care or job training to meet the mandate, and even though your State will almost definitely experience an increase in poor population, your funding is frozen.

This bill, my amendment, takes the language of the House which says that the poor population of the State, as reflected by the census, will be used to determine the growth allocation. And, in fact, 27 States increase their funding under my amendment over the Dole bill.

Those charts have been distributed to you, and I urge, if you are one of those 27 States, that you vote for this amendment. The amendment is fair. It is as the House does it. It simply says the census determines the numbers and the money for growth is accommodated in that way.

I thank the Chair. I yield the floor.

The PRESIDING OFFICER. The Senator's time has expired. Is there further debate? The Senator from Texas [Mrs. HUTCHISON], is recognized.

Mrs. HUTCHISON. Mr. President, I urge my colleagues not to vote for this amendment.

Mr. MOYNIHAN. Mr. President, I must once again respectfully suggest the Senate is not in order. We cannot hear the Senator.

The PRESIDING OFFICER. The Chair asks that Senators withhold conversations. The Senator from Texas.

Mrs. HUTCHISON. Thank you, Mr. President.

Mr. President, it was very difficult to solve the formula issue when we decided we were going to reform welfare. The most fair formula is the underlying bill, the Dole-Hutchison formula. What it does is allow everyone to win at some point. No one loses what they have now. Yet, the low-benefit, high-growth States are not penalized in years 3, 4, and 5.

When we decided to block grant for 5 years, we had to look at the accommodation for the high-growth States where they had low benefits. That is because the high-benefit States get their windfall in the beginning. Whereas, California gets $1,016 per poor person grant. States like Alabama get $148. Mississippi gets $138, as compared to $1,000.

So the goal of our underlying bill is to reach parity slowly, without hurting the New Yorks, the Michigans, and the Californias, but bringing up the States that no longer have to have a State match and are very poor. So it is equitable and it is fair.

I ask my colleagues to look at the overall picture and understand that if we are going to have welfare reform, we must start with the new parameters, which are that the State match is going to be phased out. Yes, New York and California had big State matches and, therefore, got more Federal dollars. They are going to keep those Federal dollars, even as the State's match is phased out. But the low-benefit, high-growth States are going to get their help in the end. That is why this is a balance. That is why this is fair and why the low-benefit States are not going to have to pay in order for California to continue to grow.

We will never reach parity under the Feinstein amendment. There will never be fairness in the system as we go to the Federal dollars, without State matches. The only way that we can go toward the goal of parity and equality in this country is to stay with the underlying bill.

I hope you will vote against the Feinstein amendment and stick with the Dole-Hutchison formula, which is fair to everyone.

Mr. D'AMATO. Mr. President, I rise to oppose the amendment from the Senator from California.

The reason I oppose this amendment is because it does nothing to help us meet our real goal in this debate, which is the fundamental reform of a failed welfare system.

Instead it reopens a funding formula debate that pits State against State, and puts the whole endeavor of welfare reform in dire jeopardy.

Let me be clear that my State is one that would benefit from the adoption of the Feinstein amendment. There are elements of the Senator from California's amendment that I believe have merit, and I believe she has made some important points in the debate on her amendment.

Nevertheless, the practical effect of her amendment will be to reopen a battle that can only stand in the way of the enactment of this important welfare reform bill. I intend to vote against this amendment, and I encourage my colleagues to do the same.

The PRESIDING OFFICER. All time has expired.

Mrs. FEINSTEIN. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays are ordered.

The clerk will call the roll.

The legislative clerk called the roll.

Mr. LOTT. I announce that the Senator from Mississippi [Mr. COCHRAN] is necessarily absent.

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

The result was announced—yeas 40, nays 59, as follows:

[Rollcall Vote No. 410 Leg.]

YEAS—40

Akaka	Ford	McConnell
Biden	Glenn	Mikulski
Boxer	Gorton	Moseley-Braun
Bradley	Harkin	Moynihan
Bryan	Inouye	Murray
Byrd	Kennedy	Pell
Coats	Kerrey	Reid
Conrad	Kerry	Rockefeller
Daschle	Kohl	Sarbanes
Dodd	Lautenberg	Simon
Dorgan	Leahy	Specter
Exon	Levin	Wellstone
Feingold	Lieberman	
Feinstein	Lugar	

NAYS—59

Abraham	Frist	McCain
Ashcroft	Graham	Murkowski
Baucus	Gramm	Nickles
Bennett	Grams	Nunn
Bingaman	Grassley	Packwood
Bond	Gregg	Pressler
Breaux	Hatch	Pryor
Brown	Hatfield	Robb
Bumpers	Heflin	Roth
Burns	Helms	Santorum
Campbell	Hollings	Shelby
Chafee	Hutchison	Simpson
Cohen	Inhofe	Smith
Coverdell	Jeffords	Snowe
Craig	Johnston	Stevens
D'Amato	Kassebaum	Thomas
DeWine	Kempthorne	Thompson
Dole	Kyl	Thurmond
Domenici	Lott	Warner
Faircloth	Mack	

NOT VOTING—1

Cochran

So the amendment (No. 2469), as modified, was rejected.

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

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

The motion to lay on the table was agreed to.

AMENDMENT NO. 2488

The PRESIDING OFFICER. Under a previous order, the Senate will now resume consideration of the Breaux amendment, No. 2488, with time until 12:30 to be equally divided between the sides, and a vote on or in relation to the amendment to occur at 2:15 p.m.

The Senator from Pennsylvania.

Mr. SANTORUM. Mr. President, I ask unanimous consent that the time be limited on the Ashcroft and Shelby amendments to 1 hour on each amendment, equally divided between the sides.

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

Mr. BREAUX addressed the Chair.

The PRESIDING OFFICER. The Senator from Louisiana.

Mr. BREAUX. Mr. President, the pending amendment is the so-called Breaux amendment?

The PRESIDING OFFICER. The Senator is correct.

Mr. BREAUX. I ask unanimous consent at this time that Senators JEFFORDS, KOHL, Snowe and BAUCUS be added as original cosponsors to the amendment.

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

Mr. BREAUX. Mr. President, what we present today in this amendment is a bipartisan effort, which is the way that welfare reform has to be accomplished in this country. There is no way that we as Democrats can write the bill by ourselves. There is no way the Republicans, by themselves, could write a bill that will become law. This amendment recognizes that, and it is a bipartisan effort.

We have worked with distinguished Members of the other side, Republican colleagues, to craft this amendment to make it fair, to make it one that can receive bipartisan support and reach a majority. It may not be perfect, but I think it reflects the best thoughts of those of us who have been involved in this effort for a long period of time, and I ask that our colleagues give it their favorable consideration.

Let me just preface what my amendment does by mentioning, just for a moment, a little of the history of this effort to try to solve welfare in our country. It has always been a joint effort between the States and the Federal Government.

On average, the States generally contribute about 45 percent of the total welfare funds to welfare programs within their State borders and the Federal Government contributes the other 55 percent, on the other hand, of the welfare dollars going into various States.

It has always been a joint venture, if you will, a partnership, if you will, between the Federal Government and the States. For the first time in the 60-year history of this bill, the other body—our colleagues and friends in the House—has terminated that partnership. They have said that there is no longer any requirement that the States put up any money if they do not want to help solve this problem. They say they are for block grants, and that in their minds means that the Federal Government sends them all of the money and they have no obligation to put up anything. They say that the Federal Government will continue to give the same amount over the next 5 years even if some of the programs that they have developed in their State reduces the number of people on welfare.

That is right. Under the House proposal, the Federal Government would continue to send the States the same amount of money every year for welfare even though there are fewer people each year in that State that are on welfare. What kind of a partnership is that? That is giving the Federal Government all of the responsibility of raising all of the money, and giving the States the same amount of money each year, no matter what happens within those State borders.

I think the concept of block grants can be made to work sometimes, but it has to be a partnership. We all know that when you are spending somebody else's money, it is much easier to spend it in any way you want to spend it. All

of the legislative bodies, if they think the money is coming from Washington, are less responsible, in my opinion, when it comes to spending those funds than if they have to raise it through the tax programs in their respective States.

We have all heard stories about block grant programs that have not worked at this very point in the sense of having States misuse block grants coming from the Federal Government. We heard the story about the Law Enforcement Assistance Administration block grants. Someone in one community was using the Federal money to buy a tank for the police chief. Why not? It is Federal money. They did not have to contribute to it. They thought it was a nice thing to do, and they did it. So the police chief got a tank.

The Wall Street Journal just recently reported how State auditors in one State discovered that the State squandered $8.3 million in Federal child care grants on such things as personal furniture and designer salt and pepper shakers. Robert Rector, of the Heritage Foundation, certainly not a Democratic organization by any stretch of the imagination, recently commented on this phenomenon by saying:

> If there's anything less frugal than a politician spending other people's money, it's one set of politicians with no accountability spending money raised by another set of politicians.

That is the point, Mr. President. That is the reason the Finance Committee considered this proposal, a proposal that said the Federal Government would continue to maintain our effort here in Washington in helping to solve welfare problems, that the State had no obligation to spend any of their money whatsoever. Therefore, I offered an amendment in the Finance Committee which required the States to maintain the same effort the Federal Government was maintaining; that if the States reduced by $5 the amount of money needed for welfare because of fewer welfare people, then the Federal Government would reduce our contribution by the same amount. That is why the amendment that is now before the Senate has been scored by the Congressional Budget Office to save $545 million over 7 years.

This is a bipartisan amendment that the Congressional Budget Office says will save $545 billion over the next 7 years. That is why I think that all of our colleagues who are interested in trying to save money on welfare reform would look with favor and support my amendment.

I want to point out on this first chart how the current system works, and why I think it makes sense. When you have a real partnership, with Federal and State funds both being used and contributed, you see here in the chart that about 9 million children of America get help and assistance under this program. You see, according to the blocks here, that we have five blocks with the representative Federal contribution and four blocks representing the State contribution to help 9 million kids. That is the current partnership. Without any State funds, under the House bill, if you say all right, the State does not have to put up anything, obviously, you are going to lose the blue boxes which represent the State contribution and instead of helping 9 million children get aid and assistance, you are now only helping 5 million.

What we are saying essentially by this amendment is that we want to maintain the partnership, we want to maintain the effort. We think what the House has proposed is absolutely unacceptable because it says that States should not have to contribute anything if they do not want to. That is not what real reform is all about.

The second chart that we have would also show something that I think is important. It shows that if you have the States willing to put up nothing, how it would affect the number of jobs that have been created over the past years. Right now, there are 630,000 job slots. These include work programs, education, training, and child care that are provided for through the Federal and State partnership.

If State spending were to be cut by 10 percent, which would be allowable under both the House and the Senate proposals, if they were cut by only 10 percent, you are talking about a cut down to 290,000 jobs being available, a dramatic reduction. If the States were to cut their contribution by only 20 percent, you would not have any jobs funded at all. We all know that without work, you are not going to have real reform. Welfare reform is about creating jobs. If you allow the States to do less than they have been doing, or nothing at all, you are going to obviously dramatically adversely affect the creation of jobs under the welfare reform bill. Therefore, this amendment is absolutely critical.

The third thing is that my amendment would enable both the Federal Government and the State governments to share the savings of welfare reform. One of the reasons we are trying to enact welfare is to save both the Federal Government and the State governments money. My amendment says that if the State government is going to reduce the amount of money they spend on welfare, so should the Federal Government. The House bill, in comparison, says: Look, if the States are going to spend a lot less because fewer people are on welfare, the Federal Government is still going to continue to give the same amount of money to the States. What kind of nonsense is that? If the State is getting $10 million from the Federal Government and reduces the number of people on welfare, under the House bill they still get the same amount of money from the Federal Government. There is no reduction. That does not make any sense whatsoever in times of tight budgetary restriction. If the State government can save money because of fewer people being on welfare, that is a good thing to happen. But the Federal Government should also say that we should also be able to reduce our contribution if the States have been able, through new inventive programs, to reduce the number of people on welfare.

Also, my amendment, which requires the States to continue to contribute 90 percent of their funding, would discourage the supplementing of existing State resources.

With the budget that we passed in the Congress, we made a clear statement that, "Federal funds should not supplant existing expenditures by other sources, both public and private," and that the "Federal interest in the program should be protected with adequate safeguards such as maintenance of effort provisions." My amendment would ensure that Federal dollars are not used to replace State welfare spending, which could be diverted to other uses like roads and bridges.

Mr. President, simply put, under the House-passed amendment on welfare reform, the States under this provision have no requirement to have any maintenance of effort, no requirement to participate financially in solving the welfare problem. If a State wants to say, "Well, we used to spend X amount of dollars on welfare programs. We want to take half of that, and we are going to use it for roads and bridges, or to buy furniture for State employees, or we are going to use it to pay for State raises for all of the State employees," Mr. President, under this amendment, the Federal Government still continues to contribute the same amount. The State is left off the hook for any real obligation to help solve the problem.

We are not going to be able to solve the problem just here in Washington. States are going to have to be involved, and they are going to have to be involved financially in order to see that the programs are handled properly, that there is a real interest in the program, and that adequate funding for the program is available. We all know that when you come to lobbying for scarce State funds that people on welfare, and children in particular, who are innocent victims, do not have a very strong lobby. People who build roads and bridges and highways do. So if a State all of a sudden sees the House-passed bill in front of them they are going to say, look at this pot of money. We are going to take all the money that we used to use for welfare, and we are going to build roads and

bridges and give State pay raises because that is what gets you reelected.

I think that is wrong. Another thing that they could say is by reducing the amount of money they contribute to welfare programs, by reducing the income of a person, they are entitled to more food stamps because this is 100 percent federally funded. This is another unique way that the Federal Government is going to get stuck with the tab under the proposal in the House—let us just reduce the amount of money we give on welfare, and we know by doing that welfare recipients are going to get more in food stamps and, by golly, food stamps are paid for by the Federal Government 100 percent. Is this not a great way of getting rid of an obligation.

What that is going to do is cost the Federal Government and the taxpayers substantial amounts of money. That is one of the reasons CBO has scored my amendment as saving $545 million over the next 7 years. There is no other amendment pending that is going to produce those types of savings. It is very simple. As a State legislator, I know if I reduce my State's spending on a program for welfare recipients, they are just going to get more money in food stamps that are paid for by the Federal Government 100 percent. Is that not a great way to get out of my obligation and stick it to the Federal Government and stick it to the Federal taxpayers because they are going to have to pick up 100 percent of the tab for the cost of food stamps.

The only way we are going to solve this problem is with a real true partnership. My understanding of what the majority leader on the other side has offered is to say I think you have a point, BREAUX, and this zero contribution by the States is really insufficient. They have devised an amendment I think that says, well, we are going to require the States to pay up to 75 percent of what they have been spending and contribute 75 percent for the next 3 years. But then after that it disappears. If a 75 percent contribution is good for the first 3 years, why is it not good for the life of the program or 5 years? What is magical about having it for 36 months and then, poof, it disappears? If it is good for the first 3 years, it should be good for the years of the program.

The real critical point is this. And I am really trying to speak in a bipartisan fashion. If my colleagues on the Republican side of the aisle really think 75 percent is a reasonable contribution by the States—I think it is too low, but they think it is reasonable—does anyone who has been around here more than 6 weeks think if we go to the conference with the House with the requirement that the States put in 75 percent of what they have been spending and the House has a provision which requires zero, does anybody think we are going to come out with 75 percent? Of course not.

If you have been on a conference before, you know how these things are generally settled. You divide by 2. The difference between 0 and 75 is 37½ percent. And that is what likely is to come back from a conference when the House comes in with a zero requirement and the Senate comes in with a 75 percent requirement.

So I urge my colleagues who may think that my requirement requiring a 90 percent contribution by the States of what they have been spending is too high to recognize that this bill has to go to conference. If we are going to come out with anything near 75 percent, I suggest it is absolutely essential that we come in with a minimum of a 90 percent requirement, knowing that in the conference it is going to be conferenced out and you generally split the difference when you go to conference.

I think we can pass all the laudatory measures and resolutions we want saying that our conferees should stick with 75, and we know they are going to stick with 75, and they will argue for 75. That is good. That is fine. I have been on conferences time and time again, and I have been around here too long to know that is not what happens. The other body feels very strongly that there should be no contribution by the States. I think almost everybody in this body thinks there should be a contribution. If you think 75 percent is a fair amount, it is absolutely essential that we go to conference with a higher amount.

Let me also say, Mr. President, that the amendment I have offered has a great deal of support from people who believe in block grants in particular. I know that Gov. Tommy Thompson from Wisconsin, who has been quoted so often on welfare, has said that "welfare reform requires a cash investment up front. That investment eventually turns into savings."

I agree with that, but I am concerned you are not going to be able to get money out of State legislative bodies for welfare reform without this provision. If States are told they do not have to put up anything, many States will put up nothing. That is simply a fact of life. Therefore, a requirement that they contribute in this maintenance of effort is absolutely essential.

We can argue all we want about what is proper, 75 or 90, but I remind my colleagues when we go to conference we will be going to conference with a group of House Members who will feel very strongly that zero is the proper amount. If we are ever going to come out with something that maintains effort on the States at an appropriate and proper amount, then we absolutely are going to have to come in with an amount that is consistent with what I have in my amendment, and that is a 90 percent requirement. That allows the Federal Government to save substantial amounts of money—$545 million over 7 years as scored by CBO. It requires the States to participate in a partnership arrangement for the solving of this particular problem.

Mr. President, with those comments, I reserve the remainder of my time at this point.

The PRESIDING OFFICER. Who yields time?

Mr. BREAUX. Mr. President, I ask, how much time does the Senator desire?

Ms. SNOWE. Five minutes.

Mr. BREAUX. I will be happy to yield 5 minutes.

The PRESIDING OFFICER. The Senator from Maine is recognized.

Ms. SNOWE. I rise in support of the amendment that has been offered by the Senator from Louisiana [Mr. BREAUX], because I do think it is essential that we ensure a continued Federal-State partnership with respect to welfare programs, and certainly regarding the welfare reform we are attempting to make in the Congress today.

The amendment offered by the Senator from Louisiana underscores a very essential point, and I think it gets to the heart of what welfare reform is all about—that it is in fact a mutual cooperative effort between the Federal Government and the States to get Americans off welfare, so that they can pursue opportunities to self-sufficiency, personal responsibility, and discipline.

Since 1935, when title IV of the Social Security Act was adopted, welfare has always been a Federal-State partnership. And as we attempt to reengineer the welfare system in America today as we know it, I also think we should renew our commitment to that partnership. The bottom line is the States have a tremendous stake in the success and outcome of welfare reform.

At the same time, I think it is also essential that they have a financial commitment and a financial stake in this reform. Many States—and I think we all can understand this—will continue to extend their programs to the neediest, as they do today, but they are also facing the same antitax, antigovernment, antiexcessive spending sentiment that we are in the Senate and in the entire Congress.

These States at the same time also have balanced budget requirements and commitments. In fact, most States do throughout the country. So they will be facing competing demands and interests for money.

Under the legislation that is pending before the Senate with respect to welfare reform, there is no requirement that the States contribute what they have spent in the past with respect to welfare. That is a concern which I have and one I share with the Senator from Louisiana.

In the last 20 years, cash assistance by the States toward welfare has been reduced by 40 percent when you take into account inflation. That is 40 percent. I do not think there is any question, as we pursue welfare reform, that we are going to still make a commitment, probably as great as what we are making today, in order to ensure that those individuals who are on welfare will move toward self-sufficiency in the future.

As the Senator from Louisiana mentioned, Governor Thompson, who has had a very successful welfare reform program in the State of Wisconsin, had to make a commitment of fivefold toward job training and child care in order to make it a success. For every dollar they invested, they got $2 in return from benefits.

Now, the Breaux amendment says that if the States do not wish to make their commitment of 90 percent of their spending at the 1994 level toward welfare, they can reduce it, but at the same time the Federal share will be reduced as well, dollar for dollar. I do not think that is unfair. I think the Federal Government should share in the benefits and the success of the program as well as the savings because this should be a shared partnership. If we are able to save money, the Federal taxpayers should save it as well. We should stand to gain from the successes as well as the savings. So we are asking the States to spend 90 percent of what they spent at the 1994 level over 5 years.

I think it is essential there is a 5-year commitment toward the maintenance of effort. It is not that we are saying that we do not expect States to make a commitment, but there have been some States who made a greater commitment toward welfare in the past than others. It is not saying we do not trust the States. I do not think it is a question of trust. It is a question of shared responsibility and the question of fairness.

Without the requirement for a fiscal commitment by the States to at least spend 90 percent at the 1994 level toward welfare, some States may not keep their end of the deal. Now, welfare reform was not designed to get the States off the hook. We are trusting them immensely through the enormous flexibility that is being granted to them through the block grant program. They stand to gain enormously in terms of how they implement a welfare reform program that is tailored to their particular State and to their constituency.

And we think that they can do a better job than the Federal Government. But we also know that it is going to continue to require a commitment on their part in terms of contributions. And that is, as we were having this debate this week on the issue of child care, we know we are going to need a tremendous commitment toward child care. And that is why I was pleased that Senator DOLE included language that I and others proposed with respect to child care so that those families who have children of 5 years or under who demonstrated a need for child care and were unable to obtain it because of distance or affordability will not be sanctioned. And I think that is an important provision in the legislation.

But I also think that we have to ensure that the States will continue to make their commitment toward child care or job training or health care. And they will have the flexibility under this legislation to transfer from one to the other. But the fact of the matter is, they should make a maintenance of effort toward what they have contributed in the past, and we are asking them to provide 90 percent, which is less than what the Federal share would be, because the Federal Government would be required to pay 100 percent of their share of their contributions to the States at the 1994 funding level.

I think this is a very important principle to adopt, Mr. President, because combined Federal and State spending approximates more than $30 billion. The States contribute about 45 percent of the total amount of money spent in this country on welfare. That is 45 percent. So without the Breaux amendment, we risk having nearly half of what is now spent on welfare siphoned off to other programs. That may mean that we will not have the kind of commitment toward child care or job training or education programs that are absolutely essential and necessary if we are going to make welfare reform work.

We want the States to reduce the rolls, absolutely. But the question is how they reduce those rolls. We want to make sure they do it in a way that we reach the final goal of allowing welfare recipients to become independent and self-sufficient. That is the bottom line. Because that is in the best interest of this country. So I think it is important to have a maintenance-of-effort requirement in this legislation because we know that essentially the States cannot spend much less than what they are spending today on welfare and think that we are going to have a successful welfare reform program. I do not believe it can happen, as you can see, in the State of Wisconsin, when Governor Thompson made a fivefold commitment toward an increase in commitment toward education, job training and child care.

So I think that this is a very important amendment. And as I said——

Mr. BREAUX. Will the Senator yield for a question?

Ms. SNOWE. If States want to reduce their commitment, then the Federal share will be reduced as well. It is not preventing the States from reducing their share, but if they do, then we have a proportionate reduction of the Federal share as well.

I will be glad to yield.

Mr. BREAUX. I commend the Senator for her comments on this legislation. And I prefer calling it the Breaux-Snowe amendment and thank her for her contribution in that regard.

I wanted to—the Senator served in the other body, as I have. And the statement that some have said is that, "Well, you know, we really think that 75 percent is an appropriate amount. That is why we should pass a maintenance-of-effort requirement, and the States will have 75 percent, and then when we go to conference we will come back with 45 percent, and that will become law." And my concern is—and I ask the Senator to comment—the other body has a zero requirement for the States spending anything.

Does the Senator from Maine also have the same concern about what would happen in the conference if we start out and figure it with a substantially lower amount than the body of this amendment?

Ms. SNOWE. Yes, I share the Senator's concern in that regard because there is no maintenance of effort whatsoever.

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

Mr. BREAUX. I yield 2 additional minutes.

Ms. SNOWE. Thank you.

I share that concern because the House does not include any maintenance of effort, no percentage in that regard. So we go in, and we know there is going to be much less than that because of the House's position. So we are at 90 percent. We are going to come out with much less. And I think that is why this amendment is preferable in that regard. I think it is essential to have a 5-year commitment. If we go in with less than 5 years, we know we will probably, at best, probably get maybe 3 years. But I do think it is important that we have both the 90 percent and the 5 years to go with a strong position into the conference.

Mr. BREAUX. I thank the Senator.

Ms. SNOWE. I yield back the remainder of my time.

The PRESIDING OFFICER. Who yields time?

Mr. SANTORUM addressed the Chair.

The PRESIDING OFFICER. The Senator from Pennsylvania.

Mr. SANTORUM. Mr. President, I yield myself such time as I may consume.

The PRESIDING OFFICER. The Senator is recognized.

Mr. SANTORUM. Thank you, Mr. President. I hear great consternation of what is going to go on when this bill reaches conference. We have to vote for the Breaux amendment because of positioning, and we have to position ourselves at 90 percent so we can get something, because the House is at zero and

we are at 90 percent. The Senator from Louisiana suggested we may get up to 45 percent. If we go in with 5 years, the House has nothing, we will get 2½ years.

I do not want to speak for the majority leader, but I think we would be willing to say that we will go with 45 percent and 2½ years, and we will stick to that in conference.

So if the Senator is concerned about what we are going to bargain, I think we are willing to make that commitment right here on the floor of the Senate. And I think the leader could come over and say that we will fight and stand firm on 45 percent and 2½ years. And if that is——

Mr. BREAUX. Will the Senator yield?

Mr. SANTORUM. We are willing to take that tough stand.

Mr. BREAUX. Now the Senator is arguing that 45 percent is the appropriate, proper amount?

Mr. SANTORUM. No. I was responding to what the Senator anticipates happening in conference. And I think we can save ourselves a lot of problems. I think what this shows is that this is not really an area of precision. I mean, we do not have a lot of precision here of what should be the maintenance of effort, whether it is 90, 75, or 50 percent.

It is really a question of philosophy as to whether you want to give the States the flexibility to be able to reap some rewards in managing their own program and whether you trust Governors and State legislatures. I think there is and has traditionally been at the Federal level a mistrust. I think that is unfortunate.

I will have comments later. But I see the Senator from Missouri, who was a Governor of the State of Missouri, and who was elected as Governor and Senator. I would be interested to hear from the Senator from Missouri as to whether those constituencies that elected him to both offices require him to do different things, whether he should feel differently as Governor and not care for the poor as Governor but care for the poor more as a Senator. I would be interested in whether there is that transformation as held in the State office as opposed to holding the Federal office, whether you care more about poor people as a Senator than you did as a Governor.

I would be happy to yield 10 minutes to the Senator from Missouri.

Mr. ASHCROFT addressed the Chair.

The PRESIDING OFFICER. The Senator from Missouri.

Mr. ASHCROFT. Thank you, Mr. President. I rise to question the public policy value of trying to lock States into spending 90 percent as much as the Federal Government has on a series of programs, many of which not only have failed, but have locked people into dependency and have locked people into poverty. I think there are very substantial and significant public policy reasons to say that we should allow the States the flexibility to correct the errors of the Federal Government rather than to pass legislation which would require State and local governments to persist in the errors of the Federal Government.

The Breaux amendment would require that there be a 90-percent maintenance of effort. And in my understanding of it, that means that we would require that States spend 90 percent of any block grant just as the Federal Government did, in other words, lock in an amount of spending. This could be a serious problem for States because, in some instances, it could actually require that States build the program to be a much bigger program than it now is. It might require States to go out and get far more people into the program than they now have.

Let me just give you one example that flows out of my experience as Governor, but really persists and has come as a part of the testimony that has been in the debate about welfare from my successor and from the people in his administration. As you know, I did not have the privilege of being succeeded by a Republican. So a Democrat is now Governor of our State. And so, I want you to know that these figures are not Republican figures or Democrat figures. They happen to be Democrat figures, but they came from an administration that followed mine.

Take one of the biggest welfare Programs of all. The most costly welfare program of all is the Medicaid Program. In the Medicaid program in my home State, the Medicaid director has said that if he could just have the money and not have all the Federal red tape, instead of serving 600,000 people with the money, he would be able to serve 900,000 people with that same amount of money, meaning that there are tremendous inefficiencies in the Federal program; that these inefficiencies, as a matter of fact, if they could be wiped out, would be more than a 10-percent benefit to the program. They could provide for a 50-percent increase in the population being served.

If we were to apply the Breaux amendment to that kind of a situation, what would happen? The Breaux amendment would require spending 90 percent of the money, which would mean that you would get 90 percent of the increased number of people that could be served absent the Federal regulations. That would, in a program like the Medicaid program in Missouri, automatically boost the program from a 600,000 population program to an 810,000 population program, because we would mandate that they spent 90 percent as much as they would now be spending, but do it in a context without the Federal regulations, which would allow for greater efficiencies.

Mr. BREAUX. Will the Senator yield for a question?

Mr. ASHCROFT. Yes.

Mr. BREAUX. Does the Senator realize the Republican amendment locks in the Federal contribution at 100 percent for 5 years? Even if the State is successful in reducing the amount of people on welfare, your amendment locks the Federal Government into spending 100 percent for 5 years. If it is improper to lock the State into spending 90 percent, why is it proper to require the Federal Government spend 100 percent, even though you have fewer people on welfare?

Mr. ASHCROFT. We would do so by ending the entitlement, and that provides an incentive to the States to reduce welfare, as opposed to the Breaux amendment which would provide a mandate, in many instances, to increase welfare.

Mr. BREAUX. If the Senator will yield further on that point, just to clarify. It is an important point. Under the Republican amendment, the Federal Government is locked into spending 100 percent no matter what the State does.

Mr. ASHCROFT. The Federal Government is locked into spending 100 percent by an amount determined by its expenditures last year, and then any savings that come out of that should inure to the States. The difference is under the block grant proposal. There would be a massive incentive for the States to save money and to reduce welfare rolls.

Under the Breaux amendment, which would require a 90-percent expenditure, instead of saving the money and devoting it to things that might be more needy, they would be required to spend it in the same way they had previously, which could result in the anomaly of increasing welfare substantially.

Let me just move away from the area of Medicaid, for instance. Food stamps are the second largest of all the welfare programs. The testimony from the Office of Inspector General and from the Food and Nutrition Service and the Department of Agriculture is there is about a 12-percent administrative cost in food stamps. There is about a 12-percent slippage when you consider trafficking in food stamps and fraud and mistakes and those kinds of things, or about 24 percent of the program—24 percent of the program—does not really get to needy folks. If you are to take that kind of a welfare program and send it back to the States with a 90-percent requirement that they keep spending the money for the same program, it is another case where they might have to increase the number of people on welfare.

Mr. President, I think what we have here is a classic situation: Are we here to reform the welfare system? Are we here to reduce welfare or are we here to increase welfare? In my State, the people of Missouri spell "reform" r-e-d-u-c-e. They believe they sent us here in

the year 1994, last year, to do something about an epidemic of welfare which is pulling more and more people into the category of dependence and despair and fewer and fewer people into the category of independence and industry.

I think we have to ask ourselves the question: What is our purpose in reform? I think our purpose in reform ought to be giving States the incentive to move people off welfare and, yes, if there are surplus funds and they have been successful in doing that, let the States devote those funds to the benefit of the entire population.

Let me just raise another issue. The other issue is this: If States do get the number of people down on welfare—and, after all, we should be trying to get fewer people on welfare, not more. The index of a compassionate society, J.C. WATTS said, and he is profoundly correct on this, and the Chair, being from Oklahoma, knows Congressman WATTS well, the compassion of a society should not be how many people you can get on welfare, but a really compassionate society should have few people on welfare.

If you are required to keep spending lots and lots more money on welfare per capita than you have, if you have any inefficiencies now that are expressed in the program, if you have to spend more money per case, what does that do? If you have the case level down to 75 and you still have to spend at 90, you have to make that case much richer, you have to provide more benefit.

As you increase the benefit, what do you do? You attract people back into the system. The pernicious impact of the Breaux amendment would be to attract more people into welfare to the extent the States were able to reduce the welfare caseload and the administrative cost to a level below 90 percent.

We do not want to build a welfare system here; we want to make a welfare system that helps people out of welfare into work. We do not want to make the benefits richer so it makes it harder for people to move from welfare to work; we want this system to be designed to meet the needs of truly needy individuals but without a Federal mandate that might require the State of Missouri, for instance, if it were to be applied to Medicaid, to move from 600,000 people on welfare to 810,000 people on welfare, or, in the area of food stamps, if you could somehow get a good bit of that 24-percent slippage out of the system, that would require an increase in the benefits so that more people would be enticed into the system rather than fewer.

This is a fundamental point that if you are going to reduce the number of people on welfare and you require the amount of money to be maintained at a very high level, you have to make the benefit richer and richer and richer. And if you enrich the benefit while you are decreasing the population, then all of a sudden people will start seeing the benefit being richer again, and you will attract more people into the system.

We do not want to build into welfare reform. We do not want to sow the seeds of its own destruction. We do not want to build a structure and mechanism which will result in welfare being increased and grown.

I said the people of Missouri spell "welfare reform" r-e-d-u-c-e, and they do not want to grow welfare, they want to slow welfare, not because it is so much a question of how much money we are spending, it is a question of how many lives we are losing. We are losing generations of children.

Another point: There seems to be some question—and I am glad the Senator from Pennsylvania raised this with me—as to whether people at State capitals can be sensitive to the needs of the needy. It is as if somehow people can only be heard if they have needs in Washington, DC. I suppose it might be as a result of the history of this whole enterprise of welfare, if we could mislabel welfare as an enterprise. It might be that if we were to discuss the history, we could see why that question comes up, because there was a time in America's history when individuals who were needy were not well represented in politics.

Back in the fifties and sixties, there were laws that related to access to voting which kept a lot of people from voting. The civil rights movement was a response to that. And then the Supreme Court of the United States in the 1960's said, "We can't have rural communities have an improper impact on legislation because they do not have the population anymore." So there was a Supreme Court case called Baker versus Carr that provided for one man, one vote. And there is only one legislative body in the United States of America that does not represent one man, one vote. It is the U.S. Senate.

The PRESIDING OFFICER (Mr. KEMPTHORNE). The Senator's time has expired.

Mr. SANTORUM. I yield the Senator an additional 5 minutes.

Mr. ASHCROFT. Mr. President, this is the only body in America that is not equally represented by the people of this country. Every State capital has a specific, both in their senate and house of representatives, except for Nebraska, of course, which only has one house, every State capital has one man, one vote. People have access to the ballot box like never before. As a matter of fact, the civil rights laws of the third quarter of this century moved to guarantee access and moved to remove legal barriers from voting and political participation. But just this decade, the Congress of the United States moved to remove virtually any kind of barrier. As a matter of fact, there is a special privilege for people on welfare. They are automatically asked to register when they go on welfare.

There can be no argument that people in need are people who are disenfranchised in the United States. The idea that you have come to the Federal Government to be heard or to have an impact as a citizen is a bankrupt argument. It may have had currency at one time, but that currency has been substantially devalued by a change in the law, both the judicial law and the legislative law.

The people of this country are represented and can be heard in their State capitals. I submit that they will be heard there better than in Washington, DC. As a former Governor, I witnessed far more people visiting me in the State capital than visiting me here in Washington, because the only disenfranchisement that comes now is a disenfranchisement of distance. Frankly, I cannot name a single State for which Washington, DC, is a closer destination than their State capital. It is simply not the case. If we give States discretion about how to spend this money so we can have real reform, needy people can go to the State capital. Needy people know that if the State makes a mistake, it is easier to correct and more quickly corrected than it is if the country makes a mistake. Needy people know that if there is a mistake in 1 program out of 50, it is not nearly as bad as if it is a national mistake. Needy people know that to get legislation changed in Washington, DC, you have to fight your way through special interests and all kinds of power groups, politically. They know that at the State level individual voices are heard, and the voices of neighborhoods and communities are heard.

So I rise to oppose this amendment because I think it will hurt the people who are in need in this country. I rise to oppose this amendment because I think it is an amendment which is designed to institutionalize and guarantee the maintenance of the current system. It is incomprehensible to me, after the people spoke in 1994 as loudly as people spoke to me just last month when I was home, just incomprehensible to me that we would not want to really reform this system, that we would want to guarantee that the system is 90 percent the same as it is now. If a State can save enough money to go below that 90 percent, or devote that resource to additional education or additional ways of helping people pick themselves up and carry themselves out of poverty, we say: No dice, no; you have to be at least 90 percent as inefficient as the Federal Government, 90 percent as punitive as the Federal Government; you have to be at least 90 percent as unsuccessful as the Federal Government.

I think we need to turn these States loose. There is very little doubt in my mind that there are just ways that people will solve these problems. Ninety percent, I think, would lock in a spending level. Ninety percent would likely lock in, in some cases, an increase in the number of people on welfare. I cannot think of anything more tragic than the State to sweeten its system, to redesign its program, and as a result of the redesign of the program, end up sucking more people into a system which has already impoverished many and stolen the future of generations.

In some communities, like Detroit, 79 percent of all the children are born without fathers. We have an epidemic that is aided and abetted by this system, which is counterproductive. We should not institutionalize the status quo, and we must reject the Breaux amendment.

Mr. SANTORUM addressed the Chair.

The PRESIDING OFFICER. The Senator from Pennsylvania is recognized.

Mr. SANTORUM. Mr. President, I thank the Senator from Missouri for his insightful comments. I think he really speaks from the kind of experience that we need here in this Chamber, as somebody who served as a Governor and has managed a welfare program, who understands the dynamics in the State capitals and the likelihood of success of the Dole substitute.

I think his words of support and encouragement for the bill, as it is today, and particularly the maintenance of effort provisions, are important, and I want to congratulate him for not only his statement here, but the tremendous amount of work he has done on this legislation, to bring consensus to the Republican side of the aisle and move this matter forward. He has really been a standout on this issue. I thank him for his comments and for his work on this legislation.

The Senator from Vermont is here. I will yield the floor.

Mr. BREAUX. Mr. President, I yield myself 30 seconds just to make the comment that there clearly must be a grave amount of misunderstanding of what the Breaux amendment does.

The Breaux amendment allows the State to spend as much or as little as the State wants to spend. But it says that when a State spends 10 percent less than they are spending now, the Federal Government will also reduce our contribution. We on our side, in a bipartisan spirit, do not want to make the Federal Government spend 100 percent of what we are spending now for the next 5 years. If the State reduces their amount, the Federal Government should have the right to do that, as well. That is what the Breaux amendment is all about.

I yield at this time to the very distinguished Senator from Vermont, who has a long history of outstanding work in welfare reform and looking out for the needy. I yield 10 minutes to the Senator from Vermont.

Mr. JEFFORDS. Mr. President, I rise in support of the Breaux amendment. I listened to the very eloquent and excellent statement of the former Governor of Missouri, and there is no question in my mind that if all the Governors of this Nation were like the former Governor of Missouri, we might not need this amendment.

My memory goes back to the 1960's, when we started the welfare reform. It was because there were many areas of this Nation where the States dropped the ball with their responsibility on welfare, and the Federal Government came in to try to get some uniformity of standards in the ability to take care of the people of this country who were unable to take care of themselves or needed help in getting into a position where they could do so.

I point out that in the Breaux amendment here, we are dollar for dollar, not percentage. So you could eliminate all your State moneys and, in many cases, end up with plenty of Federal funds left, so you are only going down dollar for dollar. I think that is an important concession to those of us who want to see this; that is, not to go over the formula reduction, so if they go down 1 percent, we go down 1 percent. It is a modest proposal in that respect.

Second, the 90 percent is, I think, a reasonable figure to utilize. It does allow some drop in State effort, without losing Federal funds.

I would like to also emphasize how critically important this amendment is to some of us who want to reach a consensus on welfare reform. There are about three areas, to me, which make the difference on whether I will support the bill or not. This is one of them. It is critical in the length of time, as well as percentage. But we cannot reduce the participation of States as an important part of the welfare reform and make it important that they continue to participate in the financing of that.

Without a partnership provision like this, States could reduce their welfare expenditures to zero and use only Federal dollars for the entire costs. But with this amendment, States will have a continuing incentive to use their own resources in conjunction with Federal funds. Without, I foresee a major shift of the entire financial responsibility for welfare onto our already overburdened Federal budget. I see us returning to the problems we had before the advent of the Federal help.

Our efforts to reform the welfare system must not dismantle the current partnership by allowing this cost shift. We simply cannot afford it. Right now, the Federal Government funds only 55 percent of the total national welfare funding, while States contribute the remaining dollars, almost $14 billion in fiscal year 1994.

While the exact State-by-State ratio of State to Federal dollars spent on welfare varies by State, depending on available resources, both overall and individually, States make a major contribution. This should continue to be the case even after welfare reform. Welfare is a joint State/Federal responsibility that will not be there if there is not a monetary commitment.

While it is true that the leadership has incorporated a partial provision, an expectation of 75 percent effort from the States for the first 3 years of the bill, I believe that this provision for 90 percent for the full 5-year term of the bill is essential and critical to this bill being passed. Either we believe States have a responsibility to contribute State funds toward welfare or we do not. I do not think that responsibility somehow evaporates after the first 3 years.

Some may argue States rights against this provision. That States must be allowed to decide how much to spend and on whom to spend it. Some may argue States must be able to innovate in their delivery of benefits to save money.

I agree. I agree that States should be able to set their own funding levels, their own benefits, design their own programs, save money. As we know, perhaps too acutely right now, the appropriations process is a difficult one, requiring painstaking decisions. State budgets around the country are also under stress, some States may well decide that welfare is not a priority for them that it was in 1994, that they want to save money for welfare to use somewhere else in their budget.

I believe that when money is saved, and less is spent on welfare, both the State and Federal taxpayers should share in the savings. If the State share goes down, so should the Federal dollar, on a dollar for dollar basis.

The welfare partnership amendment has been called a maintenance of efforts provision. It is, in that it would encourage States to continue to contribute State dollars toward welfare costs. But it is not the same as many of the maintenance of effort provisions of the past that I think my colleagues are most familiar with.

Under the partnership, we ask that the States maintain a spending level of only 90 percent, not 100 percent, only 90 percent of their 1994 fiscal year expenditures on cash benefits, job education, and training and child care. Most maintenance of effort provisions require 100 percent effort or penalize with a total withdrawal of all Federal funds.

This partnership provision is much more reasonable. If a State chooses to go below the 90 percent of the fiscal year 1994 State funding levels, it will experience a dollar for dollar reduction in the Federal grant. For every dollar the State chooses not to spend, they will receive one less Federal dollar. Of

course, the reduction does not even begin to occur until the State funding levels fall below 90 percent of the 1994 levels, and that is important to remember that baseline is there. If you create savings, if you were able to reduce your roles, then that baseline still is there.

In other words, assume that Vermont, through its innovative demonstration program, becomes so adapt at moving people off welfare to work that they save money. They do not need as much as they did in 1994 because the caseload is dramatically reduced.

So the State decides it can afford to spend less overall on welfare. Under this proposal, the first 10 percent of savings goes to the State alone. They we can reduce State spending by 10 percent without affecting their Federal grant. After that, as the savings grow, the Federal Government share will go dollar for dollar in that spending reduction, once it goes below 90 percent of the 1994 level. If it does not go below the 1994 level they can make the savings without the provision.

Without this provision, we, the Federal Government, will continue to send the same amount to States while they cut back their own expenditures.

However, I think that Vermont, like all other States, should continue in partnership with us for welfare spending. The States will be able to set levels of spending based on need. There is no financial cliff in this provision. No financial cliff as has been indicated by some. If you go one dollar below the 1994 levels you lose all your Federal funds. No, that is not the case. The reduction is gradual and proportionate to what the States set as need.

The States currently have some flexibility in setting their benefit levels. Under this bill, the flexibility will be enhanced and expanded. I believe that many of these State flexibility changes are positive, that State innovation should be encouraged and the Federal requirement should not be overly prescriptive.

The bill will allow States to experiment with benefit levels, benefits delivery and eligibility, and do all they want within the guidelines to be able to bring about savings.

Left to their own devices, States can probably show us here in Washington a thing or two about designing programs. I am sure they can. My own State of Vermont has been involved in a very interesting and successful demonstration project using a combination of sanctions and additional support services with its welfare population.

I also believe that States may well be able to save money as they innovate and become more efficient. As they save money and are able to reduce their State welfare spending by moving people off welfare into work, this amendment would allow the Federal Government to share in those State savings. This provision allows us to share in those provisions. I want to emphasize that.

Without it, States would no longer need to spend their State funds on welfare cash assistance, child care, education, and job training in order to receive Federal dollars. Regardless of State funding commitment, the Federal Government's funding stream will remain constant, frozen at the 1994 level.

Mr. President I want to remind my colleagues that it is those very numbers, the 1994 Federal funding levels, that were set in proportion to the amount spent by the States in 1994. To continue at those same Federal levels without a requirement that States also spend seems very dangerous to me.

Realistically, the entire responsibility for the welfare system would be shifted to the Federal Government. States would no longer have a financial incentive to use State dollars along with their Federal allocations. The incentives for making the system better would go away. If they wanted they could choose to narrow their welfare eligibility and reduce benefits and pay for it all with Federal dollars.

I guess this amendment is about several things. It is about savings for the Federal Government as well as the States after reform. It is about fairness. And it is about continuing shared responsibility for welfare. It is ironic that we talk of the devolution to the States, the importance of governance at the local level, we simultaneously make welfare a solely Federal responsibility.

I hope my colleagues will join me in supporting what I believe is one of the most critical amendments we will have here today. I yield the floor.

Mr. SANTORUM. Mr. President, I ask unanimous consent that prior to the vote on the Breaux amendment scheduled for 2:15 that each side be given 2 minutes to explain their bill.

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

Mr. SANTORUM. Mr. President, I yield briefly 2 minutes to the Senator from Missouri.

Mr. ASHCROFT. I thank the Senator from Pennsylvania. The suggestion has been made that somehow the incentives for savings persist in this bill. I think it is pretty clear that once you get below 90 percent for every dollar you save, when you would otherwise have gotten $2 for having saved that dollar you only get $1 because the dollar you would save in regard to the Federal Government then is shared back to the Federal Government.

The question is, how much incentive do we want to put in this bill to reform welfare? I believe we want to put a substantial incentive in this bill to reform welfare. We want it reformed significantly.

I do not think the people want us tinkering around the edge with the program, but they want us to give States broad latitude and broad incentives.

My understanding of the Breaux amendment is it would reduce that incentive substantially. To the extent that the incentive for reform is reduced by having the States benefit less financially when there has been reform, I think we will get less reform.

I think the question is, do we want a lot of reform? Do we want major reform? Do we want sweeping reform? Or do we want reform that is incremental, and if there are incentives to additional reform they are diminished substantially.

In my judgment, we want to provide the maximum level of incentives which is what I believe the Dole bill does, and is the appropriate way for us to move in this manner.

Mr. SANTORUM. Mr. President, I want to thank the Senator from Missouri and add to that the Senator from Vermont said that there would be a sharing of the savings on the Federal Government side with the 90 percent maintenance of effort, and I remind the Senator in the Dole modified amendment that if you fall below 75 percent, every dollar you fall below is shared dollar for dollar from the Federal Government.

In other words, if the State drops below 75 percent, every dollar they spend less, the Federal Government has to give $1 less. So there is the same identical provision already in the Dole modified bill as in the Breaux amendment.

There are several points I could make on the Breaux amendment and they go beyond the philosophy that we are discussing here as to whether we should be requiring States to maintain effort.

I think one of the most important things is the drop in caseload that we have experienced in the last year. If you look at the numbers from the Department of Health and Human Services, what they show is that since May 1994 we have seen a drop from 14 million recipients on AFDC, to May 1995 a little under 13.5 million—a drop of over 525,000 recipients in the program.

The principal reason for the reduction is not based on the economy or anything; it is because we have seen States like Michigan and Wisconsin and others institute these work programs and change the welfare laws to reduce caseloads. Michigan has reduced their caseload by 30 percent in the past couple of years. What we are seeing is States that are doing exactly what this bill will facilitate other States to do, are reducing their caseloads. By reducing their caseloads, they are obviously saving money and they are putting more people to work.

However, if we stick those States with a 90-percent maintenance of effort, what you say to Michigan is, "OK, Michigan," or someone like Michigan, who after this bill passes enacts a program similar to Michigan's, "You can

reduce your caseload by 30 percent but you cannot reduce your welfare expenditures by 30 percent; you still have to spend 90 percent of what you were spending now, based on 1994, not 1995," where, as I said, we have already seen a reduction. So you are basing it on last year's figure, which was a historically high figure, saying you have to maintain 90 percent of that even though you may drop your caseload under programs that are, today, as much as 30 or more percent reduced. So you are holding States, as the Senator from Missouri said, to spend money on people on welfare even though there may not be those people to spend it on. I think that is unwise.

As the Senator from Missouri said, it is an incentive not to reform. It is an incentive not to reform if you cannot save any money by reforming. One of the reasons you see welfare reform is, obviously, you want to get people to work and off welfare. But also you want to save taxpayers' dollars in the process. So this is a real disincentive.

If we were going to have a figure, 90 is much too high. It does not allow for innovation. It does not take into account innovations that we have seen in States today and the dramatic reductions in caseloads that we have seen in programs that I think are going to be more common after this legislation is passed. I think it is a step very damaging to reform. This is a back-door way of trying to keep the status quo in place, and I think it is a very dangerous addition to this bill.

I also would say, you have an interesting question about what is fair. You say maintain effort at 90 percent. That sounds fair to all States. Every State has to maintain their effort at 90 percent. That would be fair if every State had the same effort in the first place. But they do not. In fact, there are wide disparities as to what States' efforts are today.

For example, I pulled this out of the Wall Street Journal of August 21. It is from the House Ways and Means Committee. It says that if you have a State like Mississippi, that their average monthly AFDC payment per family is $120 per family. A State like Alaska's is $762 per family.

What we are saying in the Breaux amendment is, "Mississippi, you have to maintain 90 percent of $120; Alaska, you have to maintain 90 percent of $762." Is that fair? Is that fair to States like Alaska, which are now being given a block grant and, under the Dole formula, are not going to be growing as much? Why? Because the Hutchison growth formula targets low-benefit States. They will grow. Their maintenance of effort is 90 percent of the low number, but they will grow. States like California, which has a $568 per family contribution and Hawaii which has $653, Vermont, $548, those States with high-dollar contributions now will not participate in the growth fund. So you are locking them in at a high-participation rate and not giving them any more money.

I do not think that is a fair way to do it, and, in fact, it could even get worse because there are many people who are going to vote for the Breaux amendment who are also going to vote for the Graham amendment, the amendment of Senator GRAHAM from Florida, who will be offering his fair share amendment. That will completely eliminate all past relationship of how AFDC was distributed and make it purely on a per-person-in-poverty allocation. So the State match will be irrelevant under the Graham amendment.

So, what would happen, in fact, will happen if we adopt the Breaux amendment, and then, as again many who will vote for the Breaux amendment will vote for the Graham amendment, what will happen is there will be States like New York and Alaska and Hawaii and California that will be required to spend more money than the Federal Government will give them under the new formula. So their maintenance of effort will actually be higher than what they get on the Federal level. How is that fair?

We are saying you have to keep your contribution high and, oh, by the way, we are going to take ours and cut yours substantially from your current level. Those are kinds of games that you get into when you have a block grant and try to keep a maintenance-of-effort provision in a block grant proposal. It does not work.

Mr. BREAUX. Will the Senator yield?

Mr. SANTORUM. Sure, I will be happy to.

Mr. BREAUX. Back to the basic point I think the Senator is making, it is that somehow if the Breaux amendment passes States will not be able to reduce the amount of money they spend on welfare. That is absolutely and clearly incorrect. States are encouraged to spend less through reforms. We just say if they are spending less than 90 percent of what they spent the year before, the Federal Government will also reduce our contribution.

Does the Senator disagree that under the Republican proposal, you lock in the Federal contribution for 5 years? Even if the State has less people on welfare, saves money, the Federal Government is still required to spend 100 percent of what they spent in 1994?

Mr. SANTORUM. Yes. And the reason we lock in—reclaiming my time—the reason we lock in the number is because, as the Senator from Louisiana knows, if we did not block grant this program and did not reform this system and allowed what happened, for example, under the Daschle amendment, to occur, AFDC would continue to grow. In fact, the Federal commitment would be even greater in 5 to 7 years.

So the fact we lock it in now, many would say, because of inflation, is "a cut." We are in fact locking in. In fact, I think one of the biggest criticisms I have heard from the other side of the aisle is that what we are in fact locking in, that is not generous enough. We need to give more. In fact, we had an amendment there today to put in $7 billion more. We had an amendment from the Senator from Connecticut to put in $6 billion more for children. There is a barrage, and I assume it will continue, of amendments from your side of the aisle to say we should be spending more.

We are going to try to strike a balance. We do not want this program to continue to increase. We do not want to cut back the Federal share because we, too, believe in a partnership. But we will say, we will tell you, States, we will commit you to flat funding over the next 5 years. And what we want you to do is to be innovative. We will keep the dollars there to allow you to innovate and allow you to move forward. And the incentive, then, is for you to get more people off the program, to get more people into work, and, yes, save some State dollars.

We think those are powerful incentives, if we keep there the steady hand from the Federal level. So I think it is a fair compromise, in a sense, not to increase funding but to hold the level funding.

Mr. ASHCROFT. Will the Senator yield?

Mr. SANTORUM. I yield to the Senator from Missouri.

Mr. ASHCROFT. Mr. President, I think it is well known that States are paying disproportionate shares of the welfare benefits in their States. Some States pay 25 percent or 28 percent of the welfare benefit. Some States pay as much as 60 percent of the welfare benefit.

In the event that some States are paying 60 percent, if they save——

Mr. SANTORUM. The Senator from New York——

Mr. MOYNIHAN. Fifty.

Mr. ASHCROFT. Mr. President, 50 percent, pardon me. I stand corrected and thank the Senator from New York. Fifty.

Mr. MOYNIHAN. New York is 50.

Mr. ASHCROFT. New York is 50.

A State that pays 25 percent of its benefit is able, by paying that benefit, to attract 3 Federal dollars to the State. And, so, if they were to effect a savings and they only got to save the State's part and they had to give the Federal part back, by saving 25 cents for the State they could curtail the flow of $1 for the State; they would curtail the flow of 3 additional dollars to the State.

What I am trying to say is that a program which provides reductions, of course, savings—if it is just one for one—is a program which does not provide the same amount of incentives as if you get to keep the amount that is left in the block grant.

If it is a one-for-one savings, it is the same for all States. But we want to have States with an incentive to reform the program, and the larger the reward for reforming the program and reducing the roll, the larger the incentive. And it seems to me the incentive is larger under the Dole bill, which provides that you not only get to keep the State's share which you save, but you get to keep a dollar that reflects the State's share for every dollar you save in the Federal Government.

Mr. SANTORUM. Mr. President, I think the Senator from Missouri is right, that the Dole formula is fair. And it is also, I think, structured to create the incentive for States to reform their welfare system. Remember, if we are going to pass the Dole amendment, the States will then have the opportunity—I am confident that every State will take this opportunity because under this bill we block grant money to the States—they will have to at some point convene their legislature and with the Governor will have to develop their own welfare plan. I think it would be incumbent upon them, almost a requirement, that they do so because they would have block grant funds and would have to take some action to spend the dollars. So we would be forcing every legislature in the country to go forward and redesign their program.

What the Dole amendment does is say for the first 3 years you have to maintain 75 percent of effort. There is a lot of argument here about States racing to the bottom. You cannot race to the bottom, particularly if you are a high-dollar State, if you have to maintain 75 percent of your revenue. If we are going to make the State legislatures reform welfare, they are going to do it relatively quickly within the first year or two. So we will have the results.

To suggest that we need to stretch this to 5 years suggests that State legislatures are going to continually every year be reforming and cutting their welfare rolls. As we know, we do not do that. We do not do that here. The State legislatures do not reform welfare every year. They pass a welfare package, and, like this body, see how it works. It takes some time.

So I think a lot of this, whether we have 3 or 5 years, is really just a matter of making yourself feel comfortable in Washington. The real changes in welfare will occur in the first 1 or 2 years. I think that is the important thing to look at.

I want to talk a little bit more following up on the disparity among States. I think this is really an important and significant problem with this 90 percent basis of effort. One of the things that I had suggested—and we are not able to come to closure on this—is that it is not fair for New York and Pennsylvania. Pennsylvania spends per child, based on the State cash aid relating to this block grant, about $1,092 per child. That is ranked 17. Alaska is No. 1 with $3,182, and last is Mississippi with $107. So the disparity is just tremendous. To suggest that we are being fair hereby saying Mississippi has to maintain 90 percent of $107, and Alaska has to maintain 90 percent of $3,182, again does not reflect the reality of a block grant.

Eventually over time what this block grant is hoping to do, as the Senator from Texas, Senator HUTCHISON, suggested with her growth formula is to equalize the Federal contribution per child across this country. So a child in Alaska should not be paid more out of the Federal coffers than a child in Mississippi. I think that is sort of a nonsense thing. I think most of us, if we are going to go to this block grant, would like to see us achieve a program where the Federal payments per child would be the same. I do not see how we get there, in fact, I do not think we can get there, if we require States to maintain this high share of effort.

I am hopeful that we agree to this compromise that was in the Dole modified bill at 75 percent. It is a reasonable compromise. It puts the compromise in place for 3 years, which I think is the most crucial time when these State legislatures are enacting their programs, and it does not penalize a high-dollar State.

The compromise that I had even offered was to suggest that States like New York and Pennsylvania would not have to maintain 75 percent of their effort but they would only have to maintain 75 percent of what the average effort is among States. So, if you took all the States' contributions already and set an average, I think according to the gain per child average of State cash aid here, I would guess would be around—just looking at the numbers, the 25th State is Wyoming at $758. That is the median. I assume the average is somewhere close to that; to suggest that Alaska would have to maintain 75 percent of $758 instead of $3,182 and any State above the average would only have to maintain 75 percent of the average, I think is a fair burden to put on States given the fact that a lot of these States are going to be growing, or are big States and are not going to get any more money.

Any State below the national average, Maine being one, which is 26th, and Louisiana, which is 50th out of the 51 jurisdictions, Louisiana is at $155. I mean, I can understand why the Senator from Louisiana wants a 90 percent maintenance of effort for Louisiana. It is $155 per child in 1994. But I am in Pennsylvania. I have $1,092. You are saying that the State government of Pennsylvania has to maintain $900-plus in Pennsylvania but $130 in Louisiana. How is that fair when we are block granting the funds? We are not over the next 5 years giving Pennsylvania one additional dollar, and I might add Louisiana gets a big chunk of the growth fund because they are a low-dollar State. This is having your cake and eating it, too.

I think that is just too penalizing of larger States that have made substantial contributions to welfare. You are going to stick them with a program that maybe passes the administration. We have a new Governor in Pennsylvania, and the Governor, I know, is very aggressively pursuing a reform of the welfare system. And what we are going to do with Pennsylvania is lock them into high contributions of 1994 forever, that they have to continue if they want to continue to receive their Federal dollars. Remember, you say, "Well, if you reduce the amount of people on welfare, you lose dollar per dollar." Pennsylvania is not going to have any increase in Federal dollars. If Louisiana goes below 75 percent, they are still going to get an increase in Federal dollars because of the growth formula.

Mr. BREAUX. Will the Senator yield?

Mr. SANTORUM. I think it creates a lot of inequity in the system.

I am happy to yield.

Mr. BREAUX. The decision of what the States do is their decision taking into account the cost of living in the respective States. The cost of living in Louisiana is substantially less than in your State or New York. That is a State decision. But with the Senator's own amendment—the alternative does not in fact lock in the Federal Government at 100 percent. If it is inappropriate to lock in the States, why is it appropriate to lock in the Federal Government at 100 percent no matter how much the State reduces their caseload? Under your approach, the Federal Government continues to have to give 100 percent of what they are giving in 1994. If we are going to have savings, why should not the Federal Government share in the savings, which, according to the Congressional Budget Office, saves the Federal Government $545 billion?

Mr. SANTORUM. Because we would like to see some innovation occur at the State level. We believe if you lock in the Federal contribution and give the States the opportunity to actually save dollars, that is the key. When you say, "Well, the States can go ahead and reduce their dollars," but when they reduce their dollars, they lose Federal dollars. So in a sense they are a wash because, sure, they have spent $1 less of their money but they get $1 less. So they are pretty much held harmless.

I think that is not a great incentive to save money if in fact for every dollar you save you lose a dollar.

Mr. BREAUX. Why is it inappropriate? If the States can save a dollar, why should not the Federal Government save a dollar?

Mr. SANTORUM. The point that I am trying to make is that, in effect, when

you consider the net amount of money spent by the State, it is not really saving any money because what they are doing is, when they reduce their dollar, they lose a Federal dollar. So they are at zero. So there is no incentive financially for them to go below the 90 percent.

That is why I am saying this is sort of a bad way of supporting high expenditures of welfare dollars. What we are trying to do is say, if you want to innovate, we want you to innovate. We are willing to put up money so we will encourage you to innovate. We will encourage you to do what Michigan has done—as the Senator from New York is fond of saying—under the current law, under the 1988 Family Support Act, to reduce your caseload, get people to work. And by coming up with these innovative solutions and getting people back into the work force, you will in fact benefit financially. Under the Breaux amendment, they will not benefit financially because for every dollar where they go below 90 percent, they will lose a Federal dollar. So they are at a zero position as far as benefits. I think that is a real impediment to the kind of innovation that we want to see on the State level.

Mr. President, I reserve the remainder of my time.

Ms. MIKULSKI. Mr. President, I rise today to speak in support of the amendment offered by the Senator from Louisiana.

This amendment is straight forward. It says to States, all States, if the Federal Government turns over a block of money to do as you please in welfare reform, we ask that you commit your own resources as well. That is a fair deal.

Welfare reform is a partnership. It isn't just a State problem and it isn't just a national problem. It's everybody's problem. Unfortunately not every State has viewed it that way over these past decades. Some States simply don't want to make a commitment. If this legislation passes without a requirement that the States maintain their commitment, I have no doubt some Governors and State governments will quickly cut their funding to real welfare reform at the very same time they are accepting Federal dollars.

Mr. President, what of those States that are sincere about welfare reform? What happens when the next recession hits? Will political pressures force them to fund other programs from current State welfare funding? There will be more people who will need assistance but at the same time many school budgets will be squeezed by that recession and they will be asking for some of these welfare dollars. In the next recession what if the crime rates increase? If the prison system needs more dollars where will these Governors get the money? And what about a race to the bottom? If one State cuts its spending on welfare will the neighboring State be forced to do the same? One State may decide it can attract new jobs and companies from another State by offering a business tax cut funded from State welfare dollars.

In my State of Maryland we have not received an overly generous Federal match when it comes to welfare funding. We are willing to do our part. What we do not want is to be forced into a race with another State that is more concerned about cutting benefits as a substitute for real welfare reform.

If we are serious about welfare reform then it is time we demand that the State governments as well as the Federal Government make a commitment. That commitment demands more than just different ideas, it demands both Federal and State resources and dollars.

Mr. BREAUX addressed the Chair.

The PRESIDING OFFICER. The Senator from Louisiana is recognized.

Mr. BREAUX. Mr. President, I yield to the distinguished ranking member of our Finance Committee, the Senator from New York, 8 minutes.

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

Mr. MOYNIHAN. I thank the Chair. I thank my friend from Pennsylvania for his very open and candid remarks.

I would like to approach this subject from a slightly different angle, which is to make the case that Federal initiatives have begun to show real results in moving persons from welfare to work. It took a little while for the 1988 legislation to take hold, but it did. What we put at risk at this point is giving up all that social learning, about 20 years really, that built up to the 1988 legislation and has followed on since.

The Senator from Louisiana mentioned it when in the Chamber he gave a clip from a Louisiana paper, in Baton Rouge, "Project Independence Trims Welfare Rolls Across State."

Just a few days ago, last week, we heard Senator HARKIN of Iowa describe the legislation that had been adopted for new pilot projects on welfare around Iowa, passed by Governor Branstad, now having 2 years of experience. "The number of people who work doubled, went up by almost 100 percent and the expenditures per case are also down by about 10 percent." And I point out once again that is the Family Support Act.

Now, in this morning's Washington Post, we have a very able essay by Judith Gueron, who is the head of the Manpower Development Research Corp., "A Way Out of the Welfare Bind." As I have said several times, research at MDRC was the basis of our 1988 legislation. Data we had. She makes a simple point that "Public opinion polls have identified three clear objectives for welfare reform: Putting recipients to work, protecting children from severe poverty, and controlling costs." And she makes the point that this triad involves conflicting goals at first glance. She then goes on to say that we seem to be learning how to resolve those conflicts.

I will read one statement, if I may.

> A recent study looked at three such programs in Atlanta, Grand Rapids, Mich., and Riverside, Calif. It found that the programs reduced the number of people on welfare by 16 percent, decreased welfare spending by 22 percent, and increased participants' earnings by 26 percent. Other data on the Riverside program showed that, over time, it saved almost $3 for every $1 it cost to run the program. This means that ultimately it would have cost the Government more—far more—had it not run the program.

Now, Mr. President, it is not at this point any longer politically correct to say that those programs began under the Family Support Act. They are programs under the job opportunities, basic services. I regret that you cannot say this. The Department of Health and Human Services would deny it. Silence is the response to the first success we have ever had with this incredibly defying, mystifying, sudden social problem. If we give up the maintenance of effort, we will give up the resources that made these programs possible.

Senator GRASSLEY has been talking about the wonders in Iowa, Senator HARKIN about the wonders in Iowa, Senator BREAUX about fine programs such as Project Independence in Louisiana. Atlanta, Grand Rapids, Riverside—real results. They are results from a secret program called the Family Support Act, the job opportunities, basic services.

I hope we do not do it, Mr. President. I hope we support the Senator from Louisiana. This is not a moment of which anybody can be particularly proud.

Let me be clear. If we put through time limits, we strip the Federal Government of responsibility, you will cut caseloads 10, 15 percent. There is always on the margin people who really do not—if the alternative was sufficiently unpleasant, they would leave. But you will not change the basic phenomenon of nonmarital births, out-of-wedlock births such that in the city of New Orleans, 47 percent of the children are on welfare at one point or another in the year. That is small compared to the city of Washington, but it is not small compared to the concern of the Senator from Louisiana. He cares about those children. They are his children. They are our children, too. And if we abandon the Federal maintenance, the Federal level of effort, we abandon those children.

Mr. President, I ask unanimous consent that the article in the Washington Post about the secret Government program that has done such wonders in Riverside and Grand Rapids and Atlanta be printed in the RECORD.

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

[From the Washington Post, Sept. 12, 1995]

A WAY OUT OF THE WELFARE BIND

(By Judith M. Gueron)

Much of this year's debate over welfare reform in Washington has focused on two broad issues: which level of government—state or federal—should be responsible for designing welfare programs, and how much money the federal government should be spending.

The debate has strayed from the more critical issue of how to create a welfare system that does what the public wants it to do. Numerous public opinion polls have identified three clear objectives for welfare reform: putting recipients to work, protecting their children from severe poverty and controlling costs.

Unfortunately, these goals are often in conflict—progress toward one or two often pulls us further from the others. And when the dust settles in Washington, real-life welfare administrators and staff in states, counties and cities will still face the fundamental question of how to balance this triad of conflicting public expectations.

Because welfare is such an emotional issue, it is a magnet for easy answers and inflated promises. But the reality is not so simple. Some say we should end welfare. That might indeed force many recipients to find jobs, but it could also cause increased suffering for children, who account for two-thirds of welfare recipients. Some parents on welfare face real obstacles to employment or can find only unstable or part-time jobs.

Others say we should put welfare recipients to work in community service jobs—workfare. This is a popular approach that seems to offer a way to reduce dependency and protect children. But, when done on a large scale, especially with single parents, this would likely cost substantially more than sending out welfare checks every month. To date, we haven't been willing to make the investment.

During the past two decades, reform efforts, shaped by the triad of public goals, have gradually defined a bargain between government and welfare recipients: The government provides income support and a range of services to help recipients prepare for and find jobs. Recipients must participate in these activities or have their checks reduced.

We now know conclusively that, when it is done right, the welfare-to-work approach offers a way out of the bind. Careful evaluations have shown that tough, adequately funded welfare-to-work programs can be four-fold winners: They can get parents off welfare and into jobs, support children (and, in some cases, make them better off), save money for taxpayers and make welfare more consistent with public values.

A recent study looked at three such programs, in Atlanta, Grand Rapids, Mich., and Riverside, Calif. It found that the programs reduced the number of people on welfare by 16 percent, decreased welfare spending by 22 percent and increased participants' earnings by 26 percent. Other data on the Riverside program showed that, over time, it saved almost $3 for every $1 it cost to run the program. This means that ultimately it would have cost the government more—far more—had it not run the program.

In order to achieve results of this magnitude, it is necessary to dramatically change the tone and message of welfare. When you walk in the door of a high-performance, employment-focused program, it is clear that you are there for one purpose—to get a job. Staff continually announce job openings and convey an upbeat message about the value of work and people's potential to succeed. You—and everyone else subject to the mandate—are required to search for a job, and if you don't find one, to participate in short-term education, training or community work experience.

You cannot just mark time; if you do not make progress in the education program, for example, the staff will insist that you look for a job. Attendance is tightly monitored, and recipients who miss activities without a good reason face swift penalties.

If welfare looked like this everywhere, we probably wouldn't be debating this issue again today.

Are these programs a panacea? No. We could do better. Although the Atlanta, Grand Rapids, and Riverside programs are not the only strong ones, most welfare offices around the country do not look like the one I just described.

In the past, the "bargain"—the mutual obligation of welfare recipients and government—has received broad support, but reformers have succumbed to the temptation to promise more than they have been willing to pay for. Broader change will require a substantial up-front investment of funds and serious, sustained efforts to change local welfare offices. This may seem mundane, but changing a law is only the first step toward changing reality.

It's possible that more radical approaches—such as time limits—will do an even better job. They should be tested. But given the public expectations, we cannot afford to base national policies on hope rather than knowledge. The risk of unintended consequences is too great.

States, in any case, are concluding that time limits do not alleviate the need for effective welfare-to-work programs. In a current study of states that are testing time-limit programs, we have found that state and local administrators are seeking to expand and strengthen activities meant to help recipients prepare for and find jobs before reaching the time limit. Otherwise, too many will "hit the cliff" and either require public jobs, which will cost more than welfare, or face a dramatic loss of income with unknown effects on families and children and, ultimately, public budgets.

Welfare-to-work programs are uniquely suited to meeting the public's demand for policies that promote work, protect children and control costs. But despite the demonstrated effectiveness of this approach, the proposals currently under debate in Washington may make it more difficult for states to build an employment-focused welfare system. Everyone claims to favor "work," but this is only talk unless there's an adequate initial investment and clear incentives for states to transform welfare while continuing to support children.

Many of the current proposals promise easy answers where none exist. In the past, welfare reform has generated much heat but little light. We are now starting to see some light. We should move toward it.

Mr. MOYNIHAN. Thanking the Chair and thanking my friend from Louisiana, I yield the floor.

Mr. BREAUX. Mr. President, I yield 5 minutes to the Senator from West Virginia.

Mr. MOYNIHAN. Mr. President, will the Senator yield for 10 seconds——

Mr. BREAUX. Absolutely.

Mr. MOYNIHAN. While I put on a button from Riverside, CA. It says, "Life Works If You Work." That is the spirit of these programs, and they are working. But we cannot talk about them, evidently.

I thank the Senator. I thank the Senator from West Virginia.

Mr. BREAUX. I yield to the Senator from West Virginia.

The PRESIDING OFFICER. The Senator from West Virginia is recognized for 5 minutes.

Mr. ROCKEFELLER. I thank the Chair.

I wish we could solve all of our problems with a button; it would make it a lot better.

What interests me about this amendment, Mr. President, in a sense, it may be the most important amendment we are making to this bill and yet it has such an awkward title, maintenance of effort, that vast numbers of folks who might be listening or watching do not know what we are talking about.

The Breaux amendment has to pass if welfare reform is going to work. It absolutely has to pass. A welfare reform bill with this name should free up States to do all kinds of things with new flexibility, without micromanagement from the Government. But welfare reform should not encourage States, or in fact even egg them on, to back out of their commitment to poor children. If you look around now at State legislatures, what is it they are discussing? Their woes with Medicaid and the temptation—believe me, if they are not required to participate in welfare reform, a number of them will not. They simply will not.

To me, the Breaux amendment is the answer. It very clearly says to the States, you keep your end of the bargain, and we at the Federal level are going to keep our end of the bargain, just as we have always done on both sides.

Again, speaking as a former Governor, I sincerely doubt that Governors who like the welfare reform bill before us just exactly the way it is without the Breaux amendment, for example, would ever propose that kind of a relationship in some of their dealings with local communities or counties in terms of matching grants.

In fact, that is part of what money is for, is to leverage more out of other people. You say, "Here is a certain amount. You put up some more, and together we can do this. But if you do not participate, we cannot." And it is human nature in State and local government, just as it is at any level.

The majority leader made some modifications to the Republican welfare package just before the recess. And one of them involves the claim that he added a maintenance-of-effort provision. It is not, in fact, that. It is very weak. And we can and must pass

the Breaux amendment, in this Senator's judgment, and not accept the majority leader's modification.

In the first place, the majority leader's modification only lasts for 3 years. We are talking about a lot longer period than that before we come back to this subject in a major way. And it asks States to put 75 percent of a portion of their AFDC spending back in 1994 back into their future welfare reform system.

In fact, the Dole provision adds up to only asking all States to invest a grand total of $10 billion a year just for the first 3 years, with no basic matching requirement whatsoever for the last 2 years on this bill. So it is a fraud.

This leaves a gaping hole in the State's share, if compared to the current arrangement across the country. So $30 billion could and possibly will disappear from this country's safety net for families and children.

What is worse to me, almost more cynical, is the clever attempt in how a State's share is calculated under the Dole modification. The Dole bill would allow States to count, so to speak, State spending on a whole variety of programs simply mentioned in this bill but not pertinent.

For example, States would be able to get credit, essentially, for their spending on food stamps, SSI, other programs that help low-income people towards meeting their requirement. That means that money for programs not specifically directed to financing basic welfare for children could easily count towards the so-called maintenance of effort. Again, this is a flatout invitation for States to back out of keeping their basic historical responsibility to children.

And remember, two out of every three people that we are talking about in this country on welfare are children.

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

Mr. ROCKEFELLER. I hope urgently that colleagues on this side of the aisle, and as many colleagues as possible on the other side of the aisle, will support the very important Breaux amendment.

I thank the Chair.

The PRESIDING OFFICER. Who yields time?

Mr. GRASSLEY addressed the Chair.

The PRESIDING OFFICER. The Senator from Iowa is recognized.

Who yields time to the Senator from Iowa?

Mr. SANTORUM. I would be happy to yield 5 minutes to the Senator from Iowa.

Mr. GRASSLEY. Mr. President, because I do not want to speak on the amendment, I ask unanimous consent to use my 5 minutes to speak as in morning business.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

REINVENTING AMERICORPS

Mr. GRASSLEY. Mr. President, I had an opportunity to read in the New York Times this morning that the President has been making speeches around the country and particularly in response to action yesterday by one of our subcommittees of appropriations, because yesterday the National Service Corps was zeroed out by the subcommittee. And the statement that I do not like is referenced to the fact that we are just playing politics when a program like this is zeroed out. I hope I can stand before this body as a person who has criticized the National Service Corps or AmeriCorps with credibility and say that I can be watchful of how the taxpayers' dollars are spent without being accused of playing politics. Most of my colleagues would remember that during the Reagan and Bush years when we controlled the White House and even controlled this body during part of that period of time I was not afraid to find fault with my own Presidents—Republican Presidents—when this was a waste of taxpayers' dollars when it comes to expenditures for defense.

I think I have a consistent record of pointing out boondoggles, whether it be in defense or anything else. And I have raised the same concerns about AmeriCorps based upon the General Accounting Office saying that each position costs $26,650 and that that is about twice what the administration said that these would cost. And the poor AmeriCorps worker getting $13,000 out of that $26,000 for their remuneration so that much of the money is going to administrative overhead and bureaucratic waste. And I do not see, when we are trying to balance a budget, that we can justify a program that is going to have about 50 percent of its costs not going to the people that are supposed to benefit from that program. And so I have pointed out to the President the General Accounting Office statement. I wrote a letter to the President on August 29 of this year, more or less saying reinvent the program or it is going to be eliminated.

I have not heard a response from my letter to the President yet. I hope he will respond. But I have suggested that he needs to keep the costs of the program within what he said it would cost a couple years ago when it was invented, and that most of the benefits of it should go to the people that are doing the work, not to administrative overhead.

And I suggested reinventing it by doing these things. And I will just read from the letter six headlines of longer paragraphs that I have explaining exactly what I mean.

No. 1, limit the enormous overhead in the AmeriCorps program.

No. 2, ensure that the private sector contributes at least 50 percent to the cost of AmeriCorps. This was an important point that the President was making when the program started, that at least $1 or 50 percent of the total cost would come from the private sector; $1 of taxpayers' money leverages a dollar of private sector investment. I doubt if we would find fault with the program if it were to do that. Then I also suggested limiting rising program costs by not awarding AmeriCorps grants to Federal agencies. They say that they get match on this—if EPA has a program with an AmeriCorps worker, that whatever the EPA puts in is part of the match. Well, that is the taxpayers' match; that is not a private sector match.

I said funds must be targeted to assist young people in paying for college because some of the money is going to volunteers who will either drop out or not use the money to go to college.

Then I said to increase the bang for education bucks by making sure that the money is used for those who are going to go to higher education.

Finally, I suggested that if the President wants to reinvent the program, to tell us where in the VA budget, VA-HUD appropriations bill the money ought to come from because there is a lot of other money used. As Senator BOND said yesterday, the money was taken from AmeriCorps and put in the community development block grant program.

I am suggesting to the President that he needs to take into consideration—could I have 1 more minute, please?

Mr. SANTORUM. One additional minute.

Mr. GRASSLEY. I suggested to the President that he, according to this chart, consider the fact that he has 20,000 volunteers of AmeriCorps; and we have got 3.9 million Americans who volunteer. These are young people, volunteers who do not worry about getting paid anything for volunteerism.

A second thing that the President should consider is that for one AmeriCorps worker we can finance 18 low-income people to go to college with a PELL grant. Those are some alternatives that the President ought to think about as he has a news conference today to expose what he says is playing politics with his program.

When I make a suggestion to the President that he reinvent the program according to his own definition of how that program should be financed and operated, I mean reinvent it. Just do what the President of the United States said the program was going to cost and who it was going to benefit or it will be lost. I speak as a person who wants no playing of politics, but as a person who wants to make sure that the taxpayers' dollars are used well, whether it is in AmeriCorps or whether it is in a defense program.

Mr. NICKLES addressed the Chair.

The PRESIDING OFFICER (Mr. ASHCROFT). Who yields time to the Senator from Oklahoma?

Mr. SANTORUM. I yield 7 minutes to the Senator from Oklahoma.

Mr. NICKLES. Mr. President, first I would like to compliment my colleague and friend from Iowa for his work on AmeriCorps. I hope that the American people realize, according to the General Accounting Office, that the cost per beneficiary is $27,000. The Senator from Iowa has been very diligent in trying to awaken America to this enormously expensive program. It is a new program. I understand it is one of President Clinton's favorite programs, but it is enormously expensive—enormously expensive.

So I compliment my colleague from Iowa for bringing it to the attention of this country, and, hopefully, we can stop wasting taxpayers' money and maybe do a better job either through the student loan program or PELL grants and help lots of people go to school and obtain a college education instead of a few select receiving benefits in the $20,000-to-$30,000 category.

FAMILY SELF-SUFFICIENCY ACT

The Senate continued with the consideration of the bill.

AMENDMENT NO. 2488

Mr. NICKLES. Mr. President, I rise in opposition to the amendment of my friend and colleague from Louisiana, Senator BREAUX. I think if we adopt the so-called Breaux amendment, we are preserving welfare as we know it. President Clinton said we want to end welfare as we know it, and I happen to agree with that line. But if we maintain or if we adopt this maintenance of effort, as Senator BREAUX has proposed—he has two amendments, one at 100 percent and one at 90 percent—if we adopt either of those amendments, we are basically telling the States: "We don't care if you make significant welfare reductions, you have to keep spending the money anyway."

So, there is no incentive to have any reduction of welfare rolls; certainly, if you had the 100-percent maintenance of efforts. "States, no matter what you do, if you have significant reductions, you spend the money anyway." That is kind of like "in your face, big Government, we know best; Washington, DC is going to micromanage these programs anyway. Oh, yeah, we'll give money to a block grant, but if you have real success, you have to spend the money."

I think that is so counter to what we are trying to do that I just hope that our colleagues will not concur with this amendment. This is a very important amendment.

I just look at the State of Wisconsin. Currently, they are saving $16 million a month in State and Federal spending. Between January 1987 and December 1994, they experienced a 25-percent reduction in their AFDC caseload. My compliments to them. I wish more States would do more innovative things to reduce their welfare caseload.

This amendment of my colleague, Senator BREAUX, says, "States, even if you do that, if you have phenomenal success, you still have to spend the money. You have to spend as much money as you did," and the year that they picked, using the year of 1994, it was an all-time high for AFDC caseload.

Between May 1994 and May 1995, nationally there was a reduction of 520,000 recipients on AFDC. So, he happens to pick the highest caseload year as the base and then says, "States, you have to maintain a level at either 90 percent or 100 percent of that level. You have to spend the money. You can't enjoy the benefits and allow your constituents to maybe have more money for education, roads or highways, even if you reduce your welfare caseload." In other words, let us make sure we keep rolling out the State money.

I think that is a serious mistake. We will be voting on this, I believe, shortly after the policy luncheons. I urge my colleagues to vote no on the Breaux amendment.

I suggest the absence of a quorum.

The PRESIDING OFFICER. Who yields time?

Mr. SANTORUM. Mr. President, I ask unanimous consent that the time be equally charged to both sides.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

Mr. BREAUX. I ask the Chair how much time is remaining for both sides.

The PRESIDING OFFICER. The Senator from Louisiana has 15 minutes; the Senator from Pennsylvania has 9 minutes.

Mr. BREAUX. Mr. President, I yield myself 3 minutes.

Mr. President, I take this time just to try and conclude what we are trying to do with my amendment.

We, in a bipartisan spirit, in joining with our Republican colleagues, offered an amendment that simply says States should be partners in welfare reform with the Federal Government; that the States should be required to help participate and help fund welfare reform; that it is not right, as the other body has done in their bill, to say the States have to put up nothing; that it becomes a 100-percent Federal burden and the Federal Government has to pay for the entire cost of welfare. That is what the bill that passed the other body says. It says there is no maintenance of effort on behalf of the States at all, and that is wrong.

I think that we, in this body, clearly feel that the States should have to participate financially in helping to solve these problems. It is like we said before, if you spend somebody else's money, you can be very careless in how you spend it. Therefore, if the States are required to participate and put up some of their money, I think we will all do a better job in crafting programs that, in fact, are truly welfare reform.

Our legislation says that the States should participate by putting up 90 percent of the money that they put up in 1994. The Federal Government will continue to put up 100 percent. If the States are able to reduce their caseload by welfare reform, we are very pleased with that. That is the goal. The Federal Government should participate in those savings as well as the States participate in those savings.

The Republican bill, on the other hand, says we are going to continue 100 percent Federal funding for 5 years, no matter how much the State government is going to be able to reduce the people on welfare, and that is wrong. If there are savings to be made by fewer people on welfare, then the Federal Government should benefit from those savings, as should the State benefit from those savings.

That is what the bill says. That is why my amendment is scored by the Congressional Budget Office to save $545 million in this program over the next 7 years. That is real savings. If you vote against the BREAUX amendment, you are saying, "I'm not interested in saving $545 million to the Federal Treasury. I do not care. It is not important."

Well, I think it is important. That is why we have tried to craft an amendment that is balanced, that, in effect, saves Federal dollars as well as it saves State dollars.

It is simply not correct to say under my amendment the States would not be able to spend less on welfare. Of course they can. We want them to spend less, but when they spend less, we want to be able to spend less as well. That is a true partnership that has been in existence for 60 years.

It is incredibly wrong, in my opinion, to say for the first time we are going to put all the burden on the Federal Government to pay for the cost of welfare reform. It has to be a partnership if it is going to work.

My amendment maintains that partnership and, at the same time, provides for real economic savings, savings to the Federal taxpayer to the tune of $545 million over 7 years. There is no doubt about that. It has been scored by CBO. We think it makes sense.

With that, I yield back the remainder of the time on the 3 minutes.

The PRESIDING OFFICER. Who yields time? The Senator from Pennsylvania.

Mr. SANTORUM. Mr. President, the Senator from Louisiana keeps bringing up the point about the Federal Government contributing 100 percent, not having the benefit of any savings. I just

suggest to you that if what we want to accomplish here is savings in the welfare system, the 90-percent maintenance effort will do more to reduce those savings than anything we have seen produced.

The fact of the matter is, yes, his amendment may be scored as a reduction in Federal outlays. But I suggest, Mr. President, if you went back to the Congressional Budget Office and said, "What would be the increase in State spending as a result of this amendment," you would see that it would be more than offset in the reductions in Federal spending.

What does that mean? That means from the average taxpayer who does not care whether the money is being spent on the Federal level or State level, they are going to pay more for welfare.

That is the bottom line here. It is not how much the Federal Government saves, or how much the State government saves, or how much we spend and they spend, but how much the taxpayers spend on the program.

I think what your amendment will do is net result in higher welfare expenditures. Sure, they will have to pay more State taxes or more money to the State than the Federal if we equal them out dollar for dollar in taxes.

The fact of the matter is your amendment will cause States to spend even more money than what we save on the Federal side. I think that is clear. I think that is your concern.

Do not try to approach this amendment that we are somehow being nice to taxpayers. Taxpayers pay State taxes and Federal taxes. When you tell them they have to pay more on the States, more than we save on Federal, this is not a friendly taxpayers amendment. This will cost more money to the average taxpayers in America, not less.

Just because we save a few dollars, they will be more than made up by required increased expenditures on programs that are being dramatically reduced.

I have a table that shows from just 1993 to 1994, and I say to the Senator from Louisiana that we have even seen more reductions in welfare caseload from 1994 to this year because of other programs being put into effect.

I ask unanimous consent to have printed in the RECORD this table showing the change in the average number of AFDC recipients from 1993 to 1994.

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

TABLE 1. CHANGE IN AVERAGE NUMBER OF AFDC RECIPIENTS: 1993–94

State	Number of people	Percentage change	Increase or decrease
Alabama	−7,685	−5.50	decrease.
Alaska	1,610	4.42	increase.
Arizona	4,270	2.17	increase.
Arkansas	−3,381	−4.65	decrease.

TABLE 1. CHANGE IN AVERAGE NUMBER OF AFDC RECIPIENTS: 1993–94—Continued

State	Number of people	Percentage change	Increase or decrease
California	176,725	7.18	increase.
Colorado	−4,258	−3.45	decrease.
Connecticut	4,422	2.74	increase.
Delaware	−184	−0.66	decrease.
District of Columbia	7,247	10.86	increase.
Florida	−25,116	−3.62	decrease.
Georgia	−4,830	−1.21	decrease.
Guam	1,754	32.24	increase.
Hawaii	6,140	10.99	increase.
Idaho	1,875	8.80	increase.
Illinois	23,431	3.40	increase.
Indiana	5,217	2.47	increase.
Iowa	9,189	9.09	increase.
Kansas	−1,386	−1.57	decrease.
Kentucky	−16,800	−7.47	decrease.
Louisiana	−14,540	−5.53	decrease.
Maine	−3,114	−4.62	decrease.
Maryland	603	0.27	increase.
Massachusetts	−18,349	−5.64	decrease.
Michigan	−22,342	−3.25	decrease.
Minnesota	−4,479	−2.34	decrease.
Mississippi	−13,002	−7.57	decrease.
Missouri	1,989	0.76	increase.
Montana	256	0.74	increase.
Nebraska	−2,970	−6.16	decrease.
Nevada	2,487	7.06	increase.
New Hampshire	862	2.92	increase.
New Jersey	−13,974	−4.00	decrease.
New Mexico	6,856	7.19	increase.
New York	58,150	4.86	increase.
North Carolina	−2,167	−0.65	decrease.
North Dakota	−2,060	−11.12	decrease.
Ohio	−34,182	−4.76	decrease.
Oklahoma	−6,851	−4.96	decrease.
Oregon	−3,654	−3.10	decrease.
Pennsylvania	11,772	1.94	increase.
Puerto Rico	−7,539	−3.97	decrease.
Rhode Island	1,116	1.81	increase.
South Carolina	−6,932	−4.73	decrease.
South Dakota	−999	−4.97	decrease.
Tennessee	−11,186	−3.60	decrease.
Texas	5,882	0.75	increase.
Utah	−2,731	−5.19	decrease.
Vermont	−732	−2.56	decrease.
Virgin Islands	12	0.32	increase.
Virginia	277	0.14	increase.
Washington	3,458	1.20	increase.
West Virginia	−4,681	−3.93	decrease.
Wisconsin	−10,713	−4.52	decrease.
Wyoming	−1,884	−10.33	decrease.

Mr. SANTORUM. Mr. President, what it will show is that we have seen State after State—Alabama, Arkansas, Colorado, Delaware, Florida, Georgia, Kansas, Kentucky, Louisiana, Michigan—many States who have already reduced their caseload or are in the process through welfare of reducing it more, and the amendment of the Senator from Louisiana will make them spend as much money, although they have less on the caseload.

That just is not right. That penalizes States for doing exactly what they want them to do. I think it is a well-intentioned amendment. I understand the concern for the race to the bottom.

But the Dole, as modified, bill provides adequate safeguards to make sure that States are not going to eliminate their welfare expenditures. I think it does so in the context of encouraging welfare reform on the State level.

I reserve the remainder of my time. I suggest the absence of a quorum. I ask unanimous consent that the time be divided equally.

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

The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

Mr. BREAUX. I yield myself 3 minutes.

We have had a lot of discussion as to the amendment that I propose which requires the State to participate and how it affects the States.

I mentioned a number of Governors who have spent a great deal of time on this effort, including the former chairman of the National Governors' Association, Governor Howard Dean of Vermont. I quote him:

> I support the concept of State maintenance of effort as envisioned by Senator BREAUX and other Senators. States should provide adequate levels of support for welfare programs to prevent a "race to the bottom."

The Governor of Colorado, Gov. Roy Romer:

> The Federal-State partnership is an essential component in a strategy designed to provide families with temporary assistance to help them achieve or regain their economic self-sufficiency. We are particularly concerned that if States reduce their commitment to these programs, then responsible States will become magnets for displaced welfare clients.

These Governors are recognizing that, yes, States ought to have to be required to participate in solving welfare problems, that we should not engage in a race to the bottom as could happen if we have no requirement that the States actively participate.

Equally as important, Mr. President, is the comment by the chairman of the U.S. Catholic Conference, the domestic policy chair, the Most Reverend John Ricard, auxiliary bishop of Baltimore who said:

> We urge you to pass genuine reform which strengthens families, encourages work, promotes responsibility, and protects vulnerable children, born and unborn, insisting that States maintain their current financial commitment in this area.

Catholic Charities President, Fred Kammer, said:

> In exchange for Federal dollars and broad flexibility, States should be expected to maintain at least their current level of support for poor children and their families.

Mr. President, I think it is very clear the distinguished Governors and other distinguished social experts in their field have recognized the importance of requiring States to continue to participate.

That is, in fact, what the Breaux amendment does. We do it and at the same time save the Federal Government $545 million over the next 7 years as estimated by the Congressional Budget Office. That partnership is absolutely essential. To say the States would not have a requirement to be able to be participants in this process I think is the wrong message.

I say under our amendment, States clearly would reduce the amount of money they spend, and after it is reduced by more than 10 percent, the Federal Government will be able to reduce our contribution so that there

should be joint savings by people who pay Federal taxes, as well as by people who pay State taxes.

It is wrong to maintain 100 percent Federal requirement as the Republican position does even if there are reductions in the amount of people on welfare and any particular State.

Both sides should say the States have the flexibility to cut up to 10 percent under my amendment and still get 100 percent Federal funding. If they cut further than that, if they decide to spend more money on roads and bridges, well, then, the Federal Government ought to have the right to spend less, as well. If they do so because they reduce the number of people on welfare, we should benefit from those savings, as well.

That is what a true partnership is all about. That is what the Breaux amendment tries to accomplish. And I think it is important to know there is a bipartisan effort here. This is not a party difference, it is a question of how we achieve a mutual goal of true welfare reform.

I reserve the remainder of my time.

Mr. COHEN. Will the Senator yield?

Mr. BREAUX. Mr. President, I yield to the Senator from Maine. Does he wish to speak in support? What time does he require?

Mr. COHEN. Not more than 5 minutes.

Mr. BREAUX. I am happy to yield 5 minutes to the Senator.

The PRESIDING OFFICER. The Senator from Maine.

Mr. COHEN. Mr. President, I rise today in support of the Breaux maintenance of effort provision. While I want to let States step up to the plate and implement innovative welfare to work programs with the assistance of Federal Government—not interference—I believe a Federal-State partnership is a key part of successful welfare reform. Therefore, Congress must make a strong statement on the need for State investment in welfare.

We need to encourage States to provide their own funds as a condition of receiving the Federal block grant. Under current law, States have an incentive to spend their own money on AFDC and related programs. That incentive is the Federal match. Fourteen States receive one Federal dollar for each State dollar they invest. The rest of the States receive more than a dollar-for-dollar match.

Under Senator DOLE's maintenance provision, States can satisfy the requirement by spending money on any program which is modified or altered in any way by the Dole bill. This would mean State spending on food stamps, State foster care, Head Start, or even SSI State supplemental benefits would satisfy the requirement in the Dole amendment.

I support the Breaux amendment to require a State match, using a formula of a dollar for dollar to determine the Federal match for each welfare dollar a State spends. If a State reduces its spending below 90 percent of its 1994 spending on AFDC and related child care programs, administrative costs, and job training and education funds—for each dollar the State spends below that threshold, the Federal grant to the State will be reduced by $1.

This amendment is extremely important. It maintains an incentive for a State to spend its own resources to aid its own people. Understand, however, that the State match does not require a State to spend money. If a State is successful in trimming its caseload or cutting administrative costs, there is no requirement that it maintain its spending. But if a State is going to realize savings in the welfare program, I think the Federal Government should share in the savings, too.

Mr. President, I have listened to the debate with considerable care, and I must say I find myself in agreement with at least the very last point made by the Senator from Louisiana about the need to try to approach welfare reform on a bipartisan basis, because I do not think either Republicans or Democrats necessarily have the right solution. I have read a great deal by sociologists. I have listened to the commentators on television, those who are advocating change. There is a general consensus that we have to change the system, but there is no agreement on what those changes should be, and few are confidently predicting what the ultimate consequences of any reform are likely to be.

It seems to me that welfare recipients generally can be divided into three groups. On the one hand we have people who lose their jobs after working years and years and are temporarily in need of assistance and should have that assistance. There are those at the other end of the spectrum that I think we all recognize that, by virtue of some disability or some other handicap as such, they are unable to work and they deserve our support and not our scorn. Then there are those in the middle category, people whom we feel generally should be expected to work, who have been caught up in a cycle of welfare over decades, if not generations, even though they would seem able to work. We have to reform the system in order to encourage, if not require, these people to break the cycle by entering the workforce long-term.

So I have looked at the various proposals, and I come to the conclusion, after listening to my colleague from Louisiana, that there should be a maintenance of effort undertaken by the States. A couple of reasons lead me to that conclusion. On the one hand, I believe, as my colleague from Maine, Senator SNOWE, and also my colleague from Vermont indicated, there is a partnership between States and the Federal Government. The State is under no requirement to spend $1. The State does not have to spend anything if they do not want to. They can decide they do not want to take care of welfare recipients; that those who are out of work, either voluntarily or involuntarily, that is not their problem. But States that take this view should not expect to continue to receive the same amount of Federal welfare dollars.

Without a maintenance provision, some States may engage in a race to the bottom by setting their benefits low to discourage residents in States providing minimum benefits from moving to States with more generous benefits. This concern has been dismissed by opponents of this amendment but remember: For years, many conservatives have argued that welfare recipients moved from State to State to get generous benefits. In a recent survey done in Wisconsin, 20 percent of newly arrived Wisconsin welfare recipients admitted that they had moved to get a bigger check.

We must also address the vulnerability of the new block grant program to cost-shifting. Increasingly, we have seen States which excel in shifting recipients in the general assistance and AFDC programs into the SSI Program, a program funded entirely by Federal dollars. By shifting their cases to the SSI Program, the States can be big winners: States are able to recoup interim general assistance payments that they provide to the beneficiary, from the date of application for SSI to determination of SSI eligibility. Even more important, States will avoid future costs by shifting populations to a program entirely funded by the Federal Government. One State contracted with a for-profit corporation at a cost of $2.7 million to shift cases from the State's disability rolls to the SSI Program. The State enjoyed net savings of $27 million in 1992 because of this concentrated effort to more people to the SSI Program.

I predict that we will see additional cost-shifting onto the Food Stamp Program. Without a strong maintenance of effort provision, States who retain food stamps as a Federal program can do what other States are already doing—pay lower AFDC benefits. When that happens the Federal Treasury will bear the burden as the food stamp benefit increases because the cash benefit is low.

We must steer away from doing anything to encourage States to make unreasonable cuts in their welfare spending. We do not want Federal programs to become a magnet for new recipients who hope that the Federal Government will absorb reductions by the State. This increases budget costs for the Federal Government. Just as important, the results we hope to attain through reform of welfare have only a small chance of being realized because

99-059 O—97 Vol. 141 (Pt. 17) 34

we have excused the States from shared fiscal responsibility.

For these and other reasons, Mr. President, I wanted to indicate I intend to support the Breaux amendment, and I yield the remainder of my time.

The PRESIDING OFFICER. The Senator from Pennsylvania.

Mr. SANTORUM. Mr. President, in the couple of minutes left before concluding our side of this debate, I just suggest this really boils down to whether you really want to see dramatic reform or not and whether you want to see dramatic savings in the welfare system. Because, if you require States to keep 90 percent of maintenance of effort, what you will do is create a disincentive in an approach that was supposed to be the maximum incentive to welfare reform; to get welfare savings for the taxpayer—to do both.

I think it is pretty clear this is sort of a moderating attempt to try to make welfare reform not as dramatic as it could be. I think that is unfortunate. I think what the public has demanded on the issue of welfare is that you cannot go too far in trying new things to get people off welfare, to get people on to work, to reduce the amount of expenditure that we have.

I remind all Senators that, even under the Republican plan as it exists today, welfare spending will go up 70 percent—70 percent—over the next 7 years. It was scheduled to go up 77 percent. We have it go up only 70 percent. That is hardly dramatic, but it is something. It is a start in the right direction, at least, because we believe even though the Federal expenditures on welfare will go up 70 percent, we believe State expenditures will come down and come down dramatically. We are willing to make that tradeoff because we believe ultimately the taxpayer is going to benefit more from this proposal because of lower State expenditures even though the Federal Government is going to maintain a relatively high level of expenditures.

I am hopeful we can look to the goals of this, the Dole substitute, which is dramatic, ingenious, inventive reform, to get people back to work, all at a savings of taxpayers' dollars on the Federal level and even more dramatically on the State level.

If this amendment is adopted, we will see less reform, less innovation, and more money spent overall on welfare. And that is not what the goal of this welfare reform debate should be.

I yield the remainder of my time.

The PRESIDING OFFICER. The Senator from Louisiana has 2 minutes 50 seconds left.

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

Mr. BREAUX. Mr. President, do I understand we have an agreement that there will be 4 minutes after we return?

The PRESIDING OFFICER. The Senator is correct.

Mr. BREAUX. Mr. President, has the Republican side yielded back their time?

The PRESIDING OFFICER. That is correct.

Mr. BREAUX. What do I have left? Do I have any?

The PRESIDING OFFICER. A minute and a half.

Mr. BREAUX. I would say, Mr. President, when we return after the party caucuses, we will be, of course, voting on this amendment. I think, from our perspective, this has been a real effort at trying to reach a bipartisan agreement. We have Republican cosponsors and we have Democratic cosponsors of this effort. It is an effort to try to achieve a partnership between the States and the Federal Government.

The States should be required to participate. The Federal Government is required to participate. When savings are achieved, which they will be, both sides should benefit from those savings. When States spend less money because they have fewer people on the welfare rolls, the Federal Government should have to contribute less money, not the same amount. That is why our amendment clearly is scored by the Congressional Budget Office as saving $545 million over the next 7 years. Those are important savings. Without my amendment, they will not be achieved.

I think this amendment continues the participation that we have had, allows the States to be inventive as to different types of programs they come up with, but requires them to participate. The Federal Government should not have to pay 100 percent of the cost of welfare. The States should participate, and jointly, together, we can produce a better result.

With that, Mr. President, I yield the remainder of our time.

RECESS

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

Thereupon, at 12:30 p.m., the Senate recessed until 2:15 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. COATS).

FAMILY SELF-SUFFICIENCY ACT

The Senate continued with the consideration of the bill.

AMENDMENT NO. 2488

The PRESIDING OFFICER. There will now be 4 minutes of debate equally divided on the Breaux amendment No. 2488.

Who yields time?

Mr. SANTORUM addressed the Chair.

The PRESIDING OFFICER. The Senator from Pennsylvania.

Mr. SANTORUM. Mr. President, I think we had a good debate on the maintenance of effort provision. I think it boils down to simply this. If you want a welfare reform bill to come out of the Senate that is going to be an impetus for change, it is going to say to the States to go out there and be innovative and be able to reduce the welfare caseload, reduce the amount of State expenditures, and have the flexibility you need to do those without artificially holding States to the high level of maintenance of effort. I think the Dole 75 percent provision that is in there right now does that. It prohibits a race to the bottom. It gives States flexibility. It says be innovative. It saves money. And I think that is really what we want to accomplish. It is a prevention of the worst-case scenario which is no welfare spending from the States, and at the same time provides that amount of flexibility that is needed to go forward and do some dramatic changes in the welfare system. I think we have struck a very responsible compromise.

I think this amendment goes too far. This basically says we are going to continue to spend money. The Senator from Louisiana often says we are going to save money at the Federal level. Why should not the Federal Government save money? We may be saving money on the Federal level but we are spending a lot more taxpayers' money at the State level. The taxpayer overall under this amendment will lose even though the Federal Government is going to save a little money. It will spend a lot more in State resources. Again, it is an unfriendly taxpayer amendment and at the same time stifles innovation.

I urge the rejection of the amendment.

Mr. BREAUX. Mr. President, I will conclude my remarks by pointing out that for 6 years we have had a partnership between the Federal Government and the States. The House, when they took up welfare reform, said for the first time the States will have no obligation to do anything. They can spend zero dollars if they want. But the Federal Government has to continue to foot 100 percent of the bill. That is wrong.

My amendment says we are going to require the States to spend 90 percent of what they were spending and the Federal Government will spend 100 percent of what it was spending. But if the States are able to reduce what they spend below 90 percent, we will also reduce the Federal contribution. If they

save a dollar, we will save a dollar. That is a true partnership. They can be as inventive as they want. We hope they are. We hope they save money. But when they save money and spend more than 10 percent less than they were spending last year, the Federal Government will also reduce our contribution.

The Congressional Budget Office looked at our amendment and the Congressional Budget Office said that it would save $545 billion over the next 7 years. Without my amendment being adopted, we will not see those savings implemented into law. Mr. President, $545 billion over 7 years is a significant amount of money. It maintains the partnership between the Federal Government and the States. Why should we in Washington send the money to the States if they are not going to participate? If we let the States get off the hook and we continue to send the money, that is not a true partnership and that will be contrary to the reforms that we are trying to reach. Anybody who has ever been to a conference around here knows the House has a zero requirement. If we go in with a 75 percent requirement, in all likelihood we are going to split the difference.

So if all of our Republican colleagues think 75 percent is a reasonable amount to come out of a conference, I would suggest it is absolutely essential that they vote for the Breaux amendment as it currently is drafted.

I yield the time.

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

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Pennsylvania to lay on the table the amendment of the Senator from Louisiana. On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. LOTT. I announce that the Senator from Mississippi [Mr. COCHRAN] is necessarily absent.

The VICE PRESIDENT. Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 50, nays 49, as follows:

[Rollcall Vote No. 411 Leg.]

YEAS—50

Abraham	Dole	Inhofe
Ashcroft	Domenici	Kassebaum
Bennett	Faircloth	Kempthorne
Bond	Frist	Kyl
Brown	Gorton	Lott
Burns	Gramm	Lugar
Campbell	Grams	Mack
Chafee	Grassley	McCain
Coats	Gregg	McConnell
Coverdell	Hatch	Murkowski
Craig	Hatfield	Nickles
D'Amato	Helms	Packwood
DeWine	Hutchison	Pressler
Roth	Smith	Thompson
Santorum	Specter	Thurmond
Shelby	Stevens	Warner
Simpson	Thomas	

NAYS—49

Akaka	Feinstein	Lieberman
Baucus	Ford	Mikulski
Biden	Glenn	Moseley-Braun
Bingaman	Graham	Moynihan
Boxer	Harkin	Murray
Bradley	Heflin	Nunn
Breaux	Hollings	Pell
Bryan	Inouye	Pryor
Bumpers	Jeffords	Reid
Byrd	Johnston	Robb
Cohen	Kennedy	Rockefeller
Conrad	Kerrey	Sarbanes
Daschle	Kerry	Simon
Dodd	Kohl	Snowe
Dorgan	Lautenberg	Wellstone
Exon	Leahy	
Feingold	Levin	

NOT VOTING—1

Cochran

So the motion to lay on the table was agreed to.

AMENDMENT NO. 2562

The VICE PRESIDENT. Under the previous order, the Senate will now consider amendment No. 2562, offered by the Senator from Missouri [Mr. ASHCROFT]. There will be 1 hour for debate equally divided.

The Senator from Missouri is recognized.

(Mr. COATS assumed the chair.)

Mr. ASHCROFT. Thank you, Mr. President. I yield myself 10 minutes, and I ask to be notified when the 10 minutes has expired.

Mr. President, we are debating this week a very important topic, and it is not the future of a series of governmental programs, not the role of the Federal Government in providing for a social safety net. We are not debating how much money we will save. What we are debating this week is nothing less than the lives of millions of American citizens.

The welfare program, as it is currently constituted, has entrapped millions of Americans and has robbed literally generations of their future. What we are debating is whether we will continue to subsidize the current system, which may feed the body, but it numbs the spirit. It is a system which traps people in a web of dependency, places them in a cycle of hopelessness and despair. It is a system which promises a way out, but punishes those who try to find the way out.

Today's welfare system is heartless and cruel; it is unfeeling, it is uncaring. Whatever we do, we must remember those facts, and we must remember the faces that are the portraits of suffering that have been drawn on the canvas of American history by our welfare system as it is now constituted.

Welfare's failure is evident in many programs. Nowhere is it more evident, though, than in the Food Stamp Program. Food stamps, part of the Great Society's war on poverty. Today, food stamps is the country's largest provider of food aid. It is also, arguably, the Nation's most extensive welfare program. Last year, the program tried to help more than one out of every 10 Americans at a cost of nearly $25 billion.

As the chart behind me illustrates, spending on food stamps has increased exponentially since becoming a national program in the early seventies, a quite dramatic and rapid increase. It has not been a function of population growth alone. This expansion is the result of fraud and abuse, compounded by oversight, as well as a variety of other factors.

This stack of papers in front of me on the desk to my left is a stack of the 900 pages of food stamp regulations that States are forced to comply with in trying to help individuals find their way to independence and out of the despair of the welfare trap.

It is important to note that we have tried to reform welfare on previous occasions and tried to reform food stamps, as well, in the process.

The last real attempt at reform was in 1988, and you do not have to have particularly strong analytic skills to see what has happened since 1988 in the food stamp program: The program has skyrocketed.

A 1995 General Accounting Office report, a 1995 GAO report, found through fraud and illegal trafficking in food stamps, the taxpayers lost as much as $2 billion a year. Mr. President, $2 billion a year is a lot of money. That would average out to $40 million per State. That is close to $800,000 a week, per State, all across this country.

Furthermore, despite GAO's conclusions that the resources allocated for monitoring retailers was grossly inadequate, in other words we have not had the kind of enforcement that GAO says might be appropriate, the Food and Consumer Service officials still uncovered 902 retailers involved in food stamp fraud last year alone. That is where food stamps, which are designed to help people with nutritional needs, are used to acquire any number of other things that are not part of the design for food stamps.

In February 1994, the Reader's Digest chronicled fraud and abuse in an article entitled the "Food Stamp Racquet." One example was Kenneth Coats, no relation to the occupant of the chair I am sure, but owner of Coats Market in East St. Louis. It seems Mr. Coats paid as little as 65 cents on the dollar for food stamps and then cashed them in at full value.

During a period of 18 months he redeemed $1.3 million, enabling him to pay for his children's private schooling, with enough left over for $150,000 in stocks, five rental houses and a Mercedes.

If that were not bad enough, Reader's Digest reported that this was not Mr.

Coats' first attempt at defrauding the American taxpayers. Ten years earlier his market was disqualified from participating in the Food Stamp Program because of fraud, though he was only disqualified for 6 months. Obviously, he was back in business. And at 65 cents, paying welfare recipients and cashing them in with the Government at obviously the face value, he made quite a bit of money.

Now, there are stories of food stamp fraud and abuse to be found in every State in the Nation. There is a lot to like about the Food Stamp Program but there are many ways in which this so-called ideal transitional benefit has been a problem. They are a stopgap measure. They serve the people. They serve children. They serve the elderly.

But there is a lot to dislike about the program which we have already discussed. It is because we want to change this system to help people and to empower States that I am today introducing this amendment.

Mr. President, we can do better. My amendment would fundamentally change food stamps. Instead of having a system run and administered by bureaucrats in Washington, my amendment would return responsibility for the Food Stamp Program to the States. It would do it with an important qualifier: It would do it still allowing funding for growth at the CBO projected levels for the next 5 years.

Unlike the present system, however, this block grant would give the States an incentive to improve the program's performance and efficiency. It would accomplish this by allowing any and all savings achieved by the States to be applied to help more people who are really in need.

This approach, if adopted, would have enormous advantages. One, it would allow States to spend available resources on the people who need food, rather than on feeding the bureaucracy. It would make it possible to reduce some of the costs. The highest administrative costs in welfare, 12 percent, are in the Food Stamp Program.

Second, it would allow the States to coordinate their efforts in assisting the needy. So much of the problem we have now is when we shift welfare burdens from one quadrant of the welfare equation to another.

The leadership's bill would maintain many of the complicated regulations which have frustrated State efforts to help individuals in need. I think we need to give States the flexibility to administrator need in accordance with the needs of the needy and the State rather than in accordance with the 900 pages of Federal regulations.

Third, a clean block grant to the States will work to end the fraud and abuse which have cost the taxpayers billions. I think this is so because when the State has a block grant and it reduces fraud and abuse, it gets to keep the money which has been involved in the fraud or abuse.

There will be a real incentive for the States to drive down the costs associated with fraud and abuse. It is true that the leadership bill in this measure has some incentives but they are not incentives which would thoroughly match the incentives of a block grant, the structural incentives of providing for savings and allowing the States to recoup the savings in their entirety.

Finally, States can provide individualized assistance. They know their welfare recipients' needs. They can coordinate thoroughly on their own terms their welfare programs.

We have real welfare reform. It is time for us to understand that reforming this, the largest of the welfare programs which touches more people than any others, should be a part of that reform.

We have heard a lot about devolution, that term that means we need to reduce the size and scope of the power of Washington. Well, we need to change the way in which Washington has affected the welfare system by stopping the arrogant assumption that Washington knows best, particularly in such a significant program. Every American has had an experience at some time or another with the abuses that are involved in food stamps. Federalism has one of its hallmarks of trusting Government close to the people. It is time for us to do that with the Food Stamp Program.

The PRESIDING OFFICER. The Senator from Missouri has spoken for 10 minutes. I believe he wanted to be notified.

Mr. ASHCROFT. I thank the Chair. I yield myself such additional time I may need to conclude my remarks.

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

Mr. ASHCROFT. A vote for this amendment is a clear and principled stand for the limits of the Federal power and the need for State control.

A vote against this amendment is also clear. It is a clear statement against the rights of people to control their own destinies, their own lives, in a way that is free from the intermeddling of nearly 1,000 pages of regulation, micromanaging what happens in States, interfering with their ability to meet the needs of their citizens.

We are in the midst of a long and substantial debate. It is a necessary debate on welfare. Passions are high. Rhetoric is high. Progress is slow. It is time for us to make real progress on a major welfare program.

Every so-called welfare reform for the past two generations has had a couple of things in common. They have resulted in more people being trapped in the web of dependency; and second, they have resulted in more bureaucracy. We need not rearrange the deck chairs on the welfare bureaucracy again. We need to make substantial changes. We cannot afford half measures. The poor cannot afford half measures.

We are about to fundamentally change AFDC. We are about to fundamentally change a number of other smaller welfare programs. It seems we are just happy to tinker around the margins with food stamps.

I believe food stamps are welfare. They are the largest—they serve more clients than any other welfare program. They provide an incentive to illegitimacy, just as AFDC does, by providing more payments with more children that are brought into this world while on welfare. They are a part and parcel of the welfare system which seeks to help but actually hurts.

I do not know how it is that block grants can make sense for everything else from AFDC to job training but not for food stamps.

Yet, given all this, the leadership bill makes involvement in the food stamp block grant optional while simultaneously creating a disincentive for individual States to choose to operate under the block grant.

By removing Federal entanglement, it is my hope we can begin to eliminate the fraud, cut down on waste, the high administrative costs, and make it possible for States to take action which helps move people from welfare to work.

If we succeed where others have failed, we must be bold and consistent. I do not think we need to wait 7 years to determine whether a food stamp block grant is desirable. Washington's one-size-fits-all system has not worked. Continuing a system that entraps people in dependency will do nothing more than to sow the seeds of future disaster.

I reserve the remainder of my time.

Mr. LEAHY. Mr. President, will the Senator from Indiana yield?

Mr. LUGAR. I am happy to yield to the distinguished Senator as much time as he requires.

Mr. LEAHY. Mr. President, I thank the distinguished manager and chairman.

I have listened to the speech of my distinguished colleague from Missouri, and if this indeed was simply a question of whether the States could make the decisions or not, it would be one thing, but it is not. In fact, it is quite the opposite. Under the bill of the distinguished Republican leader, the States have the right to make a decision—a decision to choose to take a block grant instead of food stamps, or to participate in the Food Stamp Program. The amendment, No. 2562, by the distinguished Senator from Missouri, removes that right.

I think, also, it removes an option available to many of the elderly and disabled. If somebody has received 24 months of assistance in their lifetime,

then food stamps can no longer be made available unless they are working. We see where, if somebody has had assistance years before, worked many, many, many years before becoming disabled, they are told "You got your bite of the apple a long time ago." They lose their food assistance under this amendment. States no longer have the option, under this amendment, of choosing a block grant instead of food stamps, and participating in the Food Stamp Program.

The bill does impose on States, whether they want it or not, an unfair formula for providing funds. If you look at the formula, it penalizes growth States but also penalizes States that face recessions. During the last recession, when millions of people lost their jobs, they turned to food stamps to help feed their children. Under this amendment, when there is a recession, then benefits would be cut. Just when a temporarily out of luck family would need assistance, the amendment says, "Too bad, have a hungry day." For example, if you are an industrial State and large manufacturing plants suddenly close, that is when this could cut in. It seems, when fewer people need food stamps, the benefits increase again.

Let me give an example. In California a couple of years ago, there was a massive earthquake. Mr. President, 40 percent of all the food stamps issued in California were issued in L.A. County for that month. Basically, what we would say under this is we are going to allow the people who lost everything they had in L.A. County because of the earthquake to eat. But all the rest of the State is going to go hungry.

One of the things the Food Stamp Program is supposed to do is to help even out those kinds of peaks and valleys because the earthquake that occurs in California may be the hurricane that occurs in Florida or the recession that occurs in Illinois or the flood that occurs along the Mississippi or Missouri River.

So I think we should not eliminate the choice of whether States should decide to take the block grant. Congress should not impose that on them. There are a lot of decisions that Governors and legislators have to make, so I urge my colleagues to vote against the amendment. It removes the State"s right to decide, hurts the elderly and disabled, and hurts some States at the expense of the others.

I like the original Agriculture Committee bill written by Senator LUGAR. It gives the States plenty of flexibility. It does not abandon the Federal-State partnership.

We have worked for years, constantly, to improve aspects of the food stamp program. The bill I talked about before that I introduced, on electronics benefits transfer, will do that. We have tightened and limited eligibility. But in the only major power on Earth that can not only raise enough food to feed 250 million people but have food left over for export and for storage, I question whether we should tamper with the most basic program for feeding hungry people—the elderly, disabled, those temporarily out of a job.

There are those who rip off the system and we can nail them. We have laws to do that. But let us not say you are going to be removed. And let us not say this is something that encourages more babies. What are you going to say, that if we do not feed a hungry baby, if we cut off the food, that baby will suddenly go away? Are we saying do not have the baby, abort the child, or do something else? The fact of the matter is, a hungry child is a hungry child. That child does not make that decision to be hungry. That child does not make that decision to be born. Let us not think that child will go away if we simply cut the food stamps or any other benefits for them.

Mr. President, I thank the distinguished senior Senator from Indiana for his courtesy and I yield the floor.

The PRESIDING OFFICER (Mr. DEWINE). The Senator from Indiana is recognized.

PRIVILEGE OF THE FLOOR

Mr. LUGAR. Mr. President, I ask unanimous consent that an employee of the Congressional Research Service, Joe Richardson, be granted privilege of the floor during consideration of welfare reform legislation.

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

Mr. LUGAR. Mr. President, I thank the distinguished Senator from Vermont for his thoughtful debating comments. He has offered leadership in the nutrition area throughout the entirety of the 19 years that I have served in this body.

Throughout that period of time, I have been deeply concerned about the Food Stamp Program for several reasons, and the distinguished Senator from Missouri has expanded on many of them. The Food Stamp Program, because it is a national program and an extraordinarily complex one dealing with myriad retail situations, has led to great fraud and abuse. That has been a concern of the Committee on Agriculture really throughout the entirety of the program. It has to be our concern today.

But I have also been deeply concerned about the Food Stamp Program because it is the basic safety net for nutrition for Americans. It is the stopper, in terms of people starving, in this country. We have known that. We have regretted its abuse on occasion, but we have cherished the thought that every American, in a country of abundance, would have a chance to eat. That is fundamental and that we must preserve.

The distinguished Senator from Missouri, the great Governor of his State, has been a fighter for the reinvigoration of federalism, and I share that idealism. As mayor of the city of Indianapolis, I was involved in the first wave of the new federalism with President Nixon. Program after program came to our city. We tried to demonstrate, I think with some success, that mayors and local officials, in addition to Governors and county officials, can handle most of the aspects of the internal workings of government in this United States best at the local level. Clearly, in the welfare reform debate we are now having, we are about to test out the proposition that we should give back to States and local governments authority to handle a great deal of difficult matters.

But in the case of the food stamp and nutrition programs, the House of Representatives and the Senate to date have said that there must be a safety net, basically, for eating, for nutrition—a safety net against starvation in this country. This is not an experimental situation in which, as the Senator from Missouri advocates, like it or not we send it back to the States and say to the Governors: "You are going to have to run it. You may not have asked for it. You may not wish to deal with it at all. But, by golly, you are going to have it and with exactly the same amount of money being spent now with a little bit of inflation rise per year. It does not matter whether the country is in recession or prosperity; it does not matter whether you have more people coming in. That is your tough luck. We are going to send it to you because we are tired of it and we do not want to spend any more money on it and we do not want to take the responsibility for it."

Mr. President, I believe that is an understandable attitude but, I hope, not the attitude the Senate winds up with today. Because, for many thousands of Americans, that is likely to be a disastrous decision and Senators really have to consider and weigh on their consciences today the proposition, which is a very fundamental one, before us.

As the Senator from Vermont pointed out, we are not doing this amendment as a favor to Governors. As a matter of fact, most have not requested this responsibility. Most of the Governors coming into our committee have not wanted the responsibility. To give some impression that Governors all over the country are eager to grasp all of this is totally erroneous.

There are some very able Governors who want to run it, and my judgment is that they will run it very well. But we have had a good number of Governors who have said we are inundated by people. We are inundated by the economic cycle. Yet, here we debate on this floor today the thought that, like it or not, the States will simply have the Food Stamp Program, or, as a matter of fact, they may not have much of a program at all.

The Governors may decide, in fact, to use the money for something else. If you happen to be a citizen of one of those States, you are out of luck. We have said thus far, Mr. President, that if you are an American, if you are here in this country and you are unemployed, you are disabled and you have problems, there is at least a safety net. And we have been proud that has been the case.

Let me just say that the Committee on Agriculture, long before we got into the welfare debate, was involved in reform of food stamp discussions this year. We are also involved in a very serious budget problem. We are going to have a reconciliation bill shortly. By September 22, we must report from our committee $48.4 billion of savings over a 7-year period of time.

Mr. President, we have identified $30 billion of savings in the nutrition programs and most of that in the Food Stamp Program. The Committee on Agriculture has been diligent because we have tried to both reform the program and make certain it was less expensive even while retaining the basic safety net of the program. The House of Representatives has done a similar job.

Mr. President, I will point out that the Republican leadership welfare proposal we are now debating, as does the House bill, does not block grant the Food Stamp Program but makes dramatic changes in its structure. It greatly expands the States' administrative flexibility and ability to implement welfare reform initiatives. By allowing States to operate a State-designed simplified food stamp program for cash welfare recipients and have more control over a host of regular program rules, States are given the option of taking the food stamp assistance as a block grant.

So, Mr. President, if I am in error—and there are a host of Governors out there who have been eager to get this program, they are going to have that option. They may be lined up at the door, but I have not seen the line. All I am saying is they have that option. If they do so, they must spend 80 percent of the money that the Federal Government is spending on food. The rest can be spent on employment and training programs and, up to 6 percent, on administration.

The citizens in their State will have to hope that those Governors and legislators, if they become involved in that decision—that is a very interesting question, Mr. President: What if there was a case in which State legislators allow the Governor alone to make such a decision? Should a decision as grave as this one be vested in a Governor to take an entire State off the Food Stamp Program irrevocably, a one-time decision from which there is no return without the legislature, without any check and balance within that State? Should the Governor, in fact, be prepared to terminate the program if that is his wish or her wish, as the case may be? Where is the democracy in that situation even while we are eager to shed this burden and move down the trail of devolution?

Let me say it is important that Senators know the reforms that were enacted by the Agriculture Committee and have been adopted by the leadership proposal. I cite not all of them but ones that I think are very important that Senators know are a part of this bill but would not be a part necessarily of any regime in any State that decided simply to block grant food stamps.

In this bill, we disqualify any adult who voluntarily quits a job or reduces work effort. We deny food stamps to able-bodied adults 18 to 50 without children who received food stamps for 6 months out of the previous 12 months without working or participating in a work program at least half time. Those are pretty stringent qualifications.

We ensure that food stamp benefits do not increase when a recipient's welfare benefits are reduced for failing to comply with other non-work-related welfare rules, such as the failure to get children immunized. States may also reduce food stamp allotments for up to 25 percent for failure to comply with other welfare programs rules. States may do that.

We allow in this bill States to disqualify an individual from food stamps for the period that they are disqualified from other public assistance programs for failure to perform an action required in the other program. For example, failure to comply with AFDC work requirements must trigger a food stamp disqualification. We establish mandatory minimum disqualification periods for violation of work rules, and States may adopt even longer disqualification periods and may permanently disqualify a recipient for a third violation of a work rule—permanently disqualify.

We give States control over the Food Stamp Program for households composed entirely of AFDC members as long as Federal costs do not increase. States choose their AFDC rules, food stamp rules, or a combination to develop one standardized set of rules. States may do all of this under this bill.

Mr. President, if this is the case, a Senator might ask, why the objection to simply letting States do it all? Why not make it permissive? Why spell it out in a Federal bill? We do so to preserve a national safety net.

The leadership bill before us now that we are debating is not a bill that is very permissive. This is a bill that saves $30 billion over 7 years. In almost every conceivable way, in the 106 pages which the Agriculture Committee put together, it tries to make certain that food stamp programs stay on the straight and narrow.

Perhaps State legislatures will want to replicate that. Perhaps legislatures want to borrow this intact and pass it as a State law. But if they do not, Mr. President, the Governor of that State is going to have a heck of a time administering food stamps. The provisions in the leadership bill come from a body of knowledge and experience over the years of how fraud and abuse occur, and it occurs in many, many ways, not easily discovered in a transition period of a few weeks during which time the States with or without enthusiasm take over the Food Stamp Program.

Mr. President, the overwhelming case for a rejection of this amendment finally comes back to the fact that none of us can foretell the future in a dynamic economy such as ours. We are a free country. Thank goodness. People can move from State to State, and they do so by the tens of millions every year.

Yet, Mr. President, we are in the process of about to lock in flat amounts to States for the duration of this experiment, an amount of money that will not be changed if that State has a huge number of new people coming into it for whatever reason.

Perhaps States may say, "Well, we will control that. We will simply abandon the Food Stamp Program. There is nothing attractive about our State. Why not let other States that have a food stamp program take care of persons who are disabled or suddenly unemployed, or infants and children or what have you? Why not let those States take care of them?"

Mr. President, people can pick and choose where to live by their migratory patterns in this country. Perhaps the idea of a safety net wherever it is, is not attractive to Senators or citizens. But I have not heard the case made on those grounds very frequently. And I would say furthermore that even if there were no changes in population in the country, clearly there are changes every year in the economic cycle.

In my home State of Indiana in 1982—I was reminded of this as we were discussing another food stamp amendment yesterday—in Kokomo, IN, in Anderson, in Muncie, Indiana where there were large concentrations of auto workers at a time of great recession, the unemployment reached, in each of those cities, 20 percent. I would just say that kind of unemployment is massive, and it is horrible to witness. The Food Stamp Program was very important to those cities, very important to our State. Whoever was Governor of Indiana could not have anticipated in 1979 and 1980 or even 1981 that there would be 20-percent unemployment in those localities. There was no way anyone could have been wise enough to have prophesied that. But the Governor

of Indiana was mighty pleased that in fact there was a safety net for nutrition in our country and in the State of Indiana at that point and that he was not responsible at that moment for facing a whole apparatus for administering the Food Stamp Program.

Our Governor did not assert that he was wiser than everybody in the country; that he could do it better. He knew the problems better in Kokomo. Of course, he did. But that would not have made a whit of difference in terms of the nutrition needs of people who were suddenly and massively unemployed in ways that were not going to be remedied very rapidly.

Mr. President, it is simply reckless in a country of great dynamic changes of population and in the economic cycle to throw away the safety net; and that is the issue here.

The Senator from Missouri, in intellectual fairness, has presented very squarely that his amendment is the end of the Federal safety net, the end of the Federal Food Stamp Program, and there are many who will rejoice in that and say good riddance; we should never have started this humanitarian effort to begin with.

I am not one of them, Mr. President. I am hopeful a majority of Senators do not join in that point of view either. Of course, we must reform, and I have listed 6 of possibly 50 very sizable, tough reforms. Of course, we have to downsize and, of course, we have to economize. And we are doing it with a vengeance; $30 billion in 7 years for food stamp recipients, but, of course, we must have a safety net in a vast and complex country such as ours.

Mr. President, I yield and reserve the remainder of my time.

The PRESIDING OFFICER. Who yields time?

Mr. ASHCROFT addressed the Chair.

The PRESIDING OFFICER. The Senator from Missouri.

Mr. ASHCROFT. May I inquire as to the remaining time on both sides?

The PRESIDING OFFICER. The Senator from Missouri has 16 minutes and 55 seconds, the Senator from Indiana has 7 minutes and 18 seconds.

Mr. ASHCROFT. Mr. President, I yield so much time as I might consume.

The PRESIDING OFFICER. The Senator from Missouri.

Mr. ASHCROFT. The question we debate today is not whether or not there will be assistance to individuals who are in need. The question we debate today is whether or not that assistance will be delivered by State officials who are proximate to the problem or whether we are going to persist with a one-size-fits-all system in Washington, DC, which is characterized by the highest administrative costs of any welfare program, rampant fraud and abuse, and 900 pages of excessive Federal regulations. I have not proposed ending the ability of States to meet the needs of their people. I am proposing enhancing the ability of States to meet those needs.

The distinguished Senator from Vermont talked about the needs in the event of earthquakes, floods, or other natural disasters. And the distinguished Senator from Indiana, for whom I have great respect, talked about needs in times of recession. I believe those are needs, those are legitimate needs, those are times when people legitimately need assistance, and I believe that assistance can best be rendered if we ask those at the State level to effect those programs they can effect to provide delivery of the services.

I might point out that the proposed amendment does not diminish the funding available for food stamps. We took the CBO numbers, the projections under the Dole bill and said those would be the amount of the block grant.

This is not a debate over the amount of resources that will be available. This is a debate over whether that resource will continue to be delivered through a one-size-fits-all bureaucracy that has failed in Washington, DC, or whether we are going to empower States that have substantial ideas on what they can do to deliver this program.

Let me quote to you what Gerald Miller says, director of social services for Governor Engler in Michigan.

"Under a block grant," he said, "States could deliver services more cheaply and efficiently without cutting benefits." Miller contends that if the food stamp program remains unchanged, it will have to be cut to meet deficit reduction targets. If the food stamp program were to be made into a block grant," he said, "I don't know one Republican Governor who would cut benefits to one client.

The distinguished Senator from Indiana indicated that Republican Governors or Governors in general might not be in favor of these kinds of amendments. I am pleased to just say that I know of one Governor, Gov. Tommy Thompson, who is a leading Republican Governor and one of the leading proponents of welfare reform in the country. I have his letter dated September 11, 1995, which I will submit for the RECORD.

I ask unanimous consent that it be printed in the RECORD.

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

STATE OF WISCONSIN,
September 11, 1995.

Hon. JOHN ASHCROFT,
U.S. Senate, Senate Hart Building, Washington DC.

Hon. RICHARD C. SHELBY,
U.S. Senate, Senate Hart Building, Washington DC.

DEAR SENATORS ASHCROFT AND SHELBY: As I know you both agree, the welfare reform bill currently being considered, S. 1120, is a dramatic improvement over current law. Each of you has submitted amendments to this bill which allow for still greater flexibility in the use of food stamps in the form of block grants. The purpose of this letter is to support your efforts in this regard.

Senator Ashcroft's amendment allows the maximum level of state flexibility while preserving the anticipated level of federal financial support envisioned in the leadership bill. Senator Shelby's amendment would also allow for generous state flexibility while at the same time reducing federal expenditures on food stamps through anticipated improvements in state efficiency in managing the program.

I heartily endorse both of your efforts to increase the level of flexibility allowed in the management of the food stamp program. In addition, the transferability of funds from the food stamp block grant to the AFDC block grant, which is common to both your bills, is of critical importance to states like Wisconsin. We anticipate spending more on work programs and supports to work, such as child care, and less on unrestricted benefits. Therefore, we need this funding flexibility.

We fully support both of your efforts to improve the leadership bill to allow for more effective administration of the food stamp block grant.

Sincerely,

TOMMY G. THOMPSON,
Governor.

Mr. ASHCROFT. It is addressed to the Honorable RICHARD C. SHELBY of this body and to me. It endorses the effort to increase the flexibility for States in the Food Stamp Program and the block grant program.

Now, reference has been made to the safety net for nutrition; that we need to help citizens who are in real need; we need to deliver and meet that need effectively.

Reference has been made to the potential—and I do not understand this—of an irrevocable, one-time decision by Governors to abandon food help to their citizens. I do not know of any Governor that has that kind of authority, and I do not know of any government anywhere in the United States that can make irrevocable decisions to abandon things.

The political process operates. People with needs know their way to the State capital. It is easier to get there than it is to the National Capital. Welfare recipients have the right to vote. This body and the U.S. Congress in the last session provided a special means of registering welfare recipients so that they would be given a right to vote, their voice would be heard, making their voice heard in a place close to them, the State capital, instead of demanding that they come to Washington to have their voice heard, and demanding that they find their way through 900 pages of Federal regulations appears to me to be an important thing.

Let me just additionally say it was indicated no one has the ability to know what the future holds if we were to have a block grant to the States. I can tell you what the future holds if we do not block grant this to the States.

The future holds the same kind of problems that we have had in the past with entitlement spending that continues to build the program. When the Federal program is an entitlement program, it is in the interest of the State to build the program. States administering the program without a financial stake in the program keep shifting people into the program; it brings money to the State automatically. It is part of the pernicious impact of this Federal system of welfare which has resulted in a growing portion of our population being dependent on Government rather than a shrinking portion of our population being dependent on Government.

It is a simple question. Do we want more welfare and less independence or do we want more independence and less welfare? The structure of the way we deliver benefits should not be designed to increase welfare as it is now. It should be designed to increase independence.

I believe the opportunity made available to the States of this country through a block grant so that States can formulate their own rules and they know they are operating within a limited amount of resources is exactly what we need. An entitlement system simply is absent the kind of incentive for reduction in the problem.

We need to reform welfare, not to grow it. People in my State, when they spell reform, spell it r-e-d-u-c-e, reduce. It is time for us to reduce welfare.

So with all due respect for my distinguished colleagues from Vermont and from Indiana, who have indicated that it is important to have an entitlement program that is open ended, I think it has the wrong structural incentives.

One last point that I would make. My respected and distinguished colleague from Vermont, Senator LEAHY, mentioned we could not consider this program to be an incentive for illegitimacy. I do not think it was designed to be an incentive for illegitimacy. But the fact of the matter is that the more children you have in the family, the bigger the benefits are. And in the context of a benefit that can be changed into cash with unfortunate and inappropriate ease, I think it is undeniable that we have simply exacerbated the problem.

Mr. President, I reserve the remainder of my time.

The PRESIDING OFFICER. Who yields time?

Mr. LUGAR addressed the Chair.

The PRESIDING OFFICER. The Senator from Indiana.

Mr. LUGAR. Mr. President, let me just indicate again that the welfare reform bill in front of the Senate is not one that is permissive. It talks about reform and reduction, as the distinguished Senator from Missouri has pointed out. All of the requirements that I mentioned in the reform of food stamps are clearly not permissive. They do not permit a program that is open-ended. Quite to the contrary, they demand a program that reduces expenses by $30 billion in 7 years of time, a program that is thoroughly conversant with fraud and abuse, as has been observed and will be discovered by States that attempt to run these complex programs. But, Mr. President, I have no quarrel with a Governor or a State that wishes to take over the Food Stamp Program. As a matter of fact, the bill in front of us permits that explicitly.

What I do think is inadvisable is for the Congress—or the Senate more particularly today—to simply say, whether you want the program or not, it is yours and you are going to have to deal with it, all of the regulations, all of the stipulations. And even if you are well motivated to serve those who are hungry, you are going to have to figure out from scratch how to do that and on a limited amount of money that will not increase whether the economic times change or the population changes. That I think, Mr. President, is ill-advised, and so do many others.

I ask unanimous consent to have printed in the RECORD, Mr. President, letters from the Food Marketing Institute, from the National-American Wholesale Grocers' Association, the National Cattlemen's Association, and the National Peanut Council, Inc., that back the current proposals in the welfare bill that is before us and would oppose block-granting food stamp programs.

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

FOOD MARKETING INSTITUTE,
Washington, DC, July 11, 1995.

Hon. RICHARD G. LUGAR,
U.S. Senate, Washington, DC.

DEAR SENATOR LUGAR: The retail food industry full supports the efforts of this Congress to produce meaningful welfare reform that is simpler, more efficient and less costly than the current system. The food stamp program is one aspect of welfare reform that is of particular concern to our industry. We have been participating in this program for over twenty-five years and have long supported food stamps as an effective and efficient way of reducing hunger.

FMI supports the food stamp reforms approved by the Senate Agriculture Committee. The supermarket industry believes the Agriculture Committee bill allows state and local flexibility to create innovative programs while maintaining a system that guarantees allocated funding will be used for food assistance. Research has demonstrated that removing the link between program benefits and the actual purchase of food results in the deterioration of nutritional diets, especially for our children. Food assistance programs are different from other welfare programs—they are the basic safety net for those who cannot afford adequate diets. We are concerned that converting the federal nutrition program into a cash program would inadvertently result in eliminating the current food stamp program and the long-term effects would be disastrous.

As the most effective way to curb fraud and abuse, FMI supports the conversion of paper food stamps to a nationally uniform EBT system. Without a uniform national delivery system, there is potential for different sets of standards and operational procedures all of which would make it impossible to set up an effective central monitoring system to detect fraud and abuse. Continued access for recipients in rural communities and urban centers is critically important as we move to implement a nationwide EBT system. We support modifications to the Agriculture Committee bill to assure that all EBT systems are compatible and available to the smallest, local community stores. This will allow recipients to retain the freedom to shop at stores of their choice without overly restricting state flexibility. A uniform delivery system is the best way to reduce cost and make this important domestic feeding program even better and more efficient. Current law also prohibits the government from shifting EBT program cost to retailers who are licensed to accept food stamps which would in effect eliminate many from participating in the program. We would oppose any efforts to eliminate that protection.

FMI pledges to work with you to achieve meaningful welfare reform. However, we must not lose sight of the fact that cashing out the food stamp program would be a disaster for needy families and their communities all across America. This is why we support the approach taken by the Senate Agriculture Committee.

The Food Marketing Institute (FMI) is a nonprofit association conducting programs in research, education, industry relations and public affairs on behalf of its 1,500 members including their subsidiaries—food retailers and wholesalers and their customers in the United States and around the world. FMI's domestic member companies operate approximately 21,000 retail food stores with a combined annual sales volume of $220 billion—more than half of all grocery store sales in the United States. FMI's retail membership is composed of large multi-store chains, small regional firms and independent supermarkets. Its international membership includes 200 members from 60 countries.

Sincerely,

TIM HAMMONDS,
President and CEO.

THE FOOD DISTRIBUTORS ASSOCIATION,
September 12, 1995.

Hon. RICHARD LUGAR,
Chairman, Senate Committee on Agriculture, Nutrition, and Forestry, U.S. Senate, Washington, DC.

DEAR CHAIRMAN LUGAR: The National-American Wholesale Grocers' Association and the International Foodservice Distributors Association (NAWGA/IFDA) supports the reform of our welfare system, including the significant reforms your Committee has recommended for the Food Stamp Program. However, we do not believe "cashing-out" the Food Stamp Program falls under the rubric of reform. NAWGA/IFDA is an international trade association comprised of food distribution companies which primarily supply and service independent grocers and foodservice operations throughout the U.S. and Canada.

We understand that several amendments may be offered in the coming days which would effectively cash-out the Food Stamp Program. NAWGA/IFDA respectfully urges the rejection of these amendments.

There is no conclusive evidence that cashing-out the Food Stamp Program would improve the delivery of welfare benefits. In fact, cash-out demonstration projects conducted by the Department of Agriculture

have shown a five to eighteen percent decline in food expenditures. Although attractive because of its administrative simplicity, we do not believe that such a system could effectively serve food stamp recipients.

Sincerely,

KEVIN BURKE,
Vice President,
Government Affairs.

NATIONAL CATTLEMEN'S ASSOCIATION,
Washington, DC, February 14, 1995.

Hon. BILL EMERSON,
House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: I am writing to convey the National Cattlemen's Association's recent grassroots policy decisions on Welfare Reform and specifically block granting federal food-assistance funds (H.R. 4). The National Cattlemen's Association, which is the national spokesperson for all segments of the U.S. beef cattle industry representing 230,000 cattle producers throughout the country, supports welfare reform by providing increased control to local government. Cattle producers have long supported the Commodity Distribution Program and other food assistance programs, as a means of providing nutritious foods to those in need in a cost effective manner. We believe it is time however, to review these programs and make appropriate changes to increase their efficiency and effectiveness.

In addition to overall themes of increasing state flexibility balancing the budget, the National Cattlemen's Association supports the following provisions in any welfare reform legislation:

Money designated for food stamp recipients must be spent on food only.

A commodity purchase group should continue within USDA to assist states in increasing their volume purchasing power, thus saving states money.

A means must be established to purchase non-price supported commodities when an over-supply situation occurs.

Third party verification to assure contractual performance.

Adequate nutritional standards for school lunch programs.

The National Cattlemen's Association supports efforts to control federal spending and decrease the size of the federal government. We would very much like to work with you to make these goals a reality. For further information, please contact Beth Johnson or Chandler Keys in our Washington office (202) 347-0228.

Sincerely,

SHERI SPADER,
Chairman, Food Policy Committee.

NATIONAL PEANUT COUNCIL, INC.,
Alexandria, VA, December 9, 1994.

Hon. RICHARD G. LUGAR,
U.S. Senate, Washington, DC.

DEAR SENATOR LUGAR: We write to urge you in the strongest possible terms to oppose proposals, such as those included in the Pension Responsibility Act (PRA), to replace current federal food assistance programs with block grant funding. We oppose both the concept of block grant funding and the sharply reduced funding levels that have been proposed.

We oppose these proposals for the following reasons:

(1) The block grant approach fails to assure that federal dollars will go for their intended purposes. Under the PRA, large portions of federal funding for food assistance could be provided in cash. Specifically, the PRA would allow benefits previously provided as food stamp and WIC coupons to instead be provided as cash. Thus, states would be free to provide assistance that could be devoted to other non-food needs. This approach could not only have a serious deleterious effect on low-income children and families but also could effect adversely the entire food and agriculture economy. In addition, the block grant converts nutrition programs from entitlements into discretionary programs subject to annual appropriations. Thus, there is no guarantee that any federal dollars will be available for food assistance.

(2) The block grant approach is inherently insensitive to the poor when their needs are greatest. There is no mechanism in block grants to assure assistance will expand during a recession or when need arises (such as a natural disaster). At the very time that needs go up in one state and potentially down in another, the funding will be inflexible and thus inefficiently applied to those states.

(3) The PRA would likely end the school lunch program as we know it. By proscribing assistance paid for meals served to "middle income" children, the likely result of the PRA is that millions of school children and thousands of schools will abandon the current system that guarantees free and reduced price meals to low-income children. Far smaller cutbacks in this subsidy in 1981 resulted in a loss of about 2,000 schools and two million children (750,000 low-income) from the program.

(4) The block grant approach removes from food assistance any tie to nutritional standards. Once states are free to design any program they want, there will be no assurance that the federal dollars are being spent consistent with fundamental standards on diet and health.

The block grant approach, especially with reduced funding levels, will result in more children in this country going hungry. Most of the programs affected are child nutrition programs, and half of all the participants of the largest nutrition program affected (food stamps) are children.

The resulting tremendous increase in need cannot be met by private charities. These institutions have repeatedly documented that they cannot meet the demand currently placed upon them. Furthermore, we strenuously object to any policy that could have the effect of an exponential increase in the number of Americans who must feed their families through soup kitchen and bread lines. This is no way for the greatest nation in the world to care for its needy residents.

Finally, we suggest that a return to block grants ignores the history of why federal food assistance programs were established. The federal government stepped in because states were either unable or unwilling to meet the needs of our people.

The federal nutrition programs are an enormous success story, built with bipartisan support from Congress over many years. Study after study has documented the effectiveness of the very programs that proposals like the PRA would turn back to the states. These programs have been proven to enhance the health and education of our children, some saving money in the long run. They also can serve as effective organizing tools for crime prevention.

Initial estimates indicate the PRA could reduce food assistance funding by about ten percent ($4 to $5 billion a year) from the projected $40 billion FY 1996 food assistance funding level. Even this inadequate level would not be guaranteed since each year's funding would be subject to appropriations. There may be a need for the federal government to save money, but not feeding hungry children and their families is a poor place to start.

Sincerely,

DR. A. WAYNE LORD,
National Peanut Council Chairman,
Southco Commodities.

AMENDMENT NO. 2562

Ms. MIKULSKI. Mr. President, I rise today to speak in opposition to the Ashcroft amendment on food stamps.

For the second straight day we are being asked to launch an attack on the Food Stamp Program. Once again I want to restate that Democrats support real reform of food stamps, not an effort to take food away from people. This amendment block-grants food stamps and in the process denies a safety net for kids. Once we turn this program into a block grant we end our commitment to feed all those children who fall victim to the next recession.

I am serious about reforming this program. I am pleased that Maryland has lead the country in introducing ways to cut down on fraud by going to an electronic system. Democrats have included reform of food stamps in our welfare reform bill. We included increased civil and criminal forfeiture for grocers who violate the Food Stamp Act. We tell stores that they must reapply for the Food Stamp Program so that we make sure that fraud is not happening. Retailers who have already been disqualified from the WIC Program are disqualified from food stamps. We encourage States to enact their own reforms including the use of an electronic card and a picture ID. Democrats don't stop there. We are willing to require able-bodied people to work.

Mr. President, the fight here is over food, not fraud. This amendment would take the current system and throw it out. After we eliminate the current system we then turn it over to State governments. There are no guarantees in this amendment that States will not create their own bureaucratic wasteland. No guarantees that money going for food won't be diverted to nonnutrition needs. If we block-grant food stamps, what guarantees U.S. taxpayers that the dollars going for food stamps won't be converted to fund other programs in the next recession? What guarantees do we have that these nutrition funds won't become a bailout fund for some politically vulnerable Governor?

Mr. President, I repeat, I am for welfare reform—all Democrats are. That is why we worked hard at a real reform bill. That bill includes reforms to the Food Stamp Program. This amendment replaces reform with regression. Regression back to a time when we did not commit our Nation to a goal of feeding hungry people. It is time we focused our attention back on reform. We can do that by voting down this amendment.

Mr. LUGAR. Mr. President, I reserve the remainder of my time, and I ask once again for clarification of how much time remains to the two sides.

The PRESIDING OFFICER. The Senator from Indiana has 5 minutes; the Senator from Missouri has 8 minutes 15 seconds.

Mr. LUGAR. I thank the Chair.

The PRESIDING OFFICER. Who yields time?

If no one yields time, the time will be deducted equally from both sides.

Mr. LUGAR addressed the Chair.

The PRESIDING OFFICER. The Senator from Indiana.

Mr. LUGAR. I yield myself as much time as I may require for a concluding statement. I see no other Senators wishing to speak on this subject on our side.

Mr. President, let me just state the case for retaining the welfare bill in front of us, the leadership bill, which permits block granting to States but does not demand it.

First of all, the mandatory block grant would subject poor children, families, and elderly people to serious risks during economic downturns.

Second, the formula for distributing funds would be inequitable and would penalize large numbers of States, especially those with expanding population.

Third, the Agriculture Committee, which I chair, would have to make deeper cuts in farm programs or the school lunch or other child nutrition programs because the amounts in the Ashcroft amendment are not as great a cut as the ones that we have already made. There is a discrepancy of over $3 billion as we calculate it.

Fourth, the amendment would likely lead to sharp reductions in food purchases and nutritional well-being and would injure the food and agricultural sectors of our economy.

Fifth, the bill denies food stamps to indigent, elderly, and disabled people who do not meet the work requirements.

Sixth, the amendment allows States to withdraw all State funds used to administer the Food Stamp Program and substitute Federal funds for them.

Seventh, the amendment would widen disparity among States and intensify a race to the bottom.

Eighth, Mr. President, it would weaken the safety net for children throughout the country.

And, finally, the amendment could increase fraud even though the desire, obviously, of the proponents is to limit fraud. There is no guarantee that States, starting from scratch in a complex program, would enjoy a situation of a greater fight against fraud than we experience in the Federal Government. Really, I think the evidence is to the contrary.

Mr. President, for all of these reasons, plus the obvious one, and that is a safety net of nutrition for Americans is vital and it should not be cast away in this amendment, I call for the defeat of the Ashcroft amendment and the retention of the safety net that we have currently.

I thank the Chair.

The PRESIDING OFFICER. Who yields time?

Mr. ASHCROFT. May I inquire of the Chair the time remaining?

The PRESIDING OFFICER. The Senator from Missouri has 7 minutes remaining. The Senator from Indiana has 1 minute 45 seconds.

Mr. ASHCROFT. I thank the Chair.

Mr. President, I am pleased to ask the Members of this body to vote in favor of endowing the States with the opportunity to substantially reform the welfare system, the single largest component of the welfare system, which touches almost 1 in every 10 Americans, and to do so by providing the resources to the States so that their legislatures and their Governors can make the resources available to truly needy individuals in a way that is far more efficient, is far less likely to consume additional resources. This is an idea which is welcomed by the States. Let me read from Governor Thompson's letter sent to my office.

> Senator Ashcroft's amendment allows the maximum level of state flexibility while preserving the anticipated level of federal financial support envisioned in the leadership bill. In addition, the transferability of funds from the food stamp block grant to the AFDC block grant, which is common, is of critical importance to States like Wisconsin.

Wisconsin, as you know, has been a leading State in welfare reform. One of the reasons it is important that we have the kind of transferability and that we put AFDC and food stamps both into block grants is that, if you leave one Federal program as an entitlement without any limit as to the spending involved and you put another Federal program into a block grant, States can shift people from one area to another, pushing people into one area and elevating the Federal responsibility in order to curtail the responsibility of the State.

This would distort the allocation of resources. It simply would not be appropriate. We need to have the discipline and the management tools necessary for these programs to be administered appropriately and honestly. You could understand that if the AFDC Program, which is a shared program between the State and the Federal Government were to be block granted, and you maintained an entitlement in food stamps, that it would lead States to shift people from the limited area of State assistance to the unlimited area of the entitlement.

The distinguished Senator from Indiana has indicated that they hope to have savings of a substantial amount as a result of reforms that have been added to the program. Of course, we have seen these reforms year after year and time after time. We had major food stamp legislation in 1981 and then in 1988 and several times it has been adjusted in this decade. We have also seen what the chart shows: That food stamp consumption goes up and up.

It is anticipated that food stamps will rise. Under the Dole bill, food stamp consumption is supposed to go up. SSI is supposed to go up. It is anticipated that AFDC will remain low. Surprise, surprise. The Dole bill, the leadership bill, provides that AFDC would be a block grant where the incentives would exist to keep the program down. And the anticipated rises here, frankly, by CBO are not rises that project any cost shifting, sending people from this category into these categories. That is not the reason for the rise, that is just another projection.

But if we make this a block grant program and it is limited and we say that these continue to be unlimited in entitlement programs, the natural tendency will be for States to start shifting clients from this client base over into these categories. As I suggested, these categories are likely to be increasing even further.

I believe that the people of this country have called upon us to reform welfare. To ignore the largest single welfare program in terms of people that it touches in this country and to say that it is off the table, and to call it some kind of a safety net, and to say we cannot trust local officials or State officials to be compassionate in the administration of these funds, and to say that we prefer the Federal bureaucracy, and that somehow there is greater compassion in this body and the Congress than there would be at State capitals, I think is to miss the point. The point should be that we should be focused on reforming the welfare system. We will not get great reform if we say to States, "Well, you can opt into a block grant but, on the other hand, if you do not opt into a block grant, we will let you continue in an entitlement program." "In an entitlement program" means you can continue to get money for all the people you can possibly find to qualify.

The incentives for cost reduction in that environment, the incentives for caseload are substantially lower than they would be in the setting of a block grant.

Not only would the incentives be substantially lower, but compliance costs, for complying with these 900 pages of regulations, still exist. You still find yourself in a system with about 24 percent friction in the system—the fraud, the abuse, the high administrative costs. It has been estimated that perhaps the leadership bill would take 90 pages out of the 900 pages of regulations. Some suggestion has been made, well, the States would not know how to come up to speed on this. After all,

they could not do this in a couple weeks, they could not make this transition.

The truth of the matter is that States have had to administer this program covered over with the redtape of the Federal bureaucracy for years for the last quarter century. They know this program better than the Federal officials do. There are not that many food stamp employees in the country that are not State and local governmental employees, but they know what they are working under and they know how it is burdening the system and they know the additional costs. It is that additional cost that has caused them to say, if we could have this program as a block grant, we could serve people far more carefully and far better.

So I believe that our responsibility is a responsibility to really reform welfare. Our responsibility is a responsibility to avoid cost shifting. Our responsibility is a responsibility to recognize that we have been working with a failed system.

The PRESIDING OFFICER. The Chair advises the Senator his time has expired.

Mr. ASHCROFT. I urge the Members of this body to include, in real reform for welfare, reform of the biggest of the welfare programs, the Food Stamp Program.

The PRESIDING OFFICER. The Senator from Indiana.

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

The PRESIDING OFFICER. Does the Senator yield back all time?

Mr. LUGAR. Yes.

The PRESIDING OFFICER. All time is yielded back.

Mr. ASHCROFT. I ask unanimous consent that Senator GRAMM of Texas be added as a cosponsor of this amendment.

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

The Senator from Indiana.

Mr. LUGAR. Mr. President, I ask for the yeas and nays on the amendment.

The PRESIDING OFFICER. Is there a sufficient second?

There appears to be a sufficient second.

The yeas and nays were ordered.

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

The assistant legislative clerk called the roll.

The PRESIDING OFFICER (Mr. ASHCROFT). ARE THERE ANY OTHER SENATORS IN THE CHAMBER DESIRING TO VOTE?

The result was announced—yeas 36, nays 64, as follows:

[Rollcall Vote No. 412 Leg.]

YEAS—36

Abraham	Grams	Murkowski
Ashcroft	Grassley	Nickles
Bennett	Gregg	Packwood
Brown	Hatch	Roth
Coats	Helms	Santorum
Coverdell	Inhofe	Shelby
Craig	Kempthorne	Simpson
DeWine	Kyl	Smith
Dole	Lott	Stevens
Faircloth	Mack	Thomas
Frist	McCain	Thompson
Gramm	McConnell	Thurmond

NAYS—64

Akaka	Exon	Levin
Baucus	Feingold	Lieberman
Biden	Feinstein	Lugar
Bingaman	Ford	Mikulski
Bond	Glenn	Moseley-Braun
Boxer	Gorton	Moynihan
Bradley	Graham	Murray
Breaux	Harkin	Nunn
Bryan	Hatfield	Pell
Bumpers	Heflin	Pressler
Burns	Hollings	Pryor
Byrd	Hutchison	Reid
Campbell	Inouye	Robb
Chafee	Jeffords	Rockefeller
Cochran	Johnston	Sarbanes
Cohen	Kassebaum	Simon
Conrad	Kennedy	Snowe
D'Amato	Kerrey	Specter
Daschle	Kerry	Warner
Dodd	Kohl	Wellstone
Domenici	Lautenberg	
Dorgan	Leahy	

So the amendment (No. 2562) was rejected.

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

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

The motion to lay on the table was agreed to.

AMENDMENT NO. 2527

The PRESIDING OFFICER. Under the previous order, the Senate will now resume consideration of the Shelby amendment, No. 2527.

Who yields time on the amendment?

If neither side yields time, time will be subtracted equally from both sides.

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

Mr. MOYNIHAN. Mr. President, we must have order. This is a matter of consequence.

The PRESIDING OFFICER. The Senate will be in order.

Who yields time? The Senator from Alabama.

Mr. SHELBY. Mr. President, under a unanimous-consent agreement, I was slated to offer an amendment dealing with food stamps. I will not offer that amendment at this time. I ask unanimous consent I be allowed to withdraw the amendment.

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

The amendment (No. 2527) was withdrawn.

The PRESIDING OFFICER. Under the previous order, the Senate will now resume consideration of three Moseley-Braun amendments, Nos. 2471, 2472, and 2473, on which there shall be a total of 2 hours of debate.

Who yields time?

Mr. MOYNIHAN. Mr. President, may I inquire of my friend from Illinois, has one of the amendments been accepted?

Ms. MOSELEY-BRAUN. No. There are three amendments. I would like a moment to consult with the Senator from New York. Therefore, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Ms. MOSELEY-BRAUN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

AMENDMENT NO. 2471

Ms. MOSELEY-BRAUN. Mr. President, I send an amendment to the desk which I now would like to have a vote on and discussion.

Essentially, this is the bottom-line child-protection amendment. It establishes a requirement that there be a voucher program for children, minor children, whose families would otherwise be eligible for assistance except for the time limit or other penalties, and where the parent has not complied with whatever the State rules are, the payment for that child's assistance could be made, if necessary, to a third party.

Mr. President, I ask my colleagues to take a good look at this amendment and to support it because, quite frankly, this amendment is one that can be supported by those who favor block grants and by those who oppose block grants. It also warrants support by those who favor State flexibility and by those who oppose State flexibility. This amendment speaks to maintaining a safety net for poor children.

This amendment essentially provides a floor below which no child in this United States will fall. Essentially, what it says is that children will not be penalized for the behavior of their parents. We have already had a lot of discussion in this forum about welfare reform, and the extent to which it affects the children. Quite frankly, the numbers make it very clear that out of the 14 million people in the United States who are currently receiving AFDC, 9 million of those people are children.

So essentially, if we penalize the majority, the children, for the behavior of their parents, I think we will have committed a great harm. It seems to me that our efforts to reform the welfare system should, at a minimum, do no harm to the children.

Mr. President, the United States, our country, has a child poverty rate of

some 22 percent. That is one in five children who is poor. Our child poverty rate exceeds those of all the other industrialized nations. As we address the whole issue of poverty in the United States, and particularly child poverty, it seems to me that we ought to provide a minimum below which no child will fall, a minimum safety net that still allows the States to construct their own rules and requirements. A State can set up whatever kind of plan it wants to, at least within the parameters of the underlying legislation. A State will have the flexibility through the block grants to do as they will in terms of time limits, in terms of other requirements. But at a minimum, I think we should have consensus in this body that children caught in that situation will not be penalized for the failure of their parent to comply with the rule, whatever that State rule is, pertaining to welfare.

Mr. President, this amendment would ensure at a very minimum that every State will provide essential support through a voucher for poor children whose parents and families no longer qualify for assistance. The amendment would allow the use of block grant funds for this purpose. So in that regard, it will allow for the maintenance of the flexibility that is in the underlying legislation again for the protection of children.

Mr. President, I ask for my colleagues' support of this legislation. I am prepared, of course, to entertain any questions regarding this.

Specifically, Mr. President, I would like to point to the notion that, with regard to the underlying legislation, there is a 5-year time limitation in terms of public assistance. It is unlikely, quite frankly, but there is the possibility—hopefully, it will not happen all that often, but there is at least a prospect—that we will have 6-year-old children walking around with no subsistence, with no support, with no help at all.

If, indeed, their parents fail to comply with the time limit in this bill or any other limitation that may be proposed by this legislation or the State in developing their plan, again I think we have to be mindful and cognizant of the fact that as Americans we have an obligation to all the children and that we would want to ensure that, at a minimum, there be an opportunity for those children who are left out to be fed, to be housed, and to receive adequate care.

The child-voucher approach will allow payment to a third party for essential services provided to minor children.

Mr. President, that, in substance, is the child-voucher amendment. I have on previous occasions discussed this issue in depth, regarding the operation of the welfare program with regard to children and the operation of the underlying legislation.

There is little question but that there ought to be some minimal standard. I believe the child-voucher amendment allows that, and so again I would entertain any questions about this legislation and ask for its favorable consideration.

I would also point out, Mr. President, this amendment has been analyzed and the CBO analysis is, "The amendment would not alter block grant levels and therefore would have no direct impact on Federal spending."

The PRESIDING OFFICER. Who yields time?

Mr. LOTT. Mr. President, I observe the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

Mr. LOTT. Mr. President, could I inquire about how the time is being divided at this moment?

The PRESIDING OFFICER. The Senator from Illinois has 48 minutes and 10 seconds remaining, and the opposition has 58 minutes and 52 seconds remaining.

Mr. LOTT. Mr. President, for the sake of time being treated fairly, if we do go back into a quorum, I ask unanimous consent that the time be equally divided on both sides.

Ms. MOSELEY-BRAUN. I think I am going to object to that.

I would say to my colleague, I am prepared to talk about this further.

Mr. LOTT. Fine.

Ms. MOSELEY-BRAUN. My own view was that I thought the opposition, if there is opposition—I hope there will not be opposition; it seems to me on this amendment we should reach consensus about it. But in the event there is opposition, I hope that the opposition would express itself in this period and would actually engage in dialogue about the importance of having again this child-voucher approach or some bottom-line protection for children. It seems to me to be an important enough subject to talk about it as opposed to just going into a quorum call.

Mr. LOTT. Mr. President, if the distinguished Senator from Illinois will yield, that would be fine, if the Senator is prepared to speak further. And I am sure we will have some comment in opposition or some further discussion. But I just did not want us to be in quorum call with the time being counted just against this side. If the Senator would like to speak, that will resolve the problem, and then I am sure we will begin to ask questions and have dialogue.

Ms. MOSELEY-BRAUN. All right, I will continue then.

The PRESIDING OFFICER. The Senator from Illinois.

Ms. MOSELEY-BRAUN. I thank the Chair.

Mr. President, a lot of what I have to say about this particular amendment is in reiteration of what I said the other day. And, again, I would call my colleagues' attention to the significance of having a bottom-line protection for children. If anything, this amendment says that we will do no harm by the children; that in order to get the conduct of the 4.6 million adults who are receiving public assistance, we will not hurt the 9 million children who may be caught up and not understand all the rules.

The children are not responsible for their parents not going to work. The children are not responsible for their parents not complying with the family cap. The children are not responsible for their parents not abiding by the rules. The children have no way of fighting back or even challenging a State's decision to construct a program in one way or the other.

In light of the fact that what we are doing with this reform effort is setting up 50 different assistance systems—that is essentially what is going on—by devolving from the national program under the Social Security Act for public assistance, we are allowing the States to craft their own programs, and so a child living in one State or another may well wind up really the victim, if you will, of an accident of geography.

It seems to me that at a minimum we ought to be able to say, as part of our national commitment as Americans, we are not going to allow a child to go homeless; we are not going to allow a child to go hungry; we are not going to allow a child in any State to be subject to the vicissitudes of misfortune, or, alternatively, to an accident of geography, and that we will provide a minimal safety net under which children can be cared for.

This issue is actually one of the more troubling aspects of this whole debate—the question of what about the children, what do we do about the children in the final analysis.

Earlier in the debate about welfare reform, the question was raised by some: Well, what happens if the parents do not comply with the rules? Then what do you do with the children? The suggestion was even made by some that you put them in orphanages.

We do not yet have the orphanages. We do not yet have any alternatives for these babies who may well be left homeless and hungry, with no subsistence at all if their parents get cut off of welfare.

I raised the issue with my colleagues the other day about the notion that while it is being touted as a new approach to public assistance, really this is an old approach; what we are doing here has happened before in this country.

I put into the RECORD this article from the Chicago History magazine called "Friendless Foundlings and Homeless Half Orphans," and it talked about the situation in our country before we had a national safety net for children, what happened there.

What we found was that, depending on the State of residence, depending on where the child lived, the different States responded to the issue of dependent children in different ways. And, in many instances, the children were left to their own devices—sleeping in the streets, in some instances, a parent—and that is where the term "homeless half orphan," which I never heard before I read this article, came from. The women in some instances could not support them and would take to the doors of a church or orphanage and just leave them there for the winter so as to provide their babies with some way to live when times were really hard.

I do not think we want to go back to that in this country. As a matter of fact, I am certain of it. And I do not sense frankly that even the architects of this bill want to go move this country backward. The architects of this legislation, however, have often said, well, we are just going to take our chances because the States are going to do no harm to the children. States will not leave the children homeless and hungry, and the States will not make decisions, the Governors will not make decisions that will hurt the children any more than we in the Senate would want to hurt the children.

And I am prepared reluctantly to take the gamble that we all will take with the passage of this legislation, that that is the case. But I have to raise the question whether or not, as a national community, we are willing to take that gamble on the backs of the children, whether or not we are willing to take that gamble without regard at all to any protection for them, any bottom line for them.

Would it not be in our own interests as a national community, all of us, because we are all residents of various States, residents of the State that sent us here in the first instance, we are residents of local governments as well, but would not it make sense for us to have some bottom level below which no child—no child—will be jeopardized? That is the only question. Are we prepared to take a loser-risk-all kind of gamble, or are we willing to say with regard to the basics of subsistence issues for children—food, clothing, care, shelter—with regard to health, with regard to those very basic things, we are going to provide some level of support?

That is what this child voucher amendment does. It says to the States, you are free to do what you want to do in terms of constructing the parameters and the operation and the system for your program. You are absolutely free to do that. But at a minimum, you have got to provide that if a child winds up with nothing because that child's parent does not comply with the rules or does not fit into the program, that that child in the final analysis will be entitled to a voucher, the voucher is not for any adults, it is for that child, that 6-year-old, that 7-year-old, that 4-year-old even, that that child will be entitled to a voucher. Vouchers would go to a third party and it might well be an orphanage or might be somebody in the community or it might be some other system that the State establishes. We are not telling the States how to do this.

We are just telling them that there has to be this bottom-line protection and that they have an obligation to try to work out some system so that children will not fall below the level of care and subsistence that as a national community we believe is appropriate. We do not want to get to the point—and I do have the picture; I do not know if it is still here—that was demonstrated graphically in the article that talked about what we had in this country before we had a national safety net, a national commitment to safety for the children. We do not want to wind up with children sleeping in the streets and fending for themselves. This is actually a picture. This picture is not made up. And this is in the United States of America, let me point out. This is not some foreign country, although we do, frankly, have pictures of foreign countries that do not have a child safety net and the situation of their children is dire in 1995. But this particular picture here which I would call the Chair's attention to, this is a fascinating article.

And if the Chair gets an opportunity, because I know, Mr. President, that you have a great interest in this subject, this article was written regarding turn-of-the-century America and the situation regarding child welfare in this country. This picture here was taken in Illinois, I say, in my own State, circa 1889. This is 1889.

Until the reform efforts of the late 19th century, the public largely ignored the plight of destitute children. Barefoot children wandering about the streets, boys selling newspapers, and "street arabs" sleeping on top of each other for warmth, were among the realities that forced charities to undertake measures to protect orphaned and abandoned children.

Again, I cannot imagine anybody in this Chamber wanting to go back to this type of child poverty. I do not think anybody wants to get to this again. But the only way we can keep this from happening this happening in this country is to provide for a basic safety net. And that is exactly what the child voucher amendment does.

Mr. President, one of the other issues in terms of the analysis of S. 1120, the underlying legislation, that I thought ought to command and compel our attention are the issues of the number of children that might be kicked off, if you will, because their families did not comply with the rules, either the time limit or the family cap or whatever.

The estimates are that if the bill—I will quote—if the bill were fully implemented, the States would not be able to use Federal funds to support some 3.9 million children because those children are in families that have received AFDC for longer than 5 years. This analysis takes into account that 15 percent of the entire caseload will be exempt from the 5-year limit. If the States were to impose a 24-month time limit instead of a 60-month time limit, 9 million children would be denied assistance.

Now, Mr. President, those are not my numbers. Those are the numbers from HHS. And I think those are numbers that all of the authors of S. 1120, the authors of this plan, recognize to be true. This is not made up. And so the question becomes for all of us—do we really want to take the chance that some 3.9 million children will be left to be street urchins and left to their own devices because of the time limit operation in the bill? Or more to the point, if we change the time limit and impose some other requirements—or worse yet, the States could impose a time after 24 months—if that were to happen, as many as 9 million children would be denied assistance altogether? I, for one, do not believe that is a chance that any of the Members of this body want to take.

Certainly we have some philosophical disagreements about this legislation. There are disagreements about the many constituent parts of it. But on this, Mr. President, I believe there can be no disagreement that the children are deserving of our absolute commitment, and the children are deserving of some protection, and, in passing this legislation, we will provide a minimal level of protection. And I have proposed that the way we do that is to state for the record that the States should be required to establish a child voucher program so that those children would be eligible for assistance such as food, care, and shelter.

Mr. President, I yield the floor.

Mr. SANTORUM addressed the Chair.

The PRESIDING OFFICER. The Senator from Pennsylvania.

Mr. SANTORUM. Mr. President, I yield myself such time as I may consume. I would like to say that this amendment, which is similar in nature to what Senator DASCHLE had offered in his substitute, really does violate the whole principle of ending welfare as we know it. What this amendment does is continue the entitlement to welfare benefits albeit in a different form. It is not cash, it is vouchers, still an entitlement, Federal dollars to families on welfare in perpetuity. There is no time limit. So this will, in effect, end the time limit.

Now, if we are serious—I would say that the President when he offered his bill a year ago in June, although he had some loopholes, he did have a time limit. And he did, after 5 years, under some circumstances, not many, unfortunately, but some circumstances actually end welfare in the sense that the cash assistance, voucher—no further entitlement under AFDC would be continued. And to suggest that if we provide in an entitlement just for children and not for the mother that somehow the children are going to get this money and the mother or father, whoever the custodial parent, is not going to get this—I do not know many 3-years-olds who fend for themselves. The money is going to go to the parents and it is going to be a support.

Now, I would say, under the Dole modified bill, we do continue to support that family with Medicaid, with food stamps, with housing if the family qualified for housing. About 25 percent of families on AFDC qualify for Federal housing assistance, whether it is section 8 or public housing. So all of those benefits continue. And all we are doing is saying, after 5 years, after we have given you intensive training under this bill—we believe there will be intensive worker training or retraining if necessary, 3 years of work opportunity—at some point the Federal contract with the family who is in need ends. And what we are going to say is we will continue to provide food and medical care and other things if you chose not to go to work.

But at some point we are going to say we are not going to continue to provide assistance in the form of cash, or in the case of the Senator from Illinois's amendment, a voucher, which is the equivalent of cash to provide for other services that cash would be used for.

So to me this is just a backdoor attempt to continue the welfare entitlement in perpetuity. And if you understand the whole motivation, the reason the President in such dramatic fashion in 1992 stood squarely behind the idea of ending welfare as we know it, that whole concept of ending welfare as we know it was based on a time limit, a 5-year time limit on welfare. You cannot end welfare if you continue welfare, and this continues welfare. If we adopt this amendment, anyone who stands here and says, "We are ending welfare as we know it" is not telling the truth, because you continue the entitlement. It is very important that this amendment, although I understand and respect the Senator from Illinois and her desire to protect children, I suggest that you can go to cities across this country and find pictures of children in, unfortunately, the same situation today. Usually, they may not even be out on the street, because in many of these neighborhoods, they certainly would not be safe out on the street because of the violence and the degradation that we have seen in the communities that they live in.

We go back to the whole point that we are here today, and the whole point we are here today is the current system is failing the very children it is attempting to help. To suggest we are going to help children by continuing dependency, by continuing the welfare system, in a sense, with this entitlement stretching on in perpetuity, I think, just belies the fact that the system is failing.

I appreciate her concern for children, and I think everyone here who stands behind the Dole bill has that same concern for children. We honestly believe, and I think rightfully believe, that ending the entitlement to welfare, requiring work, moving people off a system which says, "We are going to maintain you in poverty," to a system that says, "We are going to move you out of poverty," that is a dynamic, time-certain system, is the way to really change the dynamics for the poor in America today and for the children in America today.

It is a philosophical difference. Many times I go back home and I have town meetings. People at my town meetings say, "Why don't you folks just work it out? You are always playing politics down here. Why don't you folks come together?"

I say to the Senator from Illinois, we did come together on one of her amendments. She was to offer three. One of the amendments we accepted. We accepted her amendment on a demonstration project, called JOLI, $25 million. We understand that that system is experiencing some success, so we agreed to accept one of her three amendments.

The other two we have very different policy differences. This is not politics. They are fundamental differences of opinion as to whether welfare is working with a system of endless entitlement, or whether we need, as the President has stated, to put some certainty of time, some commitment to the individual that welfare will be there to help for a discrete period of time to intensively try to turn someone's life around with the expectation and requirement that at some point you will move off and the social contract between the Government, whether it is the State or whether the State, hopefully under the Ashcroft provision of the Dole amendment, moves it to the private sector and has a private entity more involved in provision of welfare, whatever the case may be, we believe that that dynamic process is so possible under this amendment, that is so different than what we have seen in the past, that I am hopeful that we can defeat this amendment, keep that time-limit provision in place and move forward with this bill.

Ms. MOSELEY-BRAUN addressed the Chair.

The PRESIDING OFFICER. The Senator from Illinois.

Ms. MOSELEY-BRAUN. Mr. President, first, I want to thank the Senator from Pennsylvania. He is correct, the job training demonstration amendment has been accepted, and I am delighted to have been able to work with him in a bipartisan fashion.

Second, I say to him that this is not a back door around the time limit. If anything—and I want to make this point because I think it is very important to our colleagues' analysis of the child voucher amendment—if anything, this amendment is no more and no less than an insurance policy for the children.

We know there is going to be a time limit. That is written in the legislation. We know there are going to be work requirements. There may well be a family cap. We know all these things are happening, but there are so many uncertainties in this legislation, not the least of which is whether or not the parents will be able to find jobs after 5 years.

The Congressional Budget Office estimated that only 10 to 15 States could potentially meet the fiscal year 2000 work participation requirements in this legislation. They go on to say that because the bill provides States with significant flexibility to set policies that may affect caseloads, the estimate contains a high degree of uncertainty.

To the extent that there is uncertainty here, are we really prepared to say we are going to make 6-, 7-, and 8-year-olds pay for any failure of our analysis? Are we going to make them pay for the sins of their parents? Are we going to make them pay for our failure to adequately put together a system that addresses the issues that go to poverty?

The Senator from Pennsylvania, when he starts talking about this issue, starts talking about crime and violence in the communities. There are a lot of issues involved in this whole question of welfare. But I say to my colleagues once again, welfare does not stand alone in a vacuum. It is only a response to a larger issue, which is poverty, child poverty.

Our Nation has tried different approaches to the issue of dealing with child poverty and destitute children, and now we are about to try another one. We are about to try the "ending of welfare as we know it." Well, Mr. President, it is just like anything else. We all know, for example, that we are going to die, but most of us have the sense to go ahead and get an insurance policy anyway.

The fact of the matter is that this is going to change. Will we have an insurance policy for children? I submit that we should. I hope that my colleagues will agree with me, and I urge your support for the child voucher amendment.

I ask for the yeas and nays.

Mr. President, before I do, Senator LIEBERMAN has requested to be added as a cosponsor on the child voucher amendment. I ask unanimous consent that he be added as a cosponsor.

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

Is there a sufficient second?

There appears to be a sufficient second.

The yeas and nays were ordered.

Ms. MOSELEY-BRAUN addressed the Chair.

The PRESIDING OFFICER. The Senator from Illinois.

Ms. MOSELEY-BRAUN. Also, Mr. President, I ask unanimous consent that Senators MURRAY and MIKULSKI be added as cosponsors to the child voucher amendment.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Ms. MOSELEY-BRAUN. And I ask for the yeas and nays.

The PRESIDING OFFICER. The yeas and nays have been ordered on the child voucher amendment.

Ms. MOSELEY-BRAUN. Mr. President, I understand we will stack the votes on these amendments; therefore, I want to move on to the second amendment in this series and get that resolved as well.

Mr. DOLE. Mr. President, I ask unanimous consent to speak out of order.

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

The majority leader.

THE WAR ON DRUGS

Mr. DOLE. Mr. President, earlier today, the Department of Health and Human Services released the results of its 1994 National Household Survey on Drug Abuse. According to the survey, marijuana use among teenagers has nearly doubled since 1992, after 13 straight years of decline.

This troubling fact confirms what we already know: Today, our children are smoking more dope, smoking and snorting more cocaine, and smoking and shooting up more heroin than at any time in recent memory.

Unfortunately, while drug use has gone up during the past 2½ years, the Clinton administration has sat on the sidelines, transforming the war on drugs into a full-scale retreat.

The President has abandoned the moral bully pulpit, cut the staff at the drug Czar's office by nearly 80 percent, and appointed a surgeon general who believes the best way to fight illegal drugs is to legalize them. He has presided over an administration that has de-emphasized the interdiction effort, allowed the number of Federal drug prosecutions to decline, and overseen a source-country effort that the General Accounting Office describes as badly managed and poorly coordinated.

Mr. President, illegal drug use declined throughout the 1980's and early 1990's, so we know how to turn this dangerous problem around. It means sending a clear and unmistakable cultural message that drug use is wrong, stupid, and life-threatening. It means beefing up our interdiction and drug enforcement efforts. It means strengthening our work in the source countries by making clear that good relations with the United States require serious efforts to stop drug exports.

And, yes, it means leadership at the top, starting with the President of the United States.

Today's survey is yet another warning for America. We must renew our commitment to the war on drugs, with or without President Clinton as an ally.

I yield the floor.

FAMILY SELF-SUFFICIENCY ACT

The Senate continued with the consideration of the bill.

AMENDMENT NO. 2472

The PRESIDING OFFICER. Amendment 2472 is now pending.

Ms. MOSELEY-BRAUN. Mr. President, this is kind of an interesting place to pick up, following the child voucher amendment. This, again, is separate and distinct from that. If anything, the child voucher amendment really is the most important in terms of the children.

This next amendment goes to the adults. What do we do about the parents? In that regard, as we know the underlying legislation calls for States to provide work experience, assistance in finding employment and other work preparation activities, section 402(A)(2) of the bill.

One of the uncertainties in the legislation, uncertainties that CBO spoke to, that many of the speakers on this issue have noted, is that the States have not yet geared up to do this. Only a few will be ready to move forward.

We have the example of Wisconsin. I understand in a couple of counties there they have already moved to a work assistance kind of program, an initiative. Other States have tried it. Under the Family Support Act, those kinds of work-training experiments and initiatives are encouraged.

The point is that a lot of States have not yet moved to that. The question is whether or not the States will actually do so, whether they will actually move to employment training, work preparation, work experience, assistance in finding employment for individuals. Again, the CBO estimates that there is not enough funding in the bill to do that.

This legislation says that the State should not just kick somebody off of assistance—this is as to the adults, not the children, as to the adults—the States should not kick the adults off unless they have provided work assistance.

Now, HHS has estimated that under the leadership plan, some 2.9 million people would be required to participate in a work plan under the plan. That is fine. The point is that in terms of the number of dollars to meet that participation rate there is not enough, it is also estimated we need 161 percent more dollars than presently provided in the legislation.

Clearly, there is a dissonance, a gap in the interesting goal and our intent to provide work and job training assistance and our dollars that will flow to do so. We do not know how that will come out. It creates a great uncertainty.

It seems to me that, again, as a bottom line—as to the adults—we ought to make it clear that States should not just kick people off without providing them with some assistance.

I encourage my colleagues to take a good look at this. Again, we have the numbers from CBO regarding whether or not their respective States will be able to meet the work requirements and not have a penalty. Most of the States will not. It is estimated only 10 to 15 States already are geared up sufficiently to provide the kind of work assistance that the bill, the underlying legislation, calls for.

All this amendment says is that States must provide those services in terms of job assistance and the like if they are going to cut people off at a time certain, whether it is 5 years, 2 years, 1 year, 6 months, or whatever the time limit is.

Again, this State responsibility amendment, if anything, goes to providing the parents with some comfort level that in the event there are no jobs in their area, in the event the State has not been able to get them into some kind of gainful employment, that they will not thereby lose their ability to feed themselves and to provide for their children.

I point out, Mr. President, also that this amendment only requires that the States deliver the services to those recipients that the State decides need to have those services. That is not to say they have to provide everybody with job training. The State can make decisions as to who has to go into job training or receive education.

We are not fooling with States' flexibility with this amendment. What we are saying in those instances, and there are instances where either there are no jobs or the State has not been able to figure out a way to get people transported to where the jobs are located, or, alternatively, the individual has been trained for a job but the job does not exist any longer, in the event that happens, they will not be denied assistance.

I think Mr. President, given the fact we have huge dissonances in our economy, again, this is a response to poverty this amendment is needed. It is not the answer to it but it is a start.

The answer to poverty, which is where the Senator from Pennsylvania and I are most in agreement, the answer to resolving poverty is to look at the underlying economic issues and to create an environment in which jobs get created, that people can go to and earn a sufficient living to support their families. That ought to be our objective, and I think that will be our objective as we take up these issues.

As we talk about what is our interim response to poverty, if welfare is that response, we ought to make certain that we do not wind up just throwing people over the edge of the Earth because we have failed to actually address the fundamental issue of economic dislocations.

Mr. President, I do not know if you were in committee—I know the Senator from Pennsylvania was there—the other day when we were talking about this. In my own State, there are areas of my State where there is 1 percent private employment. One percent private employment.

Mr. President, that is not a recession or depression. That is economic meltdown. If an individual lives in an area where there is 1 percent private employment, then the question becomes where, pray tell, are they going to work?

This chart shows areas of high unemployment in the city of Chicago specifically, but I was in southern Illinois just this weekend and the single biggest complaint and cry I heard there was about the huge unemployment and dislocations caused by closing of the coal mines. We had not gotten to the point of economic development there, to provide people with alternatives to working in the mines. In areas of the city of Chicago, there is a community with 72.3 percent poverty rate. Unemployment is 43.4 percent. Given the way we count unemployment numbers, that is only counting the people that have been in the job search for the last 6 months, so a lot of the people in this category have given up looking, so the numbers are even higher.

These numbers, Mr. President, again, these numbers in certain segments are even higher. Again, I point to what I thought was the most stunning, stunning example, and that was the area that had 1 percent private employment.

Until we figure out how to get capital into those communities, until we figure out how to get jobs created in those communities, we will have to do something. I dare say the States will have to come up with transportation initiatives to move people out of their neighborhoods to neighborhoods where the jobs are or figure out some public service; they will have to work through these plans.

That is the whole import of this devolution of welfare, sending it to the States, is tell them, "You go figure this out."

As we do that, the question becomes, what about these individuals that get caught up and for whom there are no options? I dare say, Mr. President, we have an obligation to see to it that these individuals—and, again, every State has them, I have numbers even for the Presiding Officer's State—but as we go through this experiment, I do not think we have the luxury of being generous with the suffering of others, and that we want to really, really put ourselves in a position where people who want to work but cannot find work wind up with absolutely nothing and with no help from their State in helping them to do better and to do for themselves and to provide for themselves and their families.

With that, Mr. President, I ask for the yeas and nays on the second State responsibility amendment.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

Mr. HATCH. Mr. President, the Senator from Illinois knows how much I appreciate her efforts and how much she tries to do good here on the floor. Certainly, what she is talking about here is something that is very alluring and very tempting, if you do not care where the moneys are coming from, if you do not really care about trying to reach a position whereby we live within our means.

Under the Moseley-Braun amendment that is currently being debated, it prohibits the States from imposing a time limit if the States fail to provide job-related services, that is work experience, work preparation activities. So, if the State fails to do that, then the State cannot impose a time limit on how long a person has to get to work.

The things that can be said for this amendment, it seems to me, are that a State should not be able to cut recipients off without providing them training to become self-sufficient. And the second point would be the States will not be willing to spend money on recipients that need extensive services. At least that is the argument.

But when you look at the other side of the argument, that is, when you have to stop and think is this the right thing to do if we want to get spending under control, if we want to have a true welfare reform, if we want everybody on a equal level, if we want a level playing field and everybody understands the rules and lives within them, then you have to look at the fact that this, some believe, and I am one of them, is a back-door attempt at continuing the entitlement.

Let us be honest about it. Entitlement programs have been eating the budget alive. They go on and on, up and up, without any controls, no ceilings, no lids, no nothing. Gradually, demand always outstrips supply when you make something free. That is just the way it is. It is human nature. People take advantage. And this would really allow an entitlement program to continue.

Second, it would create a new entitlement which requires States to provide services. One of the reasons we are doing this welfare reform bill is to try to end these escalating entitlement programs, to get spending under control, face our problems, but face them within an authorization process that says this is the limit to where we are going, we are not going to go beyond that. We are going to be fair, we are going to try to take care of people—we do not want anybody to be without a work life experience, we do not want to have people without appropriate training—but this is what we are going to spend this year. If we find that does not cut it, does not make it, we can always increase the authorization and appropriation to take care of it. But we do not need to create new entitlement programs which are programs that go on regardless of what Congress says. They keep going up and up and up as people take advantage of them.

The third point is this opens the States up to lawsuits from recipients who claim they do not get the type of training they want, rather than the type of training the State thinks they need. So any time a recipient or potential recipient feels he or she is not getting what they want, even though the State is providing job training and other forms of training and education, they can turn around and sue the State and say, "I am not getting what I want," and the State finds itself embroiled in litigation.

Ms. MOSELEY-BRAUN. Will the Senator yield?

Mr. HATCH. That is not the way it should work.

Ms. MOSELEY-BRAUN. Will the Senator from Utah yield?

Mr. HATCH. I will be happy to yield.

Ms. MOSELEY-BRAUN. This section of the bill, 402 of the legislation, refers to the State and the definition of the eligible State. It would be my understanding of the operation of law that here, this would not confer standing upon an individual to sue. This section of the bill relates to the State's obligations vis-a-vis its development of its plan. So this is not calling on the States to do anything but abide by its own plan. It would not, however, confer standing on an individual to sue with regard to enforcement of that plan.

Mr. HATCH. As I read it, it does; it is the failure of the State to provide work-related activity. The amendment reads:

The limitation described in paragraph (1) shall not apply to a family receiving assistance under this part if the State fails to provide the work experience, assistance in finding employment, and other work preparation activities and support services described in [this] section.

I contend that does give a right to sue to recipients.

Ms. MOSELEY-BRAUN. Again, this section amends lines 13 through 18 on page 25 of the bill which relates to State planning. Again, without debating——

Mr. HATCH. No, according to this amendment, it amends page 40 between lines 16 and 17.

Ms. MOSELEY-BRAUN. I am sorry, that is correct.

Mr. HATCH. If I go to page 40, amending section requirements and limitations and put this in between lines 16 and 17, the Senator provides for an entitlement. It seems to me the Senator provides for a means whereby people can bring litigation if they do not get their way. That just is not the way we can run the business here.

We have to presume that when we provide these funds, the States are going to utilize them properly and they are going to provide job training or work-related programs that work. What you do is make it another entitlement, which is what is eating our country alive.

Ms. MOSELEY-BRAUN. No, sir—will the Senator yield?

Mr. HATCH. Sure.

Ms. MOSELEY-BRAUN. Again, on page 43, lines 16 to 17, those sections refer to the development of the State plan, and the amendment says the limitation described in paragraph (1) shall not apply to a family if the State fails to provide work experience, assistance in finding employment, and other work preparation activities, support services described in section 402(a)(1)(A)(ii).

Again, the issue of standing is a different one. Whether we argue—we can debate the issue on the entitlement, whether or not this creates an entitlement. But on the issue of standing, I think for the record it is really important to make clear this is not allowing and it is not the intent of this sponsor to allow an individual cause of action, right of action under this section. It only goes to the development of the State's plan and administration of the plan.

Mr. HATCH. If you look at the way it is written, it certainly does. Frankly, that is one of the reasons—only one of the reasons—I think the amendment is inadvisable, even though I have to acknowledge I appreciate what the distinguished Senator is trying to do. But we just plain—I think the big argument is, this is another entitlement that continues to go on and on and escalate on and on, and to which there is no lid, there is no cap. It is a never-ending type thing that just puts us into even more of a budgetary difficulty than we have been in before.

All of us want to help people who do not have the training. We know the way to get people off welfare is to get them trained; give them job training, give them the education, the vocational education and other things that will help them to become self-supporting, self-sufficient citizens.

But we want to get away from the entitlement approach, which just allows people to make ingenious arguments that they should have something that really the State has not provided or does not think it is advisable to provide. I do believe, if you read this carefully, it is subject to litigation.

But be that as it may, the fourth reason I would give as to why we really should not support this amendment is that this is similar to the Daschle bill, in that it says there is a time limit, but there are so many exemptions that there is not really a time limit.

The major exemption is this. It creates a loophole. Those who are deemed by the State as work ready can insist on going through job training and other services in order to avoid work in the private sector. That is one of the things that this amendment will do. And there are people who take advantage after advantage after advantage of the job training and other services, rather than having to go get a job in the private sector and work every day and do what they should do, support themselves and/or their families if they have a family.

Again, I have to say that I know what the distinguished Senator is doing. I know her heart is right. I know she is trying to do what is right. But it is a difference in philosophy.

We have had 60 years now of entitlement programs that have been eating the American public, the taxpayers, alive and not doing the job. They are not doing the job. In fact, they are doing a lousy job, and they are eating us alive, they are ruining the country. And now we are going to add another entitlement to this when we write a bill that literally will get job training and other related services to the people as they need it. And we have the States develop and administer these programs. The States are in a better position to do it than the Federal Government.

Just look at what entitlements have meant. We are talking about just AFDC spending. They are not all entitlements. From 1947 to 1995, in current dollars, we have gone since 1947 in AFDC spending from $106 million—that is current dollars—to $18 billion. And we are worse off today than we were then. That is a 17,000-percent increase, a lot of which is driven by the entitlement nature of a number of these programs.

If you use constant dollars, constant 1995 dollars, it would go from $697 million in 1947 to $18 billion. That is a 2,500-percent increase.

So, if you take current dollars, it is a 17,000-percent increase; constant dollars, based on 1995, would be a 2,500-percent increase.

Of course, the source of this is the Congressional Research Service of June 1995. It shows how these programs tend to run away if we do not write language in that requires the States to live within their means. In this particular case, this language would not require the States to live within their means. As a matter of fact, it allows the States and it allows the individuals to continue to run wild as we have in the past without any sense or protection to the taxpayers.

Everybody knows that in my whole career, 19 years here, I have worked hard for on-the-job training, the Job Corps, the whole bit. We now have over 150 job training programs in this country. Every time we turn around, we create another one. A lot of them are entitlements.

This welfare bill should try to consolidate some of these to reduce the entitlement nature of our legislative process and reduce the burden on the taxpayers. Frankly, we are a lot better off facing the music every year and having the States have to face the music within certain caps, albeit sometimes entitlement caps but nevertheless caps, and go on from there.

I encourage our fellow Senators to not vote for this amendment because I think it just continues business as usual. I have to admit it is well-intentioned but naturally it is bad. I commend my friend for her good intentions. But it still undermines the basic thrust of what we are trying to do here, getting spending under control while being compassionate, reasonable, and decent for people who need to get off welfare rolls and get on to the work rolls.

We think the exemption and the back-door loophole here really undermines what we are trying to do.

So I encourage folks to vote against this amendment as much as I appreciate and respect my friend from Illinois.

Can I just say one other thing about it? This amendment does not amend the State plan provisions. The State plan provisions are found in section 402. This amends section 405 following the minor child exemption and the hardship exemption.

So, as such, it is an entitlement, and, as such, it gives the right of litigation that would not otherwise be, that I talked about that lets the individuals second-guess the State. I know in some of the States there are lawsuits by recipients that do not get the type of training that they want rather than what the State thinks they should have. I think those are important points.

It is for the totality of those reasons why we should vote this amendment down.

I yield the floor.

The PRESIDING OFFICER (Mr. ABRAHAM). Who yields time?

Ms. MOSELEY-BRAUN. Mr. President, it is pretty clear certainly that it is a very difficult thing to argue with the chairman of the Judiciary Committee, a man for whom I have the highest regard and affection. And, quite frankly, I do not know if I would want to, but at this point I am going to have to respectfully disagree with my senior colleague, the chairman of the Judiciary Committee. As a lawyer I am reading the same language also.

Again, to the Senator from Utah, just on this point, I will make it and move on because there are other larger points to be made about this amendment.

Section 405 of the legislation referred to the State requirement, the State plan, and the time limitation. All that this amendment does is to call on the States to do what it says it is going to do in the plans. It does not create a private right of action. We could argue that until the cows come home and probably put everybody else to sleep who may be listening to this debate. But rather than do that, I would like to go on. But I did want to make the point that it is this Senator's intention and this Senator's reading of the law that it does not create a private right of action.

To move on, I think it is interesting to note that a lot of the debate and a lot of the argument against this amendment that I am hearing has to do with the word "entitlement" and what is an entitlement and what is not. I find a very curious kind of logic underlying the opposition which says we have failed to address and resolve the issue of poverty and employability of people. Therefore, we are going to give up. We are going to say we are out of the business. We are going to give it to the States, cap the amount of money they can spend on this stuff, and it is their problem. That, it seems to me, really kind of begs the question in terms of what are we going to do.

Assuming for a moment that the State plan has a job and work requirement, I do not think anybody here would argue that people who can work should work, that people who have the ability to go to work ought to do that, and that States ought to require them to do that. I do not think there is much argument there.

But assuming for a moment the State plan calls for work assistance and the State does not give that work assistance and then after whatever the time limit is—right now it is 5 years in the bill, and it may, not too long before this legislative process is over, change—but assuming for a moment that the time limit is met and the individual has gotten nothing, the State has not done what it is supposed to do under its own plan, that person then is not only denied subsistence but, more to the point, that individual's children are denied subsistence.

I mean let us talk about who the object is here. We have 5 million adults. Paint a picture of the people on welfare in poverty in this country. Again, we have the numbers here regarding poverty in the United States. It is a number about which none of us should be proud. But in any event, we have some 14 million recipients, people on the welfare program, and 14.2 million give or take. Of that 14.2 million people, 9.6 million are children.

So we are going to construct all of this stuff to get to the parents, that the parents have to go to work, which, again, we are not arguing about that. But we are not going to give them any help.

The State plan says they should go to work and the States are going to help them. We just might not do that, and it would risk these 9 million children. You talk about putting the cart before the horse. You are hurting potentially—we do not know this to be the case. I hope, frankly, the most optimistic projection turns out to be true. I hope that every State plan works, and I hope that every State is able to find people jobs, and I hope that parents who are right now drug addicted, irresponsible, and ripping off the taxpayers turn around, straighten up, and fly right, do the right thing, and take care of their own children. That is what we all hope for.

But the question is, are we really going to allow for all those 10 million babies to be jeopardized, to be left with the potential of no subsistence at all because of the sense of the parents, or, worse yet, for the sense of the State in not helping the States, which the State says it wants to do?

That is what these two amendments are about. I mean, these are different amendments. That is kind of where it is.

Are we going to jeopardize the children? I think the bottom line is that we could have a consensus that children will not be hurt.

I point out that in fiscal year 1992—I think this is an important point—42 percent of the youngest children in these welfare families were under the age of 3.

So I would say to my colleague, if you are not going to support enforcing work training for their parents, at a minimum support an insurance policy for the kids; an insurance policy for children so that, worse come to worse, if all else fails, the State does not provide assistance for the work training or the family cap gets violated, the mother keeps having babies, whatever situation happens, at a minimum we have a safety net for children.

Now, is that an entitlement? Well, you may want to call it that, but it seems to me that one of the issues for our time is whether or not as a national community we have an obligation to provide for destitute children. We do not have the orphanages for them. We do not have the private sector options for them. We really do not have any mechanisms in place. It seems to me that we have an obligation at a very minimum to provide those children with some options and, on the other hand, with regard to their parents, to provide the parents with some job training.

I submit to my colleagues, let us separate out—as we try to get at the 5 million parents, let us not jeopardize the 10 million kids.

And with that, I again yield to the Senator from Utah.

Mr. HATCH addressed the Chair.

The PRESIDING OFFICER. Who yields time?

Mr. HATCH. I yield to myself such time as I need.

The PRESIDING OFFICER. The Senator from Utah.

Mr. HATCH. Mr. President, again, the major issue here is this is another entitlement program. I do not think the American people realize how many entitlement programs we have in the Federal Government as we exist right now. I am going to talk generally, and I think these figures are pretty accurate.

Today, in the Federal Government, there are approximately 410 entitlement programs—410. The bottom 400 will total about $50 billion in spending. They are relatively small programs. Most of them are under $10 billion each, although to me that is a fairly substantial program. But the bottom 400 are costing us $50 billion and going up every year.

The top four entitlement programs currently in our country today—these are programs that automatically go up no matter what the Congress does. Year after year after year, this Congress basically has not been able to restrain the growth of spending. The top four entitlement programs are as of fiscal year 1994, to make that clear, No. 1, Social Security. Social Security in 1994 cost us around $333 billion, and it is going up and everybody knows it. It is going up dramatically, and everybody knows it.

No. 2 is Medicare. When we first enacted it, those who argued for Medicare said it would be a relatively small cost. If I recall correctly, it was somewhere between $10 and $20 billion a year. It is now up to $177 billion a year as of 1994. Of course, it is more this year, in fiscal year 1995.

So Social Security is $333 billion. Medicare in 1994 was $177 billion. Medicaid, which also was supposed to be a relatively low figure, to take care of people who really need help, who were low-income people, low-income seniors as well, and some who are persons with disabilities, now costs us, in 1994, $96 billion.

Other retirement programs are entitlement programs costing us $65 billion as of 1994. These big four, plus interest, will be about $900 billion in 1995.

The point I am making is that about 400 programs cost us about $50 billion. These four will cost us $900 billion. And as you all know, they are going up.

Take Medicare. Medicare, at $177 billion last year, if we keep going the way we are going, will be off the charts by the year 2002. We are trying to restrain the growth, not cut Medicare, but restrain the growth from its current 10.4 percent approximately a year down to about 6.4 percent—above the rate of inflation, by the way. And already, because we have announced we are trying to restrain the growth of that entitlement program, some of the hospitals and others are trying to find ways of restraining the growth, just because we are saying it has to be done. Can you imagine if we pass legislation that says it has to be done? They are going to have to live within the 6.4, which is about 2½ percent above the inflation rate.

Some of our colleagues on the other side want the 10.4 to keep going on, which will eat this country alive. And I am going to make that point. And it is true of all of these big four entitlement programs. Let me just make the point. The big four entitlements, plus interest, were——

Ms. MOSELEY-BRAUN. Will the Senator yield?

Mr. HATCH. They were and they will be if we do not pass the balanced budget——

Ms. MOSELEY-BRAUN. Will the Senator yield just for 1 second?

Mr. HATCH. Sure.

Ms. MOSELEY-BRAUN. Is it not the case AFDC is not one of the top, one of big four entitlements?

Mr. HATCH. It is not. Neither will the Senator's amendment be, but it still is an entitlement program, and we need to stop doing entitlements. Let me make my point.

Ms. MOSELEY-BRAUN. Will the Senator yield? The Senator is including Social Security and Medicare and Medicaid.

Mr. HATCH. Including all entitlement programs to make this point, because it makes the point that we have to face the music someday. We cannot just keep entitling our runaway budget.

Now, we are going to continue Social Security the way it is. I do not think anybody here is going to change it. We are trying to make some changes in Medicare, maybe Medicaid. And I do not know of any changes in the retirement programs. But there is an effort to try to restrain the growth of runaway spending.

One of the reasons it has run away is an entitlement program—now, true, this would be one of the less than $10 billion programs, although it would rapidly escalate as an entitlement program. I just make this one point. I am just trying to make this point on how entitlements are eating us alive and why as a principle we want to stop making things legislative entitlements.

The big four entitlement programs, plus interest, were 25 percent of total spending back in 1965—25 percent of total Federal spending. By 1975, they were 36 percent of total Federal spending. By fiscal year 1985, they were 47 percent of total Federal spending, going up every year. By fiscal year 1995—this is just the big four, just the big four—Social Security, Medicaid, Medicare, and retirement—they will be almost 60 percent of the total Federal budget. And by fiscal year 2005, these entitlement programs will be almost 70 percent, not counting the 400 smaller entitlement programs that automatically will be going up themselves unless we put a lid on it and say we are not going to go the entitlement route anymore.

We know that Social Security is going to keep going up the way it is. We know that Medicare is going to go up dramatically even if we are successful in restraining the growth from 10.4 percent down to about 6.2, 6.4 percent—above inflation, by the way, is that figure. We know Medicaid is going to keep going up, and we know other retirement programs are going to keep going up. In fact, the 400 programs will keep going up unless we put some restraint of growth and unless we stop the entitlement nature of these programs and face the authorization and appropriations process every year as good legislators should.

I wanted to make that point because as sincere as the distinguished Senator from Illinois is, and I know she is, and as compassionate as she is—and I feel the same way—I think the bill has better language to take care of these problems with less problems than will arise if we enact her amendment. And the principle of stopping these entitlement programs to the extent we can ought to be observed.

That is why I suggest we have just got to bite the bullet around here and we have to do what is right. I have also made the point that there are other reasons why the amendment is one that should not be supported. The main reason is it is another entitlement program.

I understand we differ on whether it entitles recipients to bring litigation. But be that as it may, there is no time limit, no real time limit in this amendment because those who are deemed by the State as work ready will be able to insist on going to job training rather than taking a job. Then they can avoid working in the private sector, something we want to stop. We want people who are ready and able to work; to work. And that is what this bill is going to try to get done. I think it makes a valiant and very intelligent attempt to do so. And it should not be changed into another entitlement program.

I yield the floor.

Ms. MOSELEY-BRAUN addressed the Chair.

The PRESIDING OFFICER. The Senator from Illinois.

Ms. MOSELEY-BRAUN. Thank you, Mr. President.

The Senator from Utah and I find ourselves singing from the same choir book sometimes and other times singing on different pages. But certainly with regard to our need to balance our budget and get our fiscal house in order, he and I could not be more in agreement.

We were on this floor together during the debate on the balanced budget amendment, both of us supporting moving in the direction of a balanced budget. But how one gets to a balanced budget, gets on a glidepath to some fiscal integrity—and fiscal integrity is as important as getting there. So the question becomes, what are our priorities and how will we approach the difficult issues as we are trying to get our fiscal house in order? How are we going to approach that task?

Let me suggest that we not do it on the backs of children and that we not target and single out poor people for our exercise in newfound frugality and our exercise in fiscal right thinking. The fact of the matter is—and let us talk about the numbers for a minute because it is very important. In the first instance, AFDC is not one of the big four entitlements. Those big four entitlements will be the topic of many upcoming floor discussions. I served as a member of the bipartisan commission on taxes and on entitlement and tax reform, and, yes, we have some serious and thorny issues to deal with. But AFDC is not one of those big four entitlements.

Indeed, in 1969, Aid to Families With Dependent Children took up some 3.1 percent of our Federal budget. In 1994 it had declined. I know this is counterintuitive. This does not comport with what the talk shows will tell you. But the reality is that the numbers showed it had declined to 1.1 percent of the budget. The fact of the matter is that over time the amount of AFDC payments have not kept up with inflation and have declined some 47 percent in the last 25 years.

And let me give you another fact that may sound counterintuitive. In 1993, the total cost-benefits, plus administration, Federal and State—Federal and State; this is everybody—the total cost was $25.24 billion, which is an amount equivalent to 1.8 percent of Federal Government outlays. That is total, State and Federal. The Federal Government's share of AFDC costs came to $13.79 billion in 1993, or 0.98 percent of total Federal outlays.

So what we are talking about is less than 1 percent of total Federal outlays that can have a devastating, devastating effect on the almost 10 million children in this country who receive assistance.

Again, my colleagues have argued that our efforts so far have not worked. And indeed, if anything, one of the more distressing and depressing charts—and I do not think I have a large version of this, Mr. President—but this one talks about the percentage of low-income children lifted out of poverty. It has got Sweden, 79.7 percent; Germany, 66.7 percent; the Netherlands, 73 percent; France 78.2 percent; the United Kingdom 73.5 percent; Australia, 45.1 percent; Canada 40.8 percent; United States, 8.5 percent, under 10 percent.

We have done less with our wealth and the efforts that have been started to try to fix this situation and to address poverty and have barely gotten underway before we got into the debate about "getting rid of welfare as we know it." Here we are in a situation of saying, well, we have not come up with a magic potion or the silver bullet to deal with the issue of poverty, and so we are going to junk our commitment altogether.

All these amendments say—it does not say we are going to spend more money. In fact, the legislation has a ceiling on the amount of money that will be spent in this area. It does not say that anybody is entitled to stay on forever. In fact, if anything—again, the issue here—the legislation is time limited, may well have family caps, and it may have other kinds of limitation that the States will develop. All these amendments say is that when all is said and done, no child in these United States will be allowed to go without food, without shelter, without subsistence.

And it also then says, that is after the 10 million people, almost 10 million children, on assistance, receiving assistance, as to their 5 million parents, it says no parent will be kicked off for failing to meet a work requirement if the State has not lived by its own words in terms of supporting work.

I yield to the distinguished Senator from New York, Senator MOYNIHAN.

Mr. MOYNIHAN addressed the Chair.

The PRESIDING OFFICER. The Senator from New York.

Mr. MOYNIHAN. I rise with the most emphatic support of the amendment of the distinguished, learned Senator from Illinois, who brings to us the central subject of this legislation, which is children and what will happen to them under the provisions we are discussing.

I have two charts which I would like to suggest involves the central issue of the number of families that would be affected by a 5-year time limit. This is the work of the Urban Institute, established almost 30 years ago when it was thought we would address these issues at a time when they were—Franklin Roosevelt might have said it—"a cloud no bigger than a man's hand," that would come into the situation we are today of the number of families who would lose their benefits, who would see a 5-year time limit reach them.

In the year 2001, a total of 1.4 million families; make it almost 2 million, 2.5 million children. In 2002, 1.65; make that 3 million children.

This is the Urban Institute, Mr. President. This is not a political document. It is not one that is even touched by the necessary differences and tensions between the executive branch and the legislative branch. This is the Urban Institute, under William Gorham, with whom I worked on the task force that produced the Economic Opportunity Act of 1965. Bill Gorham and I worked together. He never stopped working at this. He has created an institute of impeccable standards. No one will ever say that we have got the most perfect measuring systems, but we have peer review, we have measures of degrees of confidence in data. And the numbers are overwhelming.

In the year 2003, 1.8 million families; 2004, 1.9 million; 2005, 1.96 million—call it 2 million families, and call that 5 million children. The 2 million is an estimate; the 1.96 is exact. I am making a round number. Five million children with no provision for their support, with their support in some sense illegal—certainly not contemplated, certainly not desired by this legislation. Are we to believe that my friend from Utah, who is as compassionate and understanding a man, a member of our congregation 19 years ago on this subject—this is what has happened. And this is why it would happen and where it would happen. The numbers are startling.

The proportion of children receiving AFDC—I would like to bring this around so my friend can see it. My friend from Illinois has seen it in the past. This is what we are dealing with. Thirty years ago when the OEO legislation was adopted, when the Urban Institute was established, we were talking about numbers so small that you could say let them be done by church, let them be done by localities, let them be done by municipalities.

In Baltimore, MD, in the course of a year, 56 percent of all children receive AFDC. At any given moment, 43 percent are receiving it.

In Detroit, MI, in the course of a year, 67 percent, numbers that we have not contemplated. This is a time of continued economic prosperity, in the aftermath of a half-century in which we basically have managed the business cycle. We have had pockets of unemployment, but unemployment ranged at very comfortable levels. The level of employment is high.

In Los Angeles, 38 percent, Los Angeles, the setting of all those grand houses, remarkable neighborhoods, 38 percent.

Philadelphia, I do wish my friend from Pennsylvania were here so I could say to him, in Philadelphia, 57 percent of the children are on AFDC at some point during the course of a year.

In my own city of New York, 39 percent; New Orleans, 47 percent; Milwaukee, 53 percent; Memphis, 45 percent; Cleveland, 66 percent. These numbers overwhelm a social system. It cannot handle it.

Should we have ever gotten to this point? I do not say we should have. Should we have done more? Yes, we should have. Have we done some things? Yes, we have. We have certainly committed the Federal Government to this issue.

I was reading this morning the statement in the Washington Post by Judith Gueron, president of Manpower Development Research Corp., as the Senator from Illinois well knows. She was saying, "Look, we are learning to do these things." She talked about Riverside, talked about Atlanta, talked about Grand Rapids, Family Support Act, jobs programs, working, getting hold, finally getting it.

The Senator will remember the director from Riverside, CA, where President Bush visited 3 years ago. There was a button: "Life works if you work," getting the sense that welfare offices should be employment offices. If only people had been a little more gracious to Frances Perkins, and if only Frances Perkins had been a little less willing to accommodate whatever President Roosevelt seemed to need at the time, the AFDC Program would be in the Department of Labor. The Social Security Act, with its retirement benefits, unemployment insurance, dependent children was to be in the Department of Labor, but there was the suspicion of labor, and such, and the underestimate of Mrs. Perkins' enormous ability. She said, "All right, we will have an independent agency." Had it not been, right now, when you walk into a welfare office, you would be in a U.S. Employment Service office, but it did not happen. But it is happening again.

The Daschle bill contemplated the first thing you do when you arrive at the welfare office is, how are we going to get you a job? But right now, not to see the enormity of this problem, the dimension of this problem, to think we can turn it back, cut it back and turn it back without huge costs to children is baffling to me.

I thank God the Senator from Illinois is here. I hope she will be heard, and if she is not, pray God for the children.

Mr. President, I yield the floor.

The PRESIDING OFFICER. Who yields time?

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

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Ms. MOSELEY-BRAUN. Mr. President, I ask unanimous consent that the order for the quorum call be dispensed with.

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

Ms. MOSELEY-BRAUN. Mr. President, since we have additional time left over, I would like to engage the Senator from New York, who is a world renowned expert in this area. He has spoken to the fundamental issues of, again, how we respond to poverty and, how it is necessary to take this conversation away from the hot buttons and the catchwords and talk a little bit about the demographic data that really underlie the reality of what we are doing here.

There is a social issue and an issue of policy and an issue, really, of the kind of country we are going to have.

So I raise with my colleague, who has studied these data, this issue, just this graph. I know he has seen this before.

Mr. MOYNIHAN. Yes.

Ms. MOSELEY-BRAUN. Percentage of low-income children lifted out of poverty. Our country, America, does so much worse, less well than others.

The PRESIDING OFFICER. Time has expired.

Ms. MOSELEY-BRAUN. Mr. President, I ask unanimous consent for 5 minutes and that Senator MOYNIHAN might respond to the question.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Ms. MOSELEY-BRAUN. Mr. President, in the Senator's view, will the pending legislation resolve the disparity between the United States response to poverty vis-a-vis the other industrialized nations in the world?

Mr. MOYNIHAN. Mr. President, to respond to my friend from Illinois, I can only offer a judgment of a better part of a lifetime dealing with these matters, that it would make it hugely worse. We would be off that chart. We would be an anomaly among the developed nations of the world. We would be an object of disdain and disbelief. I can say no more.

I yield the floor.

Ms. MOSELEY-BRAUN. I thank the Senator very much. I will say a little more in response to that. We have an opportunity to provide a bottom line below which no child in America will be allowed to fall. I, therefore, ask my colleagues' support for the pending child voucher amendment, as well as the worker responsibility amendment.

Mr. HATCH addressed the Chair.

The PRESIDING OFFICER. The Senator from Utah.

Mr. HATCH. Mr. President, I have listened to my friend from New York. I do not think there is anybody on this floor who has a greater background and knowledge in this area. So, naturally, I am very concerned about the statistics and facts that he has brought forward.

So I appreciate the efforts made by the distinguished Senator from Illinois. I would never ignore her remarks or those of my friend from New York, who, like I say, has as much knowledge and background in this area. We have to strengthen our budget and move toward a balanced budget, or no amount of money is going to be worth anything, because we will monetize the debt and, in the end, the dollar will go to zero. That is where we are headed if we do not do some intelligent things now.

These are tough choices. I believe that the approach Senator DOLE is taking is about as good a one as we can take at this time. I wish we could do more. The fact is that we have to find the dollars and be able to do more. We cannot lose sight of the fact that we are working toward a balanced budget.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Ms. MOSELEY-BRAUN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

Ms. MOSELEY-BRAUN. I ask unanimous consent that the pending amendment be temporarily laid aside.

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

AMENDMENT NO. 2473

Ms. MOSELEY-BRAUN. I ask unanimous consent that we proceed to the consideration of amendment No. 2473.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Ms. MOSELEY-BRAUN. Mr. President, I understand that this amendment has been accepted by the other side.

I urge its adoption.

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

So the amendment (No. 2473) was agreed to.

Ms. MOSELEY-BRAUN. I move to reconsider the vote.

Mr. MOYNIHAN. I move to lay that on the table.

The motion to lay on the table was agreed to.

Ms. MOSELEY-BRAUN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

Mr. GRAHAM. Mr. President, what is the current parliamentary status of the Senate?

The PRESIDING OFFICER. Amendments numbered 2471 and 2472 are currently pending, and all time for debate on those amendments has expired.

Mr. GRAHAM. Mr. President, is there unanimous consent for time for disposition of subsequent amendments?

The PRESIDING OFFICER. Under regular order, time has expired on these two amendments. The next amendment is the Graham-Bumpers amendment, and there is no time limit on that amendment.

Mr. GRAHAM. Thank you, Mr. President.

Mr. President, I ask unanimous consent that the two pending amendments be set aside for the purposes of considering amendment No. 2565.

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

Mr. GRAHAM. Thank you, Mr. President.

AMENDMENT NO. 2565

Mr. GRAHAM. Mr. President, amendment No. 2565 has been sent to the desk pursuant to the filing requirement of last week.

Mr. President, this evening with my colleague Senator BUMPERS, we rise to offer an amendment to the pending amendment of Senator DOLE which would dramatically affect the fairness of the funding allocations to the States under this legislation. We describe our amendment as the children's fair share amendment.

Our approach is simple. We believe that the funding to the individual States, and therefore to their children, should be needs based. As a result of our formula, States would receive funding based on the number of poor children within that State in the particular year in which they received funding.

There are two modifications to that basic principle: that funds should be allocated where poor children are in the year of distribution. Recognizing the fact that this legislation imposes some very serious mandates on States, particularly in areas of preparing persons for work, and to be able to meet specific numerical goals for the percentage of welfare beneficiaries who are employed, we believe that there is a minimum amount of funds required for any State in order to meet those obligations. Therefore, we provide that no State will receive less than either 0.6 percent of the national allocation, or twice the actual amount of that State's 1994 expenditure level, whichever is less. That will assure that all States will have a basic amount of funds in order to discharge their responsibility.

The second principal modification from the pure principle of allocating funds where poor children are located is that all States, except those covered

by the small State allocation, will be subject to a transitional period by which their increases in funding in any year would be limited to no more than 50-percent of what they had received in fiscal year 1994 for fiscal year 1996, or no more than a 50-percent increase in fiscal year 1997 over what they received in 1996 and so forth. The purpose of this is to provide for a 4-year transition period in order to get to the goal of parity for all poor children in America.

The savings from this allocation of increased ceiling would exceed that for the small State minimum allocation. The net effect of these adjustments would be reallocated among the States which receive less than their 1994 actual expenditure.

Any formula allocation should be guided by some underlying principles and policy justifications. One fundamental principle of the Federal Government allocating money to its citizens through the States should be fairness—fairness to America's children, fairness to the States, and fairness to the Nation.

There is another principle which should be applicable in this legislation; that is, will the distribution of funds allow the fundamental objective of the legislation to be attained? The objective of this legislation is to facilitate the movement of welfare beneficiaries from dependency to independence through work. Will the funds as allocated to the 50 States, and available to them in order to meet that objective, be equitable? If we are going to a block grant, welfare we must be very careful that these principles, particularly the principle of fairness, fairness to children, is met.

The General Accounting Office noted in its report of February 1995 entitled "Block Grants: Characteristics, Experience, and Lessons Learned," that "because initial funding allocations used in current block grants were based on prior categorical grants, they were not necessarily equitable."

Senator BUMPERS and I propose a funding formula that would clearly meet the following principles: block grant funding should reflect need or the number of persons in the individual States who require assistance. The principle No. 1 of a block grant program should be to reflect need or the number of persons in the individual States requiring assistance.

A second principle of block grants should be that a State's access to Federal funding should increase if the number of persons in need of assistance increases and decrease if the number of persons requiring assistance declines.

Third, States should not be permanently disadvantaged based upon policy choices and circumstances which were prevalent in years prior to the block grant.

And fourth, if requirements and penalties and public ridicule are to be imposed upon States, as I envisage will be the case with the bill of Senator DOLE, then fairness dictates that all States have an equitable and reasonable chance of reaching those goals.

If I might comment about public ridicule, one of the provisions in the original version of this legislation—and I believe that it is retained in the modified version—is that there will be periodic evaluations of how the 50 States are conducting their business under a reformed welfare.

States will be ranked assumedly from 1 to 50 as to how well they are doing in terms of achieving the objectives of moving people from dependence to independence. Yet, we are going to be saying to some States you start this process, as with Mississippi, with $331 per year per poor child in your State, another State will start this process with $3,248 per poor child per year. And yet we are going to publish a report analogous to an Associated Press rating of football teams how well each State did in meeting the directives, the mandates, the goals of this legislation. It would be as if one State was able to field a fully professional team and another State had to find a group of junior high school beginners to play this game. Yet, they are both going to be subject to the same evaluation. That is the public ridicule I suggest is going to be a consequence of this inequitable funding formula.

The test by which States should be evaluated would seem reasonable. In sharp contrast, the amendment as offered by Senator DOLE fails to meet any and every test of fairness of a block grant. In fact, the formula used in the Dole amendment would perpetuate the inequities of the status quo.

What are some of the problems with the amendment that is before us as offered by Senator DOLE? The authors of the leadership proposal have failed to learn the lessons cited by the General Accounting Office and other experts who have examined block grants. They have chosen to distribute welfare funds to States well into the future based on fiscal year 1994 allocations.

Ironically, in the name of change and in the name of reform, we are locking in past inequities in distribution of Federal funds. We are repackaging them as block grants. We are punting welfare to the States and failing to take into account future population or economic changes among the States and failing to give the States an opportunity within a reasonable period of time to achieve parity and equity in the treatment of the poor children within those States.

By allocating future spending on the basis of 1994 allocation, the Dole bill fails to distribute money based on any measure of current or future need. It fails to account for population growth and economic changes. It would permanently disadvantage States well into the future based on choices and circumstances made in the past. And it would unfairly impose penalties on States. The Dole allocation is essentially based on the status quo.

How was the status quo arrived at? How did we end up with a system in which one State gets $3,248 per year per poor child and another State gets $331?

The answer is that we had a system which had as one of its principal objectives to encourage those States that were able, capable and willing to invest substantial amounts of funds in their cash assistance to welfare beneficiary programs. Since we are in a nation which, unfortunately, has huge disparities in capability as well as in political will from State to State, we have ended up with huge disparities in terms of Federal funds for poor children. The basic formula has been that for every dollar a State would put up, there would be a Federal match.

For the most affluent States, the matching rate is 50-50—a dollar from the State draws down a dollar from the Federal Government. For States that are less affluent, they have a somewhat richer matching rate, going all the way up to the poorest State being able to get 83 Federal dollars for every 17 State dollars. And based on that formula we have ended up with a situation as it was in 1994 and as it is almost proposed to be continued into the indefinite future.

One other modification has been made to that, however, Mr. President, and that is that a group of some 19 States which had the characteristics of either growing at a rate faster than the Nation as a whole—and there are some 17 States that met that standard—or States which were more than 35 percent below the average of the Nation in terms of funds per poor individual received a bonus and that bonus is 2.5 percent growth beginning in the third year of this 5-year plan.

So beginning in the third year, if you have been receiving $100 million, you got $102.5 million, and a similar 2.5-percent adjustment in the fourth and the fifth year. That adjustment distributes approximately $800 to $900 million over the 5-year period, concentrated in the third, fourth and fifth year of the 5-year period.

The status quo plan, the plan that is based on funds as they were distributed in 1994, will distribute approximately $85 billion over that same 5-year period. So the amount of funds that are intended to represent poverty and growth are a pittance compared to the enormous amount of money that is going to be invested in continuing the status quo as it was in 1994.

The consequence of this allocation is this map that is called "Children's Fair Share Allocations." The States in red on this map benefit by using a formula based on status quo and the modest adjustment which I have indicated. The

States in yellow are the loser States in that allocation and, conversely, would benefit if the funds were distributed on the basis of where poor children in America live.

Mr. President, the current proposal before us, the formula of Senator DOLE, would result in extreme disparity between States in Federal funding for poor children. For example, Mississippi would receive $331 per child in 1996 compared to an affluent northeastern State's $2,036 per poor child.

Let me repeat that. Mississippi, $331; an affluent Northeast State, $2,036; an affluent far Northwestern State, $3,248.

In effect, those affluent States would receive six times or more funding per poor child than the poor State of Mississippi. Even under the formula of Senator DOLE, Massachusetts—another affluent Northeastern State—would receive $2,177 per poor child. If you combine the per child total from five other States—you combine the amount that a poor child in Alabama, in Arkansas, in Louisiana, in South Carolina, and in Texas, if you combine what those children would receive in a year—that total would not equal what a poor child, a single poor child in Massachusetts would get in a single year.

To state it another way, the Federal Government effectively values poor children of that affluent State five times more than it does the children of Alabama, Arkansas, Louisiana, South Carolina, and Texas. There is no justification for poor children to be treated with less or more value by the Federal Government depending on the State in which they happen to live.

The proponents of the Dole formula will argue that some States will qualify for the 2.5 percent adjustment in the bill to address these disparities. However, a sizable number of States that are not treated fairly under the current system would receive zero remedy from the limited, inadequate 2.5 percent adjustment feature. Those States which would get zero remedy from the 2.5 percent adjustment include Kentucky, Oklahoma, Indiana, Illinois, Missouri, Nebraska, West Virginia, Kansas, and North Dakota. All of those States are well below average Federal funding per poor child, yet would get no benefit from the proposed remedy.

Moreover, even for those who do qualify, the adjustment is marginal and may fail to treat all poor children equally. Let me use as an example again Mississippi. How long will it take under the 2.5 percent formula for Mississippi to come up to the average of the country in terms of funds available per poor child? Will it take 10 years, will it take 20 years, 30 years, 40 years, 50 years, 60 years, 70, 80, 90? No. It will take 100 years for Mississippi to go from its current $331 per poor child to reach the average of the Nation at 2.5 percent a year.

How long will it take for Mississippi to reach the level of an affluent Northeastern State? It happens to come out historically and somewhat ironically that it will take 206 years for Mississippi to reach the same level as the affluent Northeastern State. That happens, Mr. President, to be the same number of years looking backward to the signing of the U.S. Constitution. So Mississippi could look forward to all of the generations and all of the historical changes that have occurred since this great Nation was established. All of that would have to elapse again before Mississippi, under this formula, would reach the parity of an affluent Northeastern State.

In contrast, the amendment as offered by Senator BUMPERS and myself would eliminate these disparities in less than 4 years. Mr. President, if we are going to have a serious debate, let us have a debate over how many years should we allow ourselves to eliminate this unfairness. Is 4 years too hurried a time for equality? Is 100 years adequate time to achieve the equality? I believe that we ought to have as a principle that all poor children in America have equal value and that we should move as expeditiously as possible to put that principle into our law.

These disparities in State-to-State funding have real consequences on the lives of children. These are not just accounting or statistical issues. These 5 and 6 and more to 1 disparities have in the past and will continue to have real human consequences. The State of Washington, for example, received $2,340 per poor child in 1994, $2,340 compared to $393 per poor child in South Carolina, almost a 600 percent difference.

Should we be surprised that there are tremendous outcome differences? The State of Washington's children rank seventh and sixth in rankings of infant mortality and percentage of children in poverty. The State of Washington's children ranked 12th overall in the children's well-being index as established by the Casey Foundation. Meanwhile, South Carolina with one-sixth the funding per poor child ranks 48th among the States in infant mortality, 45th in the percentage of children in poverty, and ranks 46th in the children's well-being index.

It will be the height of irony, if not hypocrisy, to change our welfare system and not address this cruel disparity. When people ask, is the welfare system broken? the answer is almost universally, yes. And what is one of the key elements of a broken system? It is the fact that we have tolerated for too long a system that has resulted in these extreme disparities in the treatment of children and the consequence on the children in their ability to grow up healthy, strong, educable, and productive citizens.

But these are not the end of the list of adverse consequences of the amendment as offered by Senator DOLE in terms of how to allocate funds. Locking in historical spending will also lock into place inefficiencies of the status quo, the very status quo that we are supposedly reforming in this legislation. In 1994, the national average monthly administrative expense per welfare case was $53.42—$53.42. New York and New Jersey, however, had administrative costs exceeding $100 per welfare case, almost twice the national average, eight times the average of West Virginia, which administered its program for $13.24 per welfare case. Those States with higher administrative costs in fiscal year 1994 would receive block grant amounts reflecting their higher fiscal year 1994 costs for the next 5 years, whether or not those costs are justified.

This formula fails to take into account demographic and economic accounts. Initial disparities locked in by the Dole approach would actually intensify as a result of the different rates of anticipated population growth through the end of the decade. Between 1995 and the year 2000, 10 States are projected by the U.S. Census Bureau to grow by at least 8 percent. Eight States are projected to grow less than 1 percent or experience a population decline. Among the fastest growing 25 States, the top half, 17 of those growth States would receive initial welfare allocations below the national per poor child average. Seventeen of the twenty-five fastest growing States start this process at below the national average.

Thirty Senators, including the Senators from Texas and both Senators from my State, raised this issue in a May 23 letter to the Finance Committee chairman, in which we stated: "Block grant funding would be locked in, in spite of rapidly changing patterns of need. This disconnect between need and funding would produce devastating results over a 5-year period."

Proponents of the Dole formula would argue that some States will qualify for the 2.5 percent annual adjustments beginning in the third year to address population growth. However, six growing States—Washington, Alaska, Hawaii, Oregon, California, and Delaware—all fail to qualify for the adjustment despite projected above-average population growth.

Moreover, even with the 2.5 percent adjustment, Texas would only receive $445 per poor child in the year 2000, and 27 percent of the $1,600 per poor child in Connecticut, which that State would receive despite the fact that its population is projected to decline between 1995 and the year 2000.

So a State whose population is going up, a State which entered this process as one of the lowest in terms of funds for poor children, would be even further disadvantaged, while a State

which entered the process at a relatively high level with a declining population of poor children would be further advantaged.

Another difficulty with the legislation before us, Mr. President, is that under the proposal, States that receive less than their fair share of funding per poor child are most likely to be penalized with a 5-percent reduction in their funding for failure to meet the bill's work requirement. To meet the work standards in the bill, States would be mandated to spend large chunks of their Federal funds for job training and for child care.

According to estimates by the Department of Health and Human Services, the additional cost of the work program and the associated child care needs would absorb more than $8 out of $10 of Federal allocations to Mississippi, Louisiana, Tennessee, and Texas; that over 80 percent of the Federal funds from those States would go to meet the new Federal mandates in work requirements and child care.

But, again, we see wide disparities. In California, New York, Oregon, and Wisconsin, less than 4 out of 10 Federal welfare dollars would be subject to the Federal mandates under this bill; that is, those States would be able to meet the same mandates by using less than 40 percent of their Federal money, while the poor States would have to use over 80 percent of their Federal funds in order to come into compliance.

Washington would tell the States that they have to spend block grants on job training and child care or face 5-percent penalties for failure to meet the work requirements. For States facing sanctions, the States would receive vastly different amounts of support to reach a common goal. That, Mr. President, is patently unfair.

I might add that some of the States that are treated the most unfairly under this bill are represented by Senators on both sides of the aisle who joined in that letter to the chairman of the Finance Committee.

If I could just put this in the context of my State and in the context of what it is going to mean in the lives of real children, in my State, a family on aid to families with dependent children, which is typically composed of a single female and two children, receives $303 per month; $303 is their current allocation. Fifty-five percent of that comes from the Federal Government; 45 percent, State funds. That means that Federal funds represent approximately $168 or $169 of the $303 that is being required.

Under the proposal, 63 percent of the Federal money in my State of Florida would be required to meet the mandates of job training and child care; 63 percent would be required, which means, Mr. President, that less than 40 percent of that $168 is going to continue to be available to meet the economic needs of children.

It is that 40 percent, plus the $135 that comes from the State, that buys the clothing, that pays the light bill, that pays the rent, that provides whatever transportation costs, that meets their health care needs that are not covered by Medicaid. Think in your own life experiences of meeting all of those needs on $303 a month. You would also qualify for $304 a month in food stamps to cover your food budget. But think of what it would mean to live at that level and then to see your $303 monthly stipend reduced to $198, which is what is going to happen with the mandates on child care and on work training, and that assumes that the State will continue to maintain its current level of effort.

Just a few hours ago, we defeated an amendment that would have required a maintenance-of-State effort. So that is speculative as to whether, in the case of my State or any other State, there will be a continued maintenance of effort, which would keep the level of monthly support at the $198 level, not the $303 level which is currently available.

Another factor, Mr. President, is that a wrong decision made today is not a decision likely to be reversed. The history is that once a funding formula is adopted, there will be great difficulty, if not impossibility, of future change. Example after example can be cited of block grants which are being allocated today because of funding decisions in the past, often decisions which are historic and irrelevant to needs today.

The General Accounting Office notes that, for instance, under the maternal child health block grant, funds continue to be distributed primarily on the basis of funds received in the fiscal year 1981 under the previous categorical program. A program in 1995 is distributing funds based on a preexistent categorical program of 1981.

I am concerned that our successors would be looking back from the perspective of the year 2015 wondering why we are distributing a significant amount of Federal funds for block grants to States to meet the needs of poor children based on a categorical program of 1981.

The General Accounting Office proceeds by saying:

> Only when the funding exceeds the amounts appropriated in fiscal year 1983 are additional funds allocated in proportion to the number of persons under the age 18 that are in poverty. We found that economic and demographic changes are not adequately reflected in the current allocation resulting in problems of equity.

As Ronald Reagan might have said: Deja vu, there we go again.

Mr. President, I want to conclude with two final comments. One looks forward and one looks back. The debate that we are having today foreshadows a much larger debate that we are likely to have on Medicaid. More than $4 of every $10 that Washington sends State governments are Medicaid dollars. This is the program that provides medical assistance to the poor, elderly, disabled, and poor children and their families. Medicaid is nearly five times larger in terms of its Federal role than welfare; $81 billion were distributed last year as opposed to $17 billion distributed in welfare reform.

We are already hearing that if the policy is adopted of using essentially the status quo as the basis of distributing welfare funds, that that will establish the precedent for how we should distribute Medicaid funds; that by locking in past spending patterns and inequities in this program, we are setting the precedent for the much larger Medicaid Program.

Again, remember my previous point: Block grants, once established, have proven to be highly resistant to subsequent change.

Finally, Mr. President, to look back. I say this with sadness but also with candor. This Congress has been faced over the past several years with a number of major challenges.

Examples: In the early eighties, we were faced with the challenge of reforming our financial institutions. A number of pieces of legislation were adopted with that as their intention. Unfortunately, less than a decade later, we were back passing further legislation to deal with it with the calamity of our financial institutions which have largely been occasioned by our earlier actions.

In 1986, we passed what was supposed to be major tax reform, intended to simplify the Internal Revenue Code. Today, there is so much public dismay at the complexity of the Internal Revenue Code that we are talking about a complete repeal of the income tax and the substitution of a consumption tax, or a flat tax, or some other basic new approach to domestic revenue procurement.

In the mid-1980's, we passed a catastrophic health care bill that was intended to deal with some of the inadequacies in Medicare. Within less than 2 years, we repealed the bill that we passed, and now we are back looking at Medicare reform again, but no longer looking at legislation to fill the gaps of the program, but rather to add new gaping holes to Medicare and new expense to the beneficiaries.

Mr. President, I suggest that all of those past precedents have something in common; that is, we allowed the theory of how things were going to work to get ahead of common sense and practicality as to how things would work. We, I fear, are about to make the same mistake again.

I will state, with no doubt of the correctness of history in this statement, that a plan which is as fundamentally unfair in the distribution of funds as

this which is before us today—a plan which so fundamentally mistreats two-thirds of the States of this Nation, in terms of their ability to achieve the goal of facilitating the movement of welfare-dependent individuals to the independence of work, that a plan that has those kinds of imperfections embedded in its basic allocation of funds to achieve its purpose, will fail. And we will be subjected to more public animosity toward this institution for failure to have carried out our task in a craftsmanlike manner.

The public will continue to be outraged at what it sees as the abuse of people who are living on a public system without contributing to the betterment of the public. We will continue to see poor children start their lives with the extreme disparities that exist today. We will see this institution held in even more public disrespect because of our inability to deal intelligently, thoughtfully, rationally, with an important national chapter. We are dealing here with fundamental fairness. The proposal before us fails to meet that standard.

Senator BUMPERS and I, joined by our other colleague, the Senator from Nevada, have provided to the Senate an alternative which will meet the goal of treating poor children in America as they should be treated—each with equal worth and dignity.

I urge the adoption of the children's fair share amendment.

Thank you, Mr. President.

Mr. MOYNIHAN. Mr. President, it was our informal understanding—we have no time agreement—that we would alternate from one side of the aisle to the other.

Mr. BUMPERS. I have no problem with that. I think the Senator from Texas wishes to speak.

Mrs. HUTCHISON. Mr. President, I would be happy to let Senator BUMPERS proceed. I do not mind waiting. I am going to be here anyway.

Mr. BUMPERS. Does the Senator from New York wish to speak at this time?

Mr. MOYNIHAN. No. The Senator from New York is awaiting with great expectation the remarks of the Senator from Arkansas.

Mr. BUMPERS. I am immensely flattered, Mr. President.

Mr. President, when I first came to the Senate we had some great people here: Hubert Humphrey, Abe Ribicoff, Jacob Javits, John Pastore, Scoop Jackson, Ed Muskie—truly great men, great Senators who believed in the theory of enlightened self-interest, who believed in governing.

Hubert Humphrey used to make a great speech, and he said, "This will never be a great place for any of us to live until it is a good place for all of us to live." I agree totally with that statement. As I think of those words and the author, I cannot help but wonder what Hubert Humphrey would think about a bill that said, "If you are rich and affluent, we will make you more affluent; and if you are poor, we will punish you and make sure those in poverty stay in poverty."

Well, even the people in the U.S. Senate would take strong exception to that if they believed that was our philosophy or that was what we were about to do.

Mr. President, that is exactly what this bill does. Senator GRAHAM has covered just about everything that needs to be covered. As Mo Udall used to say, "Everything that needs to be said has been said, but everybody has not said it." So while I know that much of what I have to say will be repetitious of what my good friend, and the real author of this amendment, the Senator from Florida, has said, it bears repeating to make sure that all the Senators understand what they are voting on.

In 1994, the AFDC formula allowed the following: If the States want to add more money to their AFDC program, the Federal Government will match it dollar for dollar. So what is the result? The result is the same as it has been for years under this formula. The "haves," the affluent States, put more money into AFDC, so they get more money. If they add $100 per child per year, the Federal Government gives them another $100. That whole concept is flawed, totally, fatally flawed, because what it says is, "If you are wealthy, we will make you wealthier, and if you are poor, we will make you poorer."

(Ms. SNOWE assumed the Chair.)

Mr. BUMPERS. Madam President, everybody knows that this amendment is a fair proposition. What Senator GRAHAM and I are suggesting is that we divide all the money in the pot by the number of poor children in the country and we allocate it to the States based on the number of poor children each State has. For example, if we had 10 million poor children in the country, we would divide the total pot of money by 10 million and that amount would be paid to each State for every poor child in that State.

Madam President, the problem Senator GRAHAM and I are trying to solve is a result of the formula we've used for the AFDC Program since its inception. Under that formula, the more affluent States have, over a period of years, received the lion's share of the Federal money because they were able to put more State money in the program, and we were matching it.

On the face of it, we should applaud States that have tried to improve and do better for themselves. But we should not penalize those who are not affluent and who could not put more money in.

Think about this for a moment. I want Members to think about this. I have good friends in this body from States who make off like bandits under the Dole bill.

Just take the State of Rhode Island. We have two fine Senators, my dear friends from Rhode Island, but I do not believe either Senator from Rhode Island would say they believe that a poor child in Rhode Island is worth $2,244 a year, but a poor child in my home State of Arkansas is worth only $394. What in the name of all that is good and holy are we thinking about here?

All my life I have had to say I come from a poor State. I hate to say that. But I have always believed that being upfront and candid about your own plight is good for the soul and good for understanding.

I cannot believe that we are about to pass a bill that allows New York, for example, to get $2,036 for every single poor child on AFDC, and my State $394. They get five times more than my State. If this were State money I would not squawk. But it is not. It is Federal money out of the U.S. Treasury, and we are saying that if you come from an affluent State which has been able to put more and more into the program, and we have matched it more and more as you put more in, you will benefit permanently. We are looking at a gross inequity and we are ratifying it. We are institutionalizing it for all time to come. States like New York, the home of my very good friend and ranking Member on the Finance Committee, will always do very well under the Dole formula.

The Dole formula claims to correct these inequities over time. For example, if my home State of Arkansas goes below 35 percent of the national average for concentration of poverty, the Dole formula provides a little honey pot from which the State can get a 2.5-percent bonus. How that warms the cockles of my heart.

If my State gets that 2.5-percent bonus it will only take us 84 years to reach the national average. And it will only take us 177 years to catch up to New York. If I thought I would live to see that, I might favor it. Unhappily, I will not be around.

Sometimes as I get steamed up making these speeches on the floor I get to thinking, am I living in a loony bin? Is this actually going on? Is it happening? And often the answer is yes.

If you want to take all this Federal money and give it to every poor child in America on an equal basis under the proposition that a poor child in Mississippi, Alabama, Texas, North Dakota is worth as much as a poor child anywhere, count me in. And then if the State wants to enrich that, let them.

They have a right to do that, even though, Madam President, school districts all over America are being ordered by the Federal courts to equalize their school expenditures among the poor districts as well to bring them up to par with the more affluent districts.

If you come from an affluent school district in my State you get voice, glee

club, debate. You get field trips, you get everything, because the people in that district are more affluent and the more affluent they are, the more advantages and opportunities they want their children to have. So they vote for higher taxes to support those programs.

Then you take some poor school in the Mississippi Delta. I do not care how hard they try. I do not care how much they stretch out. I do not care how much they sacrifice. They can never, never reach the affluence of the more prosperous school districts. So the courts are saying nowadays, you cannot do that anymore, you have to equalize these State funds.

This bill says that in the very first year, a State has to get 25 percent of the people on the rolls into the work force. I am going to say women, rather than people, because the adults in this program are almost exclusively single mothers with children. I do not say this to be sexist. I say it because that is the way it is.

This bill says to each State, New York and Arkansas alike, that during the first year, 25 percent of these women must enter the work force, and, if they do not, we are going to penalize them by reducing the amount of their block grant. By how much? Up to 5 percent.

I want you to think about the lunacy of that provision. They say: Get these women into the work force. But there is not enough money in the bill for child care, even if there were jobs available and women wanting to take them. There is not enough money in this bill to provide the kind of child care you would have to have to even come close to getting 25 percent of these women into the work force.

I do not want to stray too far afield, but the Senator from New York was quoted in the paper the other day with a magnificent statement. Ten years from now, more and more thousands of children are going to be sleeping on the grates in this country. This bill is a veritable assault on the children of this country. I wonder where some of these people who purport to have these great family values and Christian beliefs are when we are debating things like this? Why do they not sense the inequities of this? Why do they not understand that millions of children who have little chance now are going to have much less chance in the future when this bill becomes law?

You think about West Virginia, with an administrative cost of $13.34 per caseload per year. I am sorry the senior Senator or junior Senator from West Virginia are not here to hear me laud and commend their State for their very low administrative costs in the present AFDC Program. I did not get a chance to check it in my State, but I know our average is in that vicinity. The national average is $56, and in some States it is as high as $106. Under this bill we are rewarding those States with high administrative costs. We are rewarding States that have a $106 administrative expense and punishing the State of West Virginia for being good stewards over the administration of their funds.

Madam President, every year for 5 years—you have to get 25 percent of the women off the rolls the first year, the next year you have to have 5 percent more, the next year 5 percent more, until, in 5 years, 50 percent of these people are off the rolls. On a point that is not relevant to this amendment, I submit to you that 20 percent of the people on AFDC today are incapable of either finding or holding a job. What happens to them?

One morning one of my sons came home. I have to tell you, all my children are pretty liberal when it comes to poor people. They have good values. I am immensely proud of every one of them. My son, who practices law downtown in Washington, DC, said, "Dad, I wish you would go with me in the morning. Our firm is in charge of feeding the homeless people in the morning."

"Where?"

"A project called SOME, So Others May Eat. I think it will be good for your soul."

It was nearing Christmas. My daughter, who was in school in New York, was home for Christmas. We all went. The temperature was 28 degrees, and 400 men and 2 women were standing outside waiting for the dining room to open. So I flipped pancakes for 3 hours—the best day's work I ever did. Then I went around, just like I would at a political rally, talking to these men. "Where do you come from?"

I found that one-third of them had jobs. About a third of them had a drug habit. And a third of them were essentially dysfunctional, they could not hold a job. And being dysfunctional is not peculiar to men, it is also true of women, and a lot of women on AFDC today cannot and will never take, or be able to hold, a job. What happens to them? If the goal is to get everybody off the rolls, how on Earth are you going to do it?

Senator GRAHAM made a very salient point a moment ago about some States trying to meet their mandates. They have nothing left after they meet the mandates. I think he said in Florida, 63 percent of the funds that Florida will get will go to meet the mandates and what is left will go out in AFDC grants. In my State it is almost 80 percent, which means when we meet the mandates of this bill, we will have $40 a year per child to hand out.

The most cruel among us may say, "Well, you have food stamps on top of that." Food stamps will not pay the electric bill. Food stamps will not pay for a child's medical care, for housing, or for his clothing. I cannot believe how callous and indifferent we are to the least among us.

I started off mentioning de Tocqueville. I never tire of talking about him. He talked about enlightened self-interest. That is a very simple proposition that has governed my entire life. The principles I learned in Sunday school in the Methodist Church and the principle of enlightened self-interest that I learned from reading "Democracy In America" have governed my life, and that is where my values come from.

And what does it mean? It means that when some poor soul is reaching for the first rung on the ladder and you are on the top rung, you do not step on his hands. You reach down and take his hand and you pull him up. You pull him up because it makes him a better citizen, it makes the country a better country, and it makes me a better person.

How could anybody quarrel with those three principles, all of which are unassailable? So that is what is wrong with this bill. We are reaching out and giving a hand to some and we are stepping on the hands of millions who did not have a dog's chance to begin with and will have even less.

Madam President, I could not vote for this bill. I will never vote for a bill that includes so many things I deplore in this country. I might also say I would hate to have to go home and explain to my folks why I voted for a bill that uses their tax dollars and sends back to them only $394 for each poor child at the same time it sends the State of California $1,716. You can use all the sophistry in the world. You can use every kind of convoluted argument in the world to try to defend this. It is indefensible.

So, Madam President, I am honored to join my good friends and colleagues, Senator GRAHAM and Senator BRYAN, in trying to bring some sense and sanity to this bill. There are a lot of things about this bill I do not like. I would have a very difficult time voting for this bill even if this amendment was agreed to. I am not terribly worried about that.

But, for the life of me, when you look at that map and you see the States that are helped and the States that are hurt under this amendment—which simply says divide the pot of money by the number of poor children in this country and send it out to them on a per capita basis—you cannot improve on that. So I am hoping when the rollcall is up on this amendment, people will look at that chart and realize we are not talking about State money; we are talking about Federal taxpayers' money. We are distributing it in the most unkind, most unfair way I can imagine.

I yield the floor.

ORDERS FOR WEDNESDAY, SEPTEMBER 12, 1995

Mrs. HUTCHISON. Madam President, I ask unanimous consent that when the Senate completes its business today, it stand in recess until 9 a.m. on Wednesday, September 13, 1995.

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

Mrs. HUTCHISON. I further ask unanimous consent that at 9 a.m. the Senate resume consideration of H.R. 4, the welfare bill, and there be 10 minutes for debate on the Moseley-Braun amendment No. 2471, to be followed by a vote on or in relation to the Moseley-Braun amendment No. 2471.

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

Mrs. HUTCHISON. I further ask unanimous consent that following the disposition of the Moseley-Braun amendment, the Senate proceed to 4 minutes for debate, equally divided in the usual form, on the second amendment, No. 2472, to be followed by a vote on or in relation to that amendment, with that rollcall vote limited to 10 minutes in length.

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

Mrs. HUTCHISON. I further ask unanimous consent that following the disposition of the second Moseley-Braun amendment, there be 20 minutes for debate, equally divided in the usual form, on the Graham amendment No. 2565, to be followed by a vote on or in relation to that amendment, with that rollcall vote limited to 10 minutes in length.

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

Mrs. HUTCHISON. I further ask unanimous consent that following the disposition of the Graham amendment, there be 10 minutes for debate, to be equally divided between Senators DOMENICI and GRAMM on the Domenici amendment No. 2575, to be followed by a vote on or in relation to that amendment, and the rollcall vote be limited to 10 minutes in length.

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

Mrs. HUTCHISON. I further ask unanimous consent that the same parameters as outlined regarding the Domenici amendment apply with respect to debate time in the usual form, voting option, and length of rollcall votes to the following additional amendments: Daschle, No. 2672; Daschle, No. 2671; DeWine, No. 2518; Mikulski, No. 2668; Faircloth, No. 2608; and Boxer, No. 2592.

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

Mrs. HUTCHISON. Madam President, no further votes will be held tonight because of these unanimous consents, and Members are reminded there will be 10 rollcall votes beginning at 9:10 a.m. with a few minutes in between each vote.

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

FAMILY SELF-SUFFICIENCY ACT

The Senate continued with the consideration of the bill.

The PRESIDING OFFICER. The Senator from Texas.

AMENDMENT NO. 2565

Mrs. HUTCHISON. Madam President, I want to talk about the underlying formula, the Dole-Hutchison formula that is in this bill. The key to our formula is balance. When we looked at the monumental problem of welfare reform, the main goal we had was to keep the reform in the bill but not penalize any State too much. So what we did was take the high-payment States, the high-welfare States, and we froze them. That is a big gain in the beginning for those States because we felt that we could not go to a State like New York or California and say next year you are getting a cut. So we freeze them for 5 years.

When you are talking about a 5-year block grant, you have to be very careful. You have to be careful about year 1, but years 3, 4 and 5 are just as important, especially if you are a growth State. And, if you are a low-benefit growth State, you do not have the margin of error that would allow you to absorb growth with a very low benefit in the outyears.

So we took this problem, and we said how can we do a 5-year block grant so we can plan for the budget, so that we can balance our budget responsibly without hurting any State too much? That is what the Dole-Hutchison formula does. It leaves the high benefit States whole. They never lose anything that they had in 1994 and beyond. No State loses anything they had from 1994 on. But we took $887 million and we allocated that for low-benefit high-growth States so that in the outyears, 3, 4, and 5, we knew what the budget would be but we allowed them a modest growth. It is modest. It is 2.5 percent per year for a low-benefit high-growth State.

So our goal is to slowly reach parity. It is slower than many of us would like to see because many States start very low like the Senator from Arkansas who was just speaking. He is one of the States that is going to grow slowly. But, if you put food stamp and AFDC together—and they do go together—most States will eventually reach parity. But they will do it gradually. They will do it without hurting any other States.

What is wrong with the Graham amendment? We have heard Senator GRAHAM and Senator BUMPERS talk about the merits of their formula. If I were the dictator, I would say sure, let us start next year, and let us say everybody is going to be equal in America. What is the problem with that? The problem is this is the United States of America. We have 50 States that have to come together to make collegial decisions. We have to do it in a responsible way so that one State is not such a big loser that it could put that State in severe financial straits from which they really could not recover. That is what is wrong with the Graham-Bumpers amendment.

It is totally fair. There is no question about it. But if you do totally fair on paper and do not take into account that someone has to pay for this, then it is just what you have—something on paper because it will never be a collegial decision that is fair enough that all of us could feel in good conscience that we could adopt it.

Mr. SANTORUM. Mr. President, will the Senator yield for a question?

Mrs. HUTCHISON. Yes.

Mr. SANTORUM. The Senator is saying this is totally fair. I think she is right given this abstract when you say start all over. But as you know, in the bill, I think what we propose is a modification by the leader to the substitute. There is going to be an 80-percent maintenance of effort provision in all 5 years of this bill which means that these States, like New York and California that have high maintenance efforts, are going to require that they continue to contribute 80 percent of the 1994 funding level. If we are going to require 80-percent maintenance of effort, how could there conceivably be a situation where New York, for example, where we are going to require New York with their maintenance of effort provision to actually contribute more on the State level than the Federal Government will under the Graham formula? Could that be a result?

Mrs. HUTCHISON. That is correct. That could be a result. That is exactly correct. You see, there is another point here. When we are talking about the underlying bill, we are talking about redistributing $887 million over a 5-year period. So we are holding everyone harmless. Every State is held harmless. And the low-benefit, high-growth States that need that extra help are going to divide the $887 million. But the Graham-Bumpers amendment does not redistribute $887 million. It redistributes $17 billion. It takes the entire pot of $17 billion, and it says, OK, we are going to put it on a 5-year plan, and at the end of 5 years every person in America is going to have the same amount. When you do that, someone has to pay.

Let us look at what happens. New York loses $4.6 billion. In a $17 billion redistribution, one State loses $4.6 billion to pay for the redistribution to the other States. California is the biggest loser. California would lose $5.4 billion.

So really you are talking about almost half of the entire amount—actually more than half the amount of the entire amount—which is going to come out of two States.

Madam President, we are a country. There is no State that can stand to lose that kind of money and make it.

So that is why it is very important that we look at realism. What do you think is going to happen if this amendment passes? If this amendment passes, there is no welfare reform. The bill comes down. It is over.

So I ask my colleagues as they are looking at this amendment, which I would love to vote for, and 35 States come out better. But the price when the pound of flesh comes straight out of the heart is too high. And I think if we are not serious about welfare reform that we can go blithely along and say, "Oh, sure. Let California sink into the Pacific. Let New York go into the Hudson River. And, sure. We will have welfare reform that everybody can live with." Well, everybody except New York and California, and anyone who has a conscience. It is like the child who is going after the big bubbles. When the child gets the bubbles the child finds that there is only air in its place.

So the difference between the two bills is really the difference in whether we have welfare reform or not.

Let me say that I sympathize with Florida, and I sympathize with Arkansas. The biggest winner in the Graham amendment is Texas. The biggest single winner of any State in the entire Union is my home State of Texas. We gain over $1 billion. But I did not come here to get a big windfall for Texas when I know that if I went for that beautiful bubble what would happen is we would go back to welfare as we know it, which no one in good conscience can say is right for this country.

We must persevere to have welfare reform. All of us must give a little. And the underlying Hutchison-Dole formula does give Florida growth. We worked very hard to make sure that the 19 States that have—actually, it is 20 States—that have low benefits and high growth do not suffer to such a great extent that they would be in jeopardy. And I do sympathize with Florida. Florida is like Texas. We have illegal immigration that costs our States dearly. There is no question about it.

However, the Graham-Bumpers amendment is not the answer if we care about welfare reform. If we care about welfare reform, we will all give a little so that there is a fairness in the system, and we will all win a lot because the people of America will have welfare reform that is going to allow States to have time limits for able-bodied recipients to have welfare, that is going to provide for child care and job training. But it is going to require work for welfare for able-bodied recipients, and it is going to have caps on spending in welfare so that the hard-working American family will know that someone is not staying on welfare generation after generation having things that the hard-working family is not able to buy for its own children. No longer is that going to be tolerated in this country.

That is what welfare reform does, if we are all willing to give a little for everyone to win. That is why the underlying formula is balanced. It is why no one is completely happy with it and why it is easily subject to attack. But I worked very hard with many other Senators who were concerned about the original Finance Committee bill to try to come up with something that was fair to everyone—not everyone's total liking but fair so that no one would go home saying they did not get something. They either get welfare reform that is good for every taxpaying family in this country, and they get either a benefit in the beginning if they are a big welfare State, or a benefit toward the end if they are a low-benefit, high-growth State.

I think we have accommodated the needs of every State in a reasonable manner, and that is the bottom line. It is balance. It is fairness. It, above all, is keeping the goal of welfare reform so that everyone knows that it is not going to be welfare as we know it. It is not going to be business as usual. It is going to be better for every American if we can persevere and do the right thing.

I thank the Chair. I yield the floor.

Mr. MOYNIHAN addressed the Chair.

The PRESIDING OFFICER. The Senator from New York.

Mr. MOYNIHAN. I note that the Senator from Texas has to be elsewhere in a moment, but if she could stay just for a moment I would like to suggest that something exceptional has happened tonight. It may be something that Benjamin Disraeli wrote turns out to be wrong, and this is a new thought to me. But I was going to read a passage from Coningsby published in 1870 when the young Coningsby is having breakfast with the old duke, and the old duke says:

> In a couple of years or so you will enter the world; it is a different thing to what you read about. It is a masquerade; a motley, sparkling multitude in which you may mark all forms and colours, and listen to all sentiments and opinions; but where all you see and hear has only one object, plunder.

Now, I think that the Senator from Texas, having said it is clearly the case that she is going to oppose a proposal in which the chief beneficiary in the first instance and on a superficial level perhaps would be the State of Texas, leads me to raise the question: Did Disraeli get it right or was it invariably a rule, or is there a Hutchison exception?

In any event, I thank her for her remarks and do observe if this measure would cost the State of California $5.4 billion and the State of New York $4.6 billion, it hardly would be a promising addition to the legislation, the underlying bill before us.

I would like to talk just a little bit about this subject, Madam President. We are talking about Federalism here. We are talking about some of the complexities, some of which have grown too complex over time. But the first point I would like to make is this: The disparities in AFDC benefits and Federal contributions, sharing contributions, how do they arise? The Senator from Texas happens to be right about them. They arise primarily for one reason which is very little understood and possibly never will be understood, that AFDC is not an entitlement to individuals; it is an entitlement to State governments for a Federal matching share of what the State governments choose to spend on the program.

This goes back to the 1935 Social Security Act. It has been varied somewhat from time to time. But the essential fact is that the States are left to design their own programs or have no program.

It would surprise many today to know that you do not have to have an unemployment insurance program. You do not have to have aid to dependent children or, as it later was, Aid to Families with Dependent Children. If you do, you are guaranteed a Federal match. States may choose to set generous eligibility thresholds and benefit levels, or they may choose not to. If they opt for a larger social safety net, they pay for it. But they also qualify for more matching Federal funds. The incentive is optional but intentional.

Now, that Federal match from the beginning—the beginnings are in the Great Depression—was heavily skewed toward States in the South and West. It is only beginning to be better understood that it was part of a policy of the New Deal, although it comes from New York: a President from New York State, a Secretary of Labor from New York State.

The object of the New Deal was to move resources away from cities such as New York, Wall Street as it would be termed, to the South and West, the Tennessee Valley, for the great water projects to reclaim the arid West. In this particular program, the formula, the matching rate, is borrowed from the Hill-Burton formula which came into effect just after World War II—Lister Hill of Alabama. The formula was used to allocate funding for a great hospital construction program. Our esteemed former colleague, Senator Russell Long of Louisiana, informed me that the Hill-Burton formula is the South's revenge for losing the Civil War.

What it does, Madam President, it writes algebra into our statutes. The States receive a Federal match that is determined by the square of their per capita incomes so that the relative difference in those incomes becomes exaggerated. And so it is such that until

very recently some States in the South received an 83 percent match from the Federal Government, other States such as New York, California, and I do believe Maine—we will check that in a moment—get 50 percent; 50 percent is the minimum. Actually, Maine's current Federal match rate is about 63 percent.

It now goes from 50 percent to 79 percent. One of the first proposals I made when I came to the Senate 19 years ago when this was just beginning to be so patently inequitable, simply because costs of living were so different, I said, if we were going to have algebra in our statutes, instead of the square of the difference, why not the square root?

Well, I did not get much support for the idea. But one did begin to study the differences in tax capacity, the differences in costs of living. It makes astounding differences. If you just take that fixed poverty level, you will find you underestimate the true cost-of-living equivalent of the poverty level in a State such as mine by about 30 percent.

A word, if I may about per capita income. In virtually every debate we have on this floor or in committee about the States' relative fiscal capacity, we use per capita income as the proxy. Per capita income is a proxy, but not the only one. States such as Texas, for instance, that are endowed with natural resources may impose a severance tax when those minerals and natural gas and crude oil are severed from the ground. A severance tax is a wonderful way to raise revenue because the end user, usually out of State, ultimately pays it. I would note that Texas does not have a personal income tax. Perhaps one is not needed. After all, the State can export much of its tax burden out of State.

The Advisory Commission on Intergovernmental Relations [ACIR] has looked into this. This is the ACIR established under President Eisenhower in 1959, a nonpartisan, professional group. In 1982, the Advisory Council on Intergovernmental Relations with its long history of research, adopted the following resolution.

It said:

The Commission finds that the use of a single index, resident per capita income, to measure fiscal capacity seriously misrepresents the actual ability of many governments to raise revenue. Because states tax a wide range of economic activities other than the income of their residents, the per capita income measure fails to account for sources of revenue to which income is only related in part. This misrepresentation results in the systematic over and understatement of the ability of many states to raise revenue. In addition, the recent evidence suggests that per capita income has deteriorated as a measure of capacity.

Therefore, the Commission recommends that the federal government utilize a fiscal capacity index, such as the Representative Tax System measure, which more fully reflects the wide diversity of revenue sources which states currently use. * * *

Another problem with viewing income as a proxy for wealth is that it fails to consider differences in the cost of living which, as I said a moment ago, can be quite large. Residents of New York and Connecticut make more than do their neighbors in Mississippi and Alabama. But they need to spend more, too.

The other side of the equation is poverty. We have a national poverty threshold adjusted only by family size and composition. I think we would all agree if you just looked at the simple numbers, the richest people on Earth live in Alaska. Well, no, they do not. They have to pay so much more for what they consume as against the persons in the lower 48, they are probably, relatively speaking, not as well off.

The point about the problem we are dealing with right now is that, for example, a family of four just above the poverty threshold living in New York City is demonstrably worse off than a family of four just below the threshold in rural Mississippi.

Each year for the last 19 years I put out a compilation of the flow of funds between the Federal Government and the 50 States entitled "The Federal Budget and the States." Here, I will display the report for you for the purposes of the Senate.

More recently, the Taubman Center for State and Local Government at the John F. Kennedy School at Harvard has begun computing the actual numbers. I write an introduction. They have come up with an index to subnational poverty statistics. That is, Professor Herman B. Leonard, who is academic dean of the teaching programs, and Baker Professor of Public Finance, and Monica Friar, who is his associate in this matter.

And we just look at the "Friar/Leonard State cost-of-living index," as it is known, we find that—again I use my own State because I have been working at it—New York's poverty rate jumps from the 18th highest in the Nation to the sixth highest. It is no longer the case of the Mississippi Delta. It is no longer the case that poverty is more prevalent in the high plains. It is no longer the case that it is Appalachia. The sixth highest poverty rate in the Nation is in New York State once you adjust for the cost of living, which is obviously what poverty is all about. What does it get you with what you have?

Earlier this year, a National Academy of Sciences [NAS] panel of experts released a congressionally commissioned study on redefining poverty. The study, edited by Constance F. Citro and Robert T. Michael, is entitled "Measuring Poverty: A New Approach." According to a Congressional Research Service review of the NAS report:

The NAS panel (one member among the 12 member panel dissented with the majority recommendations) makes several recommendations which, if fully adopted, could dramatically alter the way poverty in the U.S. is measured, how Federal funds are allotted to States, and how eligibility for many Federal programs is determined. The recommended poverty measure would be based on more items in the family budget, would take major noncash benefits and taxes into account, and would be adjusted for regional differences in living costs.

* * * Under the current measure the share of the poor population living in each region in 1992 was: Northeast: 16.9 percent, Midwest: 21.7 percent, South: 40.0 percent, and West: 21.4 percent. Under the proposed new measure, the estimated share in each region would be: Northeast: 18.9 percent, Midwest: 20.2 percent, South: 36.4 percent, and West: 24.5 percent.

But getting back to Hill-Burton, the fact is that this benefit formula, called the Federal Medical Assistance Percentage, has always been designed to bring more Federal funds to Southern States than to Northern ones. And again, when we talk about these matters, we cannot seem to get past talk about per capita income as a measure of a State's relative capacity.

It is not, Madam President, as I showed just a moment ago. Per capita income disguises the large effects of cost of living.

Madam President, the point here is that we have a set of Federal outlays which have corresponded to two things. First, they have helped compensate States with low per capita income way in the back; 83 percent to Mississippi, but only 50 percent to California, the Federal match. But also, the outlays reflect State spending. And the States that would be injured in this matter are just those States who of their own choice have chosen to provide a higher level of provision for dependent mothers and children.

Per capita disparities exist in the block grant allocations because States are different—vastly different—in their willingness to spend their own money on their own poor people.

Now, if at the moment we end the Federal entitlement, turn this matter back to the States, where it had been indeed as a widow's pension in the early years, in the 1930's, going back to the Depression era, what we shall have done is penalize everything we would have thought to be admirable in American public life. And by admirable we would think of provision for children in a world in which they are so extraordinarily exposed to the dissolution of family and the onset of enormous levels of dependency such as were never seen in the 1930's and we now find ourselves baffled by and troubled by in the 1990's.

Let us take the analysis a bit further. ACIR does marvelous work and issues clearly written reports that too few of us in this Chamber read. Over the years, ACIR has developed and refined a really important index. They now have a measure of State revenue capacity and tax effort, without wishing to make any complaints of one kind or another. Here we go back to 1975, and we bring ourselves back up to

1991. And we look at New York. New York is the black dots. Its tax capacity goes down. And it goes up a bit, then comes down a bit. Just about average for the Nation. It was below average and now at 103. The State of Florida has stayed about average all along, and right now, 1991, its tax capacity is 103 too. The two States—New York and Florida—they are identical. They have the same per capita tax capacity.

But New York, with an older tradition, has a tax effort of 156 as against the national norm of 100. And Florida has a tax effort, rising a bit of late, nothing dramatic, just as we decline a bit, of 86. New York has twice the tax effort of Florida. It is a public choice. Some States will value public goods more than private goods and others private goods more than public goods. Some have higher capacity. Some have less. But the disparities are nothing such as they were thought to be in years past. But if the Senator from Florida wants to know why there are State-by-State funding disparities under the block grant, he need look no further than this chart.

Now, under the logic of the amendment offered by the senior Senator from Florida, we will reward his State's behavior by giving it an additional $1.7 billion over the next three years while we punish New York by taking away $2.7 billion of its block grant; $4.6 billion over the life of the bill.

The practical effect of the Graham amendment is to reallocate money from high tax effort States—States that are willing to spend their own resources on their own poor people—to low tax effort States—States that, for whatever reason, are not willing to make those investments. Even though most of the less generous States benefit from the Hill-Burton formula and States like New York do not. This certainly does not comport with my notion of Federalism.

I suppose the response is that we are talking about Federal funds. Well, why limit ourselves to a discussion of Federal welfare funds? Why not consider all other Federal funds? Perhaps we should block grant NASA spending and allocate the dollars to each State on a per capita basis. Perhaps we should block grant farm price supports. Perhaps, even, defense spending. Why not? Given the prevailing opinion regarding the competence of Washington, maybe New York would be better off if it were to receive block-granted defense funds allocated on a per capita basis. After all, I am sure that New Yorkers are more aware than distant DoD bureaucrats which points along our boundary with Canada are most susceptible to invasion.

Mr. President, I suggest that, in keeping with the spirit of the Graham amendment, we extend it to cover all Federal spending. Let us smooth out the disparities that exist in the per capita allocation of all Federal dollars. Now, if we consider all Federal spending, we discover that it amounts to $5,095 per person in Florida. In New York, the total is a less munificent $4,973. Perhaps the senior Senator from Florida would be amenable to an effort to reallocate some of the Federal funds that flow to his State so that the disadvantage New York suffers can be ameliorated.

Let us extend the analysis and consider not just spending received, but taxes paid, as well. Between fiscal years 1981 and 1994, on a cumulative basis, if New York's percentage share of allocable Federal spending had been equal to its share of taxes paid, the State would have received an additional $142.3 billion. Florida, on the other hand, would have received $38.5 billion less. I think notions of fairness and equity have been turned on their head here.

The same may be said for regions. In the Northeast you find a big imbalance, a shortfall in the balance of payments with the Federal Government. In the South you find a big surplus. In the Midwest, an even bigger shortfall than the Northeast. The greatest—Illinois now ranks 49th in its balance of payments with the Federal Government. The real concentration of balance of payments deficits is in that old Midwest industrial area. And the West is a benefactor, always has been, for a variety of reasons of which defense outlays are probably the most important. This is a zero-sum situation. Combining the regions, we find that the Northeast-Midwest balance of payments deficit totals $690 billion. And that is the exact windfall the South and West have enjoyed over the past 14 years.

Mr. President, the senior Senator from Texas often refers to "people who pull the wagon" and "people who ride in the wagon." Well, we have States that pull the wagon and States that go along for the ride. Make no mistake. I am no fan of the block grant. But I must strenuously resist any attempt to raid my State of $4.6 billion, to decrease an allocation derived in large measure from New York's willingness to "put its money where its mouth is," particularly when the "raiders" represent States that are unwilling to spend their own resources on their own poor people.

Mr. President, in June 1990, during consideration of the housing bill, the senior Senator from Texas—then the junior Senator—offered an amendment to reallocate community development block grants [CDBG's] on the basis of population. I said during the course of that debate, we put at risk the principle of federalism if we ever begin to insist on this floor that any activity which has a disproportionate impact on one State or region as against another cannot be accepted. This floor saw the terrible divisions on regionalism that led to the most awful trauma of our national existence, which we still have not overcome, still not put behind us—the Civil War.

There is a desk on this floor where a man was clubbed insensible, beaten insensible, over regional issues.

All our intelligence says: Respond to need and be thoughtful and be accommodating and try to see that there is some rough balance. I spoke earlier of our having documented the imbalance and that we live with it. So might my colleagues from Sunbelt States.

Mr. President, I was not sure this bill could get any worse. But after the votes on the Feinstein and Breaux amendments earlier today, it has. The race is on. We have dismantled the entitlement status of the AFDC program. States no longer have an incentive to spend their own money on their own poor. Now, we have no real requirement that they spend their own money, either.

The race to which I refer is the race to the bottom. An article in last Wednesday's Washington Post sums up nicely the brave new world we are about to enter. The article, by Barbara Vobejda, is entitled States Worry Generosity May Be Magnet for Welfare Migrants. Taxpayers and State legislators and Governors are determined to prevent their States from becoming welfare magnets. Set your benefits as low as possible to encourage current welfare recipients to move out and discourage welfare migrants from moving in.

The article reports that many welfare recipients now receive one-way bus tickets from their caseworkers out of the States in which they reside. Perhaps, under the proposed block grant, that will become the biggest welfare expenditure: one-way bus tickets out.

Mr. President, I find it interesting and revealing that those Members whose States spend the least on their own poor people clamor the loudest for a more "equitable" distribution of the Federal block grant and resist most vociferously any attempt to impose a serious State maintenance of effort.

In 1981, George Will wrote a column about the anti-Washington sentiment pervasive in public-land States in the West. He pointed out that residents of these States were the beneficiaries of considerable Federal largesse, particularly in the form of water and power subsidies. But these beneficiaries were budget cutters—somebody else's budget, that is—through and through. Borrowing a line from that eminent American historian Bernard DeVoto, he entitled his column Get Out and Give Us More Money. Does that line not wonderfully capture the mentality that has crossed the hundredth meridian heading East and has percolated up from the South? Get out and give us more money. That is the wretched state of debate on this wretched bill.

The Senator from Nevada is here, and the Senator from New York is on the other side. We have been alternating one side of the aisle to the other, although the different sides do not represent different views on this amendment. Mr. President, I yield to the Senator from Nevada.

I wonder if my friend from New York—I believe the Senator from Nevada has been here for an hour and a half and has a rather brief statement and then the Senator from New York, my distinguished friend, will follow.

Mr. D'AMATO. Sure.

Mr. BRYAN addressed the Chair.

The PRESIDING OFFICER (Mr. ASHCROFT). The Senator from Nevada.

Mr. BRYAN. Mr. President, let me preface my comments by thanking the

ranking member for his courtesy in acknowledging that the Senator from Nevada has been on the floor and to acknowledge the courtesy of his colleague and our friend, the junior Senator from New York.

Mr. President, I ask unanimous consent that Senators Bob KERREY and HOLLINGS be added as cosponsors to the Graham amendment.

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

Mr. BRYAN. Mr. President, I would like to preface my comments by commending my colleague and friend, the senior Senator from Florida, on what was truly a very thoughtful and very enlightening presentation, in terms of his efforts in developing the formula, the rationale and the cause for which he speaks, and that is to provide some sense of equity and fairness predicated on the basic proposition that children everywhere, irrespective of the States from which they come, are entitled to receive a fair and equitable allocation of Federal tax dollars providing for their benefit.

I enjoy, as I know all of my colleagues do, the erudition that is continually demonstrated on the floor by the senior Senator from New York in explaining the theoretical underpinning and the origin of this very complicated formula that we presently work with.

I say with great respect and deference to him that whatever the merit in its origin that formula may have had certainly can have no continuing validity when the very basis upon which we are changing the law converts an entitlement program to a block grant program that has a cap attached to it with a very, very minimal margin to accommodate the growth of States such as my own and others, whose Senators I am sure will speak in behalf of this amendment, of 2.5 percent a year.

So I come to the floor this evening to strongly endorse and to support the Graham amendment, the children's fair share allocation proposal. This amendment will, in my judgment, ensure a more equitable Federal funding formula based on the number of children in poverty in each State with a small State minimum. The bill before us severely penalizes high-growth States by relying on 1994 funding levels for fiscal year 1996 and into future years.

I make it clear at the outset, Mr. President, that there is no defender of the current welfare system. It serves neither the taxpayer nor the recipient. I want to identify myself as an advocate for change. The welfare system in America has failed and we ought to change it in rather substantial ways.

But in doing so, we should ensure that there is equity in allocating Federal funds to States—Nevada and others—that will have serious welfare problems compounded by the enactment of this piece of legislation.

The Republican welfare proposal uses a block grant approach as a replacement for the current system. As a former Governor, I very much understand the attraction of block grants for Governors in their States. Quite often, block grants can be a better approach. I, for one, as a former Governor, recognize that there are circumstances in which increased flexibility would have been immensely helpful in dealing with the problems of my State, which may very well have differed from the problems of the State of the distinguished occupant of the chair and of the prime sponsor of this amendment, all of whom have served as chief executives of their respective States.

But the notion that somehow block grants are a utopian answer to every problem we have with the current welfare system is, in my opinion, disingenuous, and this is particularly true when high-growth States, such as my own, will be left with much, much less resources to deal with the problem of an expanding population.

If States are deprived of the funding necessary to do the job, all of the block grant flexibility in the world will not matter a single whit because States will not be able to do the job, let alone do it better.

Earlier this year, I joined with nearly 30 of my colleagues on both sides of the aisle in writing to the majority leader to request his support for a bipartisan effort to address the funding formula in an equitable way. Although the Dole bill includes Senator HUTCHISON's Federal funding formula proposal, it is still, in my judgment, a grossly inadequate approach which penalizes high-growth States.

The Republican leader's proposal hurts high-growth States like Nevada by capping Federal funding at the fiscal year 1994 level. High-growth States like Nevada will receive less funding at the very time that their population is exploding. Nevada is one of 19 States under the Dole-Hutchison Federal funding formula proposal which would be eligible to receive a very modest 2.5 percent annual adjustment to Federal funding in the second and subsequent years of the block grant authorization.

But, Mr. President, this adjustment does not come even remotely close to offsetting the damage caused to my State by reason of the fiscal year 1994 funding cap. Nevada is the fastest growing State in America. I invite my colleagues' attention to this chart. It is dramatic. Beyond the comprehension of those of us who have lived in Nevada, as I have, for more than a half a century, if you look at the preceding decade, 1984 to 1994, Nevada's population has grown by 59.1 percent.

If you look at the next fastest State in percentage of growth, that of Arizona, 33.7 percent. When I talk about the horrendous impact and consequences of this formula, I am not speaking in the abstract, I am speaking in the specific, and it will be devastating.

Nevada's population is projected to increase from 1995 to the year 2000 by nearly another 15 percent from approximately 1.47 million to approximately 1.69 million. Again, Nevada leads the Nation in projected population growth for the remaining years of this decade.

Nevada's AFDC caseload increased 8 percent from fiscal year 1993 to fiscal year 1994, the sixth highest increase in the country. The national average was only a 1.4 percent increase. And from fiscal year 1992 to 1994, Nevada's welfare expenditures increased by nearly 22 percent, the fourth highest increase in the country, compared to the national average of only 4 percent.

In the 5 years from 1989 to 1994, Nevada experienced a 35.7 percent increase in the number of children under the age of 18 years, the highest increase of any State in the country. Again, by comparison, the national average is 6.1 percent.

Under the Republican welfare proposal, fast growing States like Nevada will suffer a devastating impact. We cannot expect yesterday's funding levels are going to come anywhere near meeting the needs of Nevada citizens in the years ahead.

Under the Dole-Hutchison formula, Nevada would receive $36 million in fiscal year 1996. Nevada is already in the year of its implementation behind its projected needs. For Nevada, a 2.5 percent growth increase over the preceding year's block grant does not come close to meeting its welfare assistance needs.

As a consequence, Nevada's State treasury and its taxpayers are placed at risk of having to increase the difference occasioned by the cap imposed in this formula.

The children's fair share plan funding formula takes into consideration the substantial population growth projections. It does this by allocating Federal funds to States, based very simply on the number of children who are in poverty in each State.

Mr. President, what could be more fair than to base the allocation on the number of children in poverty in each of the respective States?

Basing welfare allocations on the number of poor children served puts the emphasis on where the priorities should be in this welfare debate, and that is on vulnerable, impoverished children throughout this Nation, irrespective of where they may live.

Traditionally, the main goal of welfare cash assistance programs like AFDC has been to children who are impoverished, have a minimum standard of living. The need to meet that goal continues.

The National Center for Children in Poverty reports that children under the age of 6 living in poverty in America has increased in the 5-year period from 1987 to 1992 by 1 million—from 5 million to 6 million. In the 20-year period from 1972 to 1992, the number of our children living in poverty nearly doubled. This, Mr. President, is a most disturbing trend and one that shows little chance of abeyance.

None of us want poor children in this country to be unable to count on having a meal to eat and a place to sleep. If we cannot continue the current entitlement status for the cash assistance program, we must provide States sufficient funding on an equitable basis.

Nevada, each month, draws thousands of people from surrounding

States who come hoping to find jobs. In my own hometown of Las Vegas, 6,000 to 7,000 people each month move into the greater metropolitan area of Las Vegas. This population influx also brings a rapidly increasing number of children. Tragically and unfortunately, many of those children are children in poverty.

The 1995 Kids Count Data Book found that in 1992, Nevada had 6.4 percent of its children in extreme poverty, that they lived in families whose income was below 50 percent of the national poverty level. Additionally, 25 percent of Nevada's children lived in poor and near-poor families.

Rapid growth States, like Nevada, have always been hurt in receiving their appropriate share of Federal funds. Population increases and increases in Federal funds have rarely gone hand-in-hand because of many reasons. Maybe because the Federal Government was not efficient enough to make the sufficient adjustments.

But it is particularly unfair to hold a rapidly growing State, like Nevada, to its 1994 Federal funding level as a baseline for future welfare assistance funding. But this will happen, unless the Graham amendment is adopted.

Think about the absurdity, for a moment, of using population figures from 1994 as the baseline for all future welfare assistance funding increases. From day one, under the Dole bill, Nevada's children in poverty are punished. Under the Dole proposal, Nevada would receive $36 million each year from 1996 through 1998. Under the children's fair share plan, Nevada could receive up to $72 million a year. But understand that the basic overall amount spent on welfare is not the issue here. In my opinion, it is the formula used to allocate that amount.

States like New York and California do better under the Dole bill. Fast-growing States like Nevada are seriously damaged.

The Hutchison "dynamic growth" proposal serves Nevada children no better. Once again, Nevada would be held, in 1996, to its 1994 level of $36 million. In 1997, Nevada would get $1 million more for a total of $37 million. In 1998, Nevada would get an additional $1 million more, again for a total of $38 million. Yes, it is a funding increase. No, it is not based on meeting Nevada's population growth nor its needs.

I genuinely want to achieve a fair and bipartisan solution to this critical issue. The children's fair share proposal, in my judgment, provides that solution. If your State has a high number of children in poverty, your State receives a higher amount of Federal funding. If your State has fewer children in poverty, your State receives a lesser amount of Federal funding. The Federal funding follows the need. What could be fairer than that?

Again, I urge my colleagues to think about the impoverished children in America. Let us work together to ensure that those children, regardless of where they are living, are going to be provided adequate care on an equal basis. They depend upon us to care for them. We must not let them down.

Mr. President, I yield the floor.

Mr. NICKLES addressed the Chair.

The PRESIDING OFFICER. The Senator from Oklahoma.

Mr. NICKLES. Mr. President, we have had an excellent debate. I know my colleague from New York wishes to address this amendment, as well.

I wish to compliment the parties on both sides of this debate. I think it has been an excellent debate. I note that my friend and colleague from New Mexico is here. He has an amendment. The majority leader has indicated to us that he would like to dispose of that tonight. My guess is that it is a very important amendment dealing with family caps. We will have some good debate on that, as well.

I urge my colleagues to try and conclude debate on the Graham-Bumpers amendment as soon as possible so we can go on to debate the Domenici amendment.

Mr. D'AMATO addressed the Chair.

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

Mr. D'AMATO. Mr. President, I rise to oppose this amendment. I rise to oppose it on a number of grounds and bases.

First of all, Mr. President, I support welfare reform. We need welfare reform. We need sweeping reform. We need workfare. But reform cannot come solely at the expense of New York, or New York and California, or at the expense of New York, California, and Pennsylvania, or at the expense of any of those to whom this amendment does grievous harm. We are not just talking about States; we are talking about harm to the families, to the children that this amendment will devastate.

This amendment is not about reform. It is not about welfare formulas that make sense. It is about taking money from poor children in certain States. In many cases, these are the States that have done the most to help poor people. And now to penalize them as a result of that and to shift those dollars, without regard to the level of resources the States are willing to commit on their own, but simply to say that we are going to grab more money, we are going to enrich certain States. That's wrong and unacceptable. I am going to point out specifically some of those areas that cause concern.

We have tried to be fair in accommodating the concerns of the Senator from Florida. This bill contains an $877 million supplemental growth formula that will benefit Florida and 18 other States anticipating population growth over the life of this bill. And that is fair and that is reasonable. They are going to have additional growth. Let us take care of that.

Under the Dole-Hutchison formula, the State of Florida will receive $150 million more, over the next 5 years, than they would have received under the Finance Committee's initial proposal. But let me tell you, the amendment that is before us now, the amendment of the Senator from Florida, is fundamentally unfair. Let me tell you what the real impact of this amendment would be.

No. 1, the amendment would reallocate more than $2 billion from 14 States; 14 States would lose $2 billion, causing a half-million families to lose welfare benefits. That is not welfare reform. If we want to kill any chance of welfare reform, then adopt this amendment. Indeed maybe that is the basis and the genesis of this amendment—to kill reform. New York would lose $749 million in fiscal year 1996 alone. Let me tell you what it would be over 5 years, Mr. President: $4.5 billion.

That is just simply wrong. It is mean spirited, and we have not even accounted for the State of California. They have people. They have children. They have needs. They have been meeting those needs.

The loss there would be well over $5 billion. Those two States alone, 20 million people in New York and 30 million in California—50 million people—would account for three-quarters of the funds that were redistributed.

That is not what welfare reform should be about. Fairness, yes. But not this kind of attempt to enrich oneself at the expense of others. That is not what this country is about.

When there is a disaster, we all pitch in. We do not say, "What is the population of your State?" We are there. If there is an earthquake, a fire, floods, devastation, we are there.

If it costs $6 billion, $8 billion, $9 billion to help the State of California, we do it. If it cost $4 billion or $5 billion to help a State, and the State was Florida, we were there. The Senators from New York did not say, "Well we did not get that portion. We did not get that kind of disaster relief."

That is what Federalism is about. I did not think it was about looking at how we can enrich certain states, and then throwing in a bunch of additional States so that we can get votes. That is what this bill is about. There are more than a dozen States, 15 I believe, that are rewarded arbitrarily—nothing to do with need per se; just worked into the formula so we can get more money to get more votes. Supposedly this way we will get 30 votes because we have given each of these 15 States more money.

Is that the way we will run this country? Is that what this legislative body has become?

By the way, I have seen these kinds of amendments in the past. They are

wrong. I do not care whether they come from the Republican side or the Democratic side.

Today, there was an amendment offered by one of my colleagues. It could have given New York more money. I voted against it. It would have disadvantaged other States.

This is not about trying to be one up on somebody else. That may not be what is intended, but that is what this amendment is. It is one-upmanship.

We can play that role. It does not take a great genius to figure out a formula, and we could come up with such a formula, that would enrich maybe 33 States and disadvantage some others. I do not think that is what we want to be about—arbitrarily rewarding some States.

Let me just make several points, and I am not going to take a great deal more time, but I am going to say if one were to look at this chart which comes from the incredible work of the Northeast-Midwest Coalition, under the stewardship of the senior Senator from New York, Senator MOYNIHAN, who for years and years and years has been a leader in talking about inequities affecting our region. Want to see some inequities? I will show you an inequity. If we want to look at what tax efforts are and take a look at the Northeast and Midwest from 1981 to 1994 over a 14-year period of time, you will see there is a $690 billion inequity relating to Federal allocable dollars spent in our region.

If we want to change things around, if we want to get into who gets more money, then look at the tax efforts, look at the taxes paid by our respective citizens and our respective States and the amount of money that we get back. We would be pretty well enriched.

Let me tell you again, in this work, Senator MOYNIHAN has been a pioneer in this effort. He has talked about this issue over the years, but it bears repetition right here.

If we are going to get into the business of crafting formulas to enrich our particular State, fine. But it is a nasty business, and it destroys what Federalism is about.

Why, then, we think we have an argument. Between fiscal year 1981 and 1994 on a cumulative basis, if New York's percentage of fair, allocable Federal spending is equal to the Federal share of taxes paid, the State of New York would have received an additional $142 billion. Where is our money? We want $142 billion.

I did not know we were going to get into this business of saying, "Oh, no, we sent $142 billion down, more than what we got back." That is what this kind of amendment is doing. It is mischief-making.

Take a look at the State of Florida. On the other hand, if we had said, "You get as much as you put in," the State of Florida would have received $38.5 billion less. In other words, it has done better. It got $38.5 billion more than it sent down to Washington.

Not bad. But now we are going to find a way to get more money for the State of Florida. Where do we take it from? We take it from New York, its taxpayers and, more importantly, the poor kids, the poor children, the poor families. That is absolutely wrong. It is not acceptable.

Now, as I have said, we want meaningful welfare reform. And, by the way, reasonable people can disagree on the basis of reform. My distinguished colleague and I agree that there has to be welfare reform. We may not agree on every part of this, but I tell you one thing: We all recognize when formulas or propositions—whether they come from the Republican side or the Democratic side—are basically not fair.

You do not just enrich States so that you can get Senators from those States, so you can say, "Look, under my formula I will get the $20 million a year more with no rational basis."

By the way, that is another concern, and I will speak to that when I get 2 minutes tomorrow morning, whereby if you have an 80 percent maintenance of effort, and if the Graham amendment were enacted, New York would be forced to contribute $500 million in welfare spending than would get in its grant from the Federal Government. Incredible.

We had better protect our citizens. If there are areas where the formulas are inequitable and we can make them work better, we should attempt to do that, and we have attempted to do that. But we should not get into the business of advancing one's own interest for one's own State at the expense of another. I do not think that is what we should be about. I do not think that is what this debate should be about.

I have to say there is a tremendous imbalance here, $690 billion over 14 years, if we look at how much our region paid and how much it got back.

I want to thank my senior colleague and Senator, the distinguished Senator from New York, Senator MOYNIHAN, who has made possible the gathering of so much of this information that we could present tonight.

Mr. DOMENICI. Would the Senator from New York yield for a clarification.

Mr. D'AMATO. Certainly.

Mr. DOMENICI. You mentioned under the 80 percent maintenance of effort, New York would lose $500 million.

I think what you meant, Senator, was if this amendment passes.

Mr. D'AMATO. Exactly. I thank my colleague.

Under this amendment, if this amendment were adopted—the irony would be that it would wind up that we would have to spend $1.84 billion and we would only be getting $1.32 billion from the Federal side. In other words, New York would have to contribute roughly $500 million more than it would receive from the Federal Government if Senator GRAHAM's amendment were to pass.

It would be devastating. We are not talking about devastating to a State, or to some organization, some institution. We are talking about over 300,000 families that would be impacted—people, live human beings, who, in most cases, would have tremendous problems.

We are trying to find out how to mainstream them. Mainstreaming is one thing. Workfare is one thing, and I support it wholeheartedly. But to impose a radical reallocation of dollars that will deny shelter or a meal to people in my state is not what welfare reform should be about.

Again, I want to thank Senator DOMENICI for pointing out what the impact of this amendment would be, and I certainly want to add my support to the efforts of Senator MOYNIHAN, my distinguished colleague, the senior Senator from New York, in his opposition, to this amendment.

I yield the floor.

The PRESIDING OFFICER. The Senator from New York.

Mr. MOYNIHAN. Mr. President, may I simply thank my distinguished friend and colleague for the forcefulness with which he has made an unmistakably accurate point.

I thank him for his generous personal references.

The PRESIDING OFFICER. The Senator from Oklahoma.

Mr. NICKLES. Mr. President, I thank both our colleagues from New York for their statements. I note the Senator from Florida, Senator GRAHAM, wishes to make a statement. I will just mention to my colleague, Senator DOMENICI, has an important amendment he is prepared to discuss. And we have several other amendments we are supposed to, basically, debate tonight and hopefully have for consideration and vote tomorrow.

So it is my hope we can conclude Senator GRAHAM's debate with this amendment, take up Senator DOMENICI's amendment, and then I know Senator DASCHLE has two amendments, Senator DEWINE has an amendment, Senator MIKULSKI, Senator FAIRCLOTH, and Senator BOXER, that we would also like to discuss this evening and have ready for a vote tomorrow.

We still have a lot of work to do tonight and it is my hope maybe we can move forward with this debate as expeditiously as possible.

The PRESIDING OFFICER. The Senator from Florida.

Mr. GRAHAM. Mr. President, if no one seeks recognition to speak on the amendment, I would like to make a few comments in closing, recognizing that there is some time reserved tomorrow morning for final comments on this matter.

99-059 O—97 Vol. 141 (Pt. 17) 35

My comments this evening will be, first, to express my appreciation to all of the Senators who have participated in the debate on this amendment on both sides of the aisle and on both sides of this issue. I recognize that, whenever you are attempting to allocate not only a zero sum, a fixed amount of money, but what actually is a declining amount of money because of the decision to freeze 1994 allocations in place until the year 2000 with no adjustment for inflation, no adjustment for demographic changes, no adjustment for economic changes, you are dealing with, effectively, a declining amount of dollars to attempt to allocate. That makes the issues of fairness even more difficult, but I suggest even more urgent.

I would like to respond to some of the comments that were made. Before doing so, Mr. President, I send to the desk a series of tables and other materials which were referenced in my comments, or comments of Senator BUMPERS or Senator BRYAN, in behalf of this amendment. I ask unanimous consent they be printed in the RECORD at the conclusion of my remarks.

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

(See exhibit 1.)

Mr. GRAHAM. Mr. President, the junior Senator from New York, Senator D'AMATO, said he opposed this amendment because it had no relationship to need, that it was arbitrary and capricious. That is exactly the point. What is more related to need than to allocate funds for poor children based on where poor children are in the year you are going to distribute the money?

What this amendment states is that the fundamental basis for allocating funds will be where poor children are in the year of distribution. If the State of Missouri represents 3 percent of the poor children in America in 1996, it will get 3 percent of the money. If it represents 2.9 percent of the poor children in 1997, it will get 2.9 percent of the money. That, to me, is a principle which is fundamentally as fair and straightforward as the reputation is of Missouri for a State that wants you to "show me" why you are proposing to do what you are proposing to do.

There has been a theme through some of the comments that have been made that we are holding the world constant, and therefore we can continue to hold constant the way in which we have distributed money in the past for the support of poor children. The fact is, we are engaged in reform—some people would say in revolution—of the welfare system. Could it be more paradoxical that we are fundamentally changing the objectives of the system, the structure and administration of the system, the relationship of the States, the Federal Government, and the individuals affected, yet we are going to continue to distribute the Federal money, 99 percent of it, based on the old allocation formula? I think that belies our real commitment to reform.

What are some of the changes in this revolution in welfare? Those changes include massive new mandates to the States to undertake job training and preparation, including placement services where necessary, transportation services, and child care services for those persons who are trying to collect up the necessary personal capabilities to become independent, employed persons in our society.

Those mandates have very serious implications to the States. The State of Texas is going to have to spend 84 percent of the Federal money that it will receive under this program in order to meet those mandates. Yet we are going to continue to distribute money to the State of Texas as if those mandates did not exist because, in fact, those mandates did not exist when this basis of allocation of funds was developed.

We are going to distribute, over the next 5 years, $85 billion of Federal money—this is not State money, this is not money to which any locality has a particular claim, this is money that belonged to all the people of the United States and is paid by all the people of the United States—we are going to distribute $85 billion to a status quo program, how things were in 1994. We are going to distribute a shade less than $900 million based on a formula which will commence 3 years from now, that will provide an increase to a handful of States based on growth and extreme poverty in terms of how far they fall below the national average in their support for poor children.

It has been suggested that there is an unfairness in this adjustment, that we are overly imposing on some States. Let me just look at this chart. The garnet bar represents what is in the amendment that is the basis of this legislation, the Dole proposal. The gold bar represents the modification in funding if the Graham-Bumpers amendment were adopted. Let us just look at New York and Arkansas. Under the Dole bill, New York will receive over $2,000 per poor child in 1996—over $2,000. Arkansas will receive less than $400 per poor child.

If this amendment, that has been described as overreaching and unfair, is adopted, what will happen? What will happen is that in 1996, New York will have approximately $1,400 for every poor child, and Arkansas, that egregious, greedy State of Arkansas, will jump up to approximately $550 per poor child. That is what happens when greed takes over the system and Arkansas begins to move somewhat toward parity.

It will take another 3 years before Arkansas finally reaches New York in parity. Under the proposal that is in the current bill, it will take Arkansas 177 years—177 years before Arkansas would be in parity with New York, under the bill as proposed by the majority leader. Yet we are being accused of being overreaching.

It has been suggested that our amendment is inappropriate because of the maintenance of effort provision that was in this bill. When we wrote this amendment there was zero maintenance of effort in this bill. The maintenance of effort—that is what will be required of States in order to be eligible to participate—has been a work-in-progress over the last several weeks.

We submit this, what we think is the fundamentally appropriate manner in which to allocate $85 billion of Federal funds over the next 5 years for poor children, which is the radical idea. Let us put the money where the poor children are. When the Senate in its wisdom adopts this amendment, then we will come back and look at the issue of what that says in terms of appropriate modifications to a maintenance-of-effort provision.

It has been suggested that there is some Machiavellian plot here, that we are trying to defeat welfare reform. I want to state in the strongest possible terms that I am a strong supporter of welfare reform. My State has two of the most successful welfare work projects in the country.

I spent a day recently working at the project in Pensacola which has put almost 600 people into productive work, which will have half of the welfare population of Pensacola involved in a transition program in the next few months, which already has approximately 25 to 30 percent involved, is serious about the business, and has learned what it is going to take in order to be successful.

So I take second place to no one in my commitment to seeing that there is real welfare reform. But I would suggest that, first, in terms of what is in the interest of the vast number of States in America as seen on this map where all of the States in yellow will be better equipped to meet their responsibilities when the money is distributed based on where poor children are, that we have a better chance of achieving real welfare reform under that allocation of funds than under one which continues to impoverish a large number of States in America.

I believe that on this Senate floor it is going to be difficult—it must be difficult for many Senators who are here tonight; they can read the charts; they know what the implications of this are to their State—to vote for a bill, even one which has many provisions that they support which contains at its heart, at its core, such a cancerous unfairness in terms of how the Federal money will be distributed in terms of where the poor children, the poor children in their State, the poor children in America, live.

Finally, in terms of, is this a plot to sink welfare reform? In my judgment, this is not the plot. The plot is there, Mr. President. It is there in the bill as authored by the majority leader. And it is there because there are not the resources available in that formula, in that bill, in order to meet the objective of having 25 percent of the welfare beneficiaries in meaningful employment in 1996 and 50 percent in meaningful employment in the year 2000.

That is not Senator GRAHAM's assessment. That is, among others, the assessment of the Congressional Budget Office, which has estimated that upwards of 40-plus States will not be able to meet the work requirements in the legislation offered by the majority leader, in large part because they do not have the resources to pay for those things that will be necessary to prepare people for work, including the appropriate child care for their dependent children while they are preparing themselves to work and during those initial weeks of employment.

So there may be a plot here to sink welfare reform and to show that, in fact, it is unattainable, but that plot is contained in the legislation which is the underlying proposal of the majority leader, not in this proposal, which in fact would give all States an equal opportunity to use their creativity, imagination, and unleash what the presiding officer as a former Governor and I as a former Governor know to be the energy of States to meet a very serious national problem at the local level.

So, Mr. President, I urge the close attention of all of my colleagues to the implication of this amendment and urge tomorrow, when this is before us for a vote, their favorable consideration.

Thank you, Mr. President.

STATE-BY-STATE WELFARE ALLOCATIONS

Senate Finance Committee Compared with Dole Work Opportunity Act and Graham/Bumpers Children's Fair Share (fiscal years in millions of dollars)

State	Senate Finance—1996–1998	Dole work opportunity act			Graham/Bumpers children's fair share		
		1996	1997	1998	1996	1997	1998
Alabama	107	107	110	112	160	240	258
Alaska	66	66	66	66	100	100	100
Arizona	230	230	236	242	256	256	256
Arkansas	60	60	61	63	90	135	150
California	3,686	3,686	3,686	3,686	2,881	2,565	2,495
Colorado	131	131	134	137	149	149	149
Connecticut	247	247	247	247	200	179	174
Delaware	30	30	30	30	60	60	60
District of Columbia	96	96	96	96	100	100	100
Florida	582	582	596	611	873	997	997
Georgia	359	359	368	377	450	450	450
Hawaii	95	95	95	95	100	100	100
Idaho	34	34	34	35	67	69	69
Illinois	583	583	583	583	780	780	780
Indiana	227	227	227	227	316	316	316
Iowa	134	134	134	134	121	110	107
Kansas	112	112	112	112	132	132	132
Kentucky	188	188	188	188	283	294	294
Louisiana	164	164	168	172	246	369	403
Maine	76	76	76	76	100	100	100
Maryland	247	247	247	247	218	198	193
Massachusetts	487	487	487	487	311	269	260
Michigan	807	807	807	807	739	669	654
Minnesota	287	287	287	287	265	240	235
Mississippi	87	87	89	91	131	196	224
Missouri	233	233	233	233	309	309	309
Montana	45	45	46	47	90	90	90
Nebraska	60	60	60	60	100	100	100
Nevada	36	36	37	38	72	72	72
New Hampshire	43	43	43	43	85	85	85
New Jersey	417	417	417	417	404	368	360
New Mexico	130	130	133	136	143	143	143
New York	2,308	2,308	2,308	2,308	1,559	1,361	1,317
North Carolina	348	348	357	365	394	394	394
North Dakota	26	26	26	26	52	52	52
Ohio	769	769	769	769	738	672	657
Oklahoma	166	166	166	166	246	246	246
Oregon	183	183	183	183	168	152	149
Pennsylvania	658	658	658	658	652	595	583
Rhode Island	93	93	93	93	100	100	100
South Carolina	103	103	106	109	155	232	253
South Dakota	23	23	24	24	46	46	46
Tennessee	206	206	211	216	309	348	348
Texas	507	507	520	533	761	1,141	1,232
Utah	84	86	88	88	105	105	105
Vermont	49	49	49	49	99	99	99
Virginia	175	175	180	184	242	242	242
Washington	432	432	432	432	260	223	215
West Virginia	119	119	119	119	150	150	150
Wisconsin	335	335	335	335	280	251	245
Wyoming	23	23	24	24	47	47	47
United States	16,696	16,696	16,781	16,869	16,696	16,696	16,696

STATE WELFARE ALLOCATION PER CHILD IN POVERTY

Senate Finance Committee Compared with Dole Work Opportunity Act and Graham/Bumpers Children's Fair Share (dollars per child in poverty per fiscal year)

State	Senate finance 1996–1998	Dole work opportunity act			Graham/Bumpers children's fair share		
		1996	1997	1998	1996	1997	1998
Alabama	408	408	418	429	612	919	988
Alaska	3,248	3,248	3,248	3,248	4,903	4,903	4,903
Arizona	1,045	1,045	1,072	1,098	1,162	1,162	1,162
Arkansas	375	375	384	394	563	844	934
California	1,716	1,716	1,716	1,716	1,341	1,194	1,162
Colorado	1,019	1,019	1,045	1,071	1,162	1,162	1,162
Connecticut	1,650	1,650	1,650	1,650	1,335	1,192	1,162
Delaware	590	590	590	590	1,181	1,181	1,181
District of Columbia	4,222	4,222	4,222	4,222	4,411	4,411	4,411
Florida	678	678	695	713	1,017	1,162	1,162
Georgia	927	927	950	973	1,162	1,162	1,162
Hawaii	2,135	2,135	2,135	2,135	2,252	2,252	2,252
Idaho	564	564	578	592	1,128	1,154	1,154
Illinois	869	869	869	869	1,162	1,162	1,162
Indiana	834	834	834	834	1,162	1,162	1,162
Iowa	1,459	1,459	1,459	1,459	1,314	1,189	1,162

STATE WELFARE ALLOCATION PER CHILD IN POVERTY—Continued

Senate Finance Committee Compared with Dole Work Opportunity Act and Graham/Bumpers Children's Fair Share (dollars per child in poverty per fiscal year)

State	Senate finance 1996–1998	Dole work opportunity act			Graham/Bumpers children's fair share		
		1996	1997	1998	1996	1997	1998
Kansas	981	981	981	981	1,162	1,162	1,162
Kentucky	745	745	745	745	1,117	1,162	1,162
Louisiana	390	390	400	410	586	878	959
Maine	1,193	1,193	1,193	1,193	1,566	1,566	1,566
Maryland	1,490	1,490	1,490	1,490	1,318	1,189	1,162
Massachusetts	2,177	2,177	2,177	2,177	1,390	1,202	1,162
Michigan	1,432	1,432	1,432	1,432	1,312	1,188	1,162
Minnesota	1,419	1,419	1,419	1,419	1,310	1,188	1,162
Mississippi	331	331	340	348	497	746	852
Missouri	873	873	873	873	1,162	1,162	1,162
Montana	1,015	1,015	1,040	1,066	2,030	2,030	2,030
Nebraska	895	895	895	895	1,485	1,485	1,485
Nevada	671	671	688	705	1,342	1,342	1,342
New Hampshire	1,430	1,430	1,430	1,430	2,860	2,860	2,860
New Jersey	1,345	1,345	1,345	1,345	1,303	1,187	1,162
New Mexico	1,053	1,053	1,079	1,106	1,162	1,162	1,162
New York	2,036	2,036	2,036	2,036	1,375	1,200	1,162
North Carolina	1,026	1,026	1,052	1,078	1,162	1,162	1,162
North Dakota	1,027	1,027	1,027	1,027	2,054	2,054	2,054
Ohio	1,360	1,360	1,360	1,360	1,304	1,187	1,162
Oklahoma	785	785	785	785	1,162	1,162	1,162
Oregon	1,428	1,428	1,428	1,428	1,311	1,188	1,162
Pennsylvania	1,312	1,312	1,312	1,312	1,299	1,186	1,162
Rhode Island	2,244	2,244	2,244	2,244	2,427	2,427	2,427
South Carolina	393	393	403	413	590	885	964
South Dakota	691	691	708	726	1,381	1,381	1,381
Tennessee	688	688	705	723	1,032	1,162	1,162
Texas	405	405	415	425	607	911	982
Utah	924	924	947	971	1,162	1,162	1,162
Vermont	2,275	2,275	2,275	2,275	4,550	4,550	4,550
Virginia	840	840	861	883	1,162	1,162	1,162
Washington	2,340	2,340	2,340	2,340	1,407	1,205	1,162
West Virginia	920	920	920	920	1,162	1,162	1,162
Wisconsin	1,589	1,589	1,589	1,589	1,328	1,191	1,162
Wyoming	1,261	1,261	1,292	1,325	2,522	2,522	2,522
United States	1,162	1,162	1,168	1,173	1,162	1,162	1,162

SENATE FINANCE COMMITTEE PROPOSAL WITH DYNAMIC GROWTH FORMULA ANALYSIS OF HOW LONG IT WILL TAKE FOR PARITY

State	Years it would take to reach national average at 2.5% per year	Years it would take for State to get to New York's level of funding at 2.5% per year	Years it would take for State to get to Pennsylvania's level of funding at 2.5% per year
Alabama	74	159	89
Arizona	4	38	10
Arkansas	84	177	100
Colorado	6	40	11
Delaware	39	98	49
Florida	29	80	37
Georgia	10	48	17
Idaho	42	104	53
Illinois	13	54	20
Indiana	16	58	23

SENATE FINANCE COMMITTEE PROPOSAL WITH DYNAMIC GROWTH FORMULA ANALYSIS OF HOW LONG IT WILL TAKE FOR PARITY—Continued

State	Years it would take to reach national average at 2.5% per year	Years it would take for State to get to New York's level of funding at 2.5% per year	Years it would take for State to get to Pennsylvania's level of funding at 2.5% per year
Kansas	7	43	14
Kentucky	22	69	30
Louisiana	79	169	94
Mississippi	100	206	118
Missouri	13	53	20
Montana	6	40	12
Nebraska	12	51	19
Nevada	29	81	38
New Mexico	4	37	10
North Carolina	5	39	11

SENATE FINANCE COMMITTEE PROPOSAL WITH DYNAMIC GROWTH FORMULA ANALYSIS OF HOW LONG IT WILL TAKE FOR PARITY—Continued

State	Years it would take to reach national average at 2.5% per year	Years it would take for State to get to New York's level of funding at 2.5% per year	Years it would take for State to get to Pennsylvania's level of funding at 2.5% per year
North Dakota	5	39	11
Oklahoma	19	64	27
South Carolina	78	167	93
South Dakota	27	78	36
Tennessee	28	78	36
Texas	75	161	90
Utah	10	48	17
Virginia	15	57	22
West Virginia	11	49	17

TABLE 2.—THE ADDITIONAL COST OF THE WORK PROGRAM AND ASSOCIATED CHILD CARE UNDER THE AMENDED SENATE REPUBLICAN LEADERSHIP PLAN (ASSUMING THE NATIONAL AVERAGE COST PER WORK PARTICIPANT AND ASSOCIATED CHILD CARE SLOT IN FISCAL YEAR 2000)

[In millions of dollars]

	Estimated additional operating cost of the work program to meet FY 2000 participation rate required in the Senate Republican leadership plan	Estimated additional cost for related child care in the FY 2000 Senate Republican leadership plan	Estimated additional operating cost of the work program plus related child care in the FY 2000 Senate Republican leadership plan	Estimated total operating cost of the work program and related child care in the FY 2000 as a percent of the block grant	Estimated additional operating cost of the work program plus related child care FY 1996–2002 Senate Republican leadership plan
Alabama	$16	$27	$43	59	$140
Alaska	5	9	15	36	47
Arizona	26	46	72	46	231
Arkansas	9	15	24	59	78
California	328	566	894	39	2,827
Colorado	16	28	45	50	144
Connecticut	24	42	66	43	213
Delaware	4	7	11	58	35
District of Columbia	10	18	29	48	90
Florida	92	159	252	63	816
Georgia	53	92	145	59	467
Hawaii	9	15	24	40	75
Idaho	3	6	9	41	29
Illinois	96	167	263	73	843
Indiana	29	51	80	57	257
Iowa	16	27	43	52	138
Kansas	12	21	33	48	105
Kentucky	30	52	82	70	266
Louisiana	31	54	85	82	276
Maine	10	17	27	57	87
Maryland	32	55	86	56	276
Massachusetts	45	77	122	40	395
Michigan	94	162	255	51	823

TABLE 2.—THE ADDITIONAL COST OF THE WORK PROGRAM AND ASSOCIATED CHILD CARE UNDER THE AMENDED SENATE REPUBLICAN LEADERSHIP PLAN (ASSUMING THE NATIONAL AVERAGE COST PER WORK PARTICIPANT AND ASSOCIATED CHILD CARE SLOT IN FISCAL YEAR 2000)—Continued

[In millions of dollars]

	Estimated additional operating cost of the work program to meet FY 2000 participation rate required in the Senate Republican leadership plan	Estimated additional cost for related child care in the FY 2000 Senate Republican leadership plan	Estimated additional operating cost of the work program plus related child care in the FY 2000 Senate Republican leadership plan	Estimated total operating cost of the work program and related child care in the FY 2000 as a percent of the block grant	Estimated additional operating cost of the work program plus related child care FY 1996–2002 Senate Republican leadership plan
Minnesota	26	45	71	40	230
Mississippi	19	33	53	88	173
Missouri	37	64	101	70	323
Montana	5	9	14	45	44
Nebraska	5	9	15	39	48
Nevada	5	8	13	54	43
New Hampshire	5	8	13	48	41
New Jersey	48	82	130	50	417
New Mexico	13	23	36	40	115
New York	182	315	497	35	1,590
North Carolina	49	84	133	56	428
North Dakota	3	4	7	43	22
Ohio	96	165	261	55	845
Oklahoma	19	32	51	50	164
Oregon	16	27	43	38	140
Pennsylvania	86	148	234	57	750
Rhode Island	9	16	26	45	82
South Carolina	17	29	46	65	150
South Dakota	3	4	7	46	22
Tennessee	42	73	115	82	370
Texas	107	184	291	84	930
Utah	7	12	19	33	62
Vermont	4	7	11	37	37
Virginia	27	47	74	62	237
Washington	41	70	111	41	355
West Virginia	16	28	45	61	143
Wisconsin	29	51	80	39	260
Wyoming	2	4	6	40	21
Total	1,911	3,300	5,211	49	16,700

HHS/ASPE analysis. State work and child care costs are based on national averages. This analysis assumes that there will be no operating cost in the work program for those combining work and welfare, those sanctioned and those leaving welfare for work. Likewise, the analysis assumes no cost of related child care for those leaving welfare for work and those sanctioned.

GRAHAM-BUMPERS CHILDREN'S FAIR SHARE AMENDMENT

Principles: A formula based on fairness should be guided by the following principles:

(1) Block grant funding should reflect need or the number of persons in the individual states who need assistance;

(2) A state's access to federal funding should increase if the number of people in need of assistance increases;

(3) States should not be permanently disadvantaged based upon their policy choices and circumstances in 1994; and

(4) If requirements and penalties are to be imposed on states, fairness dictates that all states have an equitable and reasonable chance of reaching those goals.

S. 1120 fails to meet each and every test of fairness.

GRAHAM-BUMPERS CHILDREN'S FAIR SHARE PROPOSAL

The Graham-Bumpers Children's Fair Share proposal allocates funding based on the number of poor children in each state. In sharp contrast to S. 1120, the Graham-Bumpers amendment meets all the principles of an improved and much more equitable formula allocation.

The amendments is needs-based, adjusts for population and demographic changes, treats all poor children equitably, does not permanently disadvantage states based on previous year's spending in a system that is being dismantled, and allows all states a more equitable chance at achieving the work requirements in S. 1120. The Graham-Bumpers Children's Fair Share measure would establish a fair, equitable and level playing field for poor children in America, regardless of where they live.

Disparities in funding would be narrowed in the short-run and eliminated over time—in sharp contrast to S. 1120.

Children's Fair Share Allocation Formula: The Children's Fair Share formula would allocate funding based on a three-year average of the number of children in poverty. This information would come from the Bureau of the Census in its annual estimate through sampling data. With the latest data available, the Secretary would determine the state-by-state allocations and publish the data in the Federal Register on January 15 of every year.

Small State Minimum Allocation: For any State whose allocation was less than 0.6%, the minimum allocation would be set at the lesser of 0.6% of the total allocation or twice the actual FY 1994 expenditure level.

Allocation Increase Ceiling: For all states except those covered by the small state minimum allocation, the amount of the allocation would be restricted to increase not more than 50% over FY 1994 expenditure levels in the first year and to 50% increases for every subsequent year.

Final Adjustment to Minimize Adverse Impact: The savings from the "allocation increase ceiling" would exceed that for "small state minimum allocation". The net effect of these adjustments would be reallocated among the states who receive less than their FY 1994 actual expenditures.

Implications for the Medicaid Debate: The importance of a fair funding formula to states cannot be overstated.

With similar proposals to change the Medicaid program expected later this year, how these block grants are allocated among the states is absolutely critical. More than four out of every 10 dollars that Washington sends to state governments are Medicaid dollars. Medicaid is nearly five times bigger than the federal role in welfare: $81 billion a year versus $17 billion. If Congress "reforms" welfare by locking in past spending patterns and inequities, that would set a dangerous precedent for Medicaid.

THE UNFAIRNESS AND INEQUITY CAUSED BY THE S. 1120 FORMULA

Under S. 1120, most states will receive a block grant amount frozen at fiscal year 1994 levels through fiscal year 2000. Past inequities would be locked into place and future demographic or economic changes would not be adjusted for by S. 1120's funding formula.

A small number of states would qualify for an extremely limited 2.5% annual adjustment in the second and subsequent years of the block grant authorization. To qualify, states must meet either of two tests:

Federal spending per poor person in the state must be below the national average and population growth in the state is above the national average; or,

Federal spending per poor person in the state in fiscal year 1994 is below 35% of the national average.

S. 1120 Exacerbates and Makes Permanent Enormous Disparities: A formula based largely on shares of 1994 federal spending would result in large disparities between states in federal funding per poor child. For example, under S. 1120, Mississippi would receive $331 per poor child per year while New York would receive $2,036 or over six times more per poor child than Mississippi. Massachusetts would receive $2,177 or at least five times more per poor child than the states of Alabama, Arkansas, Louisiana, South Carolina and Texas. There is no justification for poor children to be treated with less or more value by the federal government.

Proponents of the bill will argue that some states will qualify for 2.5% annual adjustments to address this disparity. However, the bill fails to provide aid to nine states (Kentucky, Oklahoma, Indiana, Illinois, Missouri, Nebraska, West Virginia, Kansas and North Dakota) with below average federal funding per poor child.

Moreover, even for those who do qualify, the adjustment is glacial and may fail to ever achieve parity. For example, it is estimated that it will take Mississippi over 50 years to reach parity.

No Policy Justification: There is no justification for allocating future federal funds based on 1994 state spending. The needs of states in the future, both in terms of demographic and economic changes, will have no bearing on spending in 1994. States should

not be permanently disadvantaged based upon their policy choices and circumstances in 1994.

Penalizes Efficiency: Basing all future funding on 1994 spending locks in historical inequities and inefficiencies. In 1994, the national average monthly administrative expense per case was $53.42, but New York and New Jersey had costs, respectively, of $106.68 and $105.26, almost eight times as high as West Virginia's cost of $13.34. Those states with higher administrative costs in fiscal year 1994 would receive block grant amounts reflecting their higher fiscal year 1994 costs for the next five years.

Fails to Account for Population Growth: Initial disparities would be further exacerbated by different rates of population growth. Between 1995-2000, ten states are projected to grow at least 8% while eight are projected to grow less than 1% or experience a population decline. Among the 25 states projected to have higher population growth, 17 would receive initial allocations below the national average.

The initial disparities locked in by the Dole approach would actually intensify as a result of these different rates of anticipated population growth through the end of the decade.

Proponents of the bill will argue that some states will qualify for 2.5% annual adjustments to address this disparity. However, the bill fails to provide six states (Washington, Alaska, Hawaii, Oregon, California and Delaware) with projected above-average population growth with aid.

Loser States Double Disadvantaged: States that receive less than their fair share of funding per poor child are the least likely to meet the work requirements under S. 1120, which leads to further funding sanctions. The additional cost of the work program and associated child care in S. 1120 would take up virtually all of the funding for those receiving less than the national average funding per poor child.

The additional costs to Mississippi, Louisiana, Tennessee and Texas are estimated to exceed 80% of federal funding to those states in the year 2000 compared to less than 40% of the cost in states such as California and New York, Oregon and Wisconsin. Ironically, those states receiving less than their fair share of funding will most likely fail to meet the work requirements, and thus, be subject to the 5% penalty in S. 1120.

Growth States Often Double Disadvantaged: Most growth states will be double disadvantaged. While population growth will fail to be adequately accounted for in the federal funding formula, growth states will have rapidly increasing numbers of people needed to meet the participation requirements. States such as Arizona, Arkansas, Florida, Hawaii, Oklahoma, Tennessee and Texas will need to have three or four times the number of people participating in work program by 2000 than they do in 1994, despite no or very little increasing in funding over the period.

Block Grant Formula Are "Forever": If the Dole formula is adopted, we are creating something that will be difficult, if not impossible, to change for a very long time. Example after example can be cited of block grants that are being allocated today based on funding levels to states over a decade ago.

No Lesson Learned: The General Accounting Office in a report issued in February 1995 report entitled "Block Grants Characteristics, Experience and Lessons Learned" wrote, ". . .because initial funding allocations [used in current block grants] were based on prior categorical grants, they were not necessarily equitable." The Dole approach would once again fail to address these concerns.

WESTERN GOVERNORS' ASSOCIATION: RESOLUTION 95-001, PASSED UNANIMOUSLY ON JUNE 25, 1995

In formulating the block grant proposals for welfare and Medicaid the Western Governors' Association strongly urges Congress to account for [these] realities in order to implement block grant funding in an equitable fashion:

(1) State population levels are growing at different rates, and differences must be recognized in any block grant formula.

(2) States have different benefit levels for both welfare and Medicaid and the block grant should not reward states that have been operating less efficiently and penalize states that have been operating more efficiently.

(3) The need for welfare and Medicaid are related to the business cycle, and the federal government should offer assistance to states during down cycles that is timely and responsive.

After selecting a block grant approach, the next logical question is, "How should the block grant be divided among the states?" The compromise reached by your committee was to prorate funds based on historical patterns. In a static world, that would be a perfect solution. However, as you know, Texas has been and will likely continue to be a high growth state. In the interest of fairness, I would urge you to add a significant growth factor to the block grant that is tied to population needs.—Gov. George W. Bush of Texas, April 25, 1995.

This debate is about fairness and real change versus the status quo . . . . Incredibly, the "new and improved" formulas approved by the U.S. House do nothing to address the migration of people within the United States and, in fact, simply set arbitrary spending patterns in stone for the foreseeable future.—Comptroller John Sharp of Texas, April 25, 1995.

It seems to me any welfare proposal should have a basic principle to treat all poor children equitably, and not favor any state's children at the expense of another's. . . . If Congress is going to radically redesign its welfare laws and block grant the money to the states, it needs to allocate that money fairly. States shouldn't be penalized in 1996, or rewarded for that matter, for spending practices of previous years in a system being discarded. That borders on the absurd and it contradicts the very intent of Congress doing away with the system and all of its inherent flaws.—Gov. Lawton Chiles of Florida, May 1, 1995.

If it's done strictly on prevous year's experience, that is going to disproportionately punish the Southern States. . . . Distributing the funds based on the percentage of population in poverty, with some consideration of the state's tax base would be much more equitable.—Gwen Williams, Medicaid Commissioner for Alabama (quoted on May 22, 1995).

A poor child in Michigan would get twice as much as a child in my state. That's not right. It's not fair. . . . Let's make equal protection of children the foundation for reform.—Gov. Lawton Chiles of Florida, May 11, 1995.

When a lump sum distribution is made to the states, what fraction of the total should each state receive? The best approach is to base each state's share on the proportion of that nation's poor who reside in the state. A much less desirable approach is currently favored by the Republican leadership in Congress and is reflected in the House bill. This approach would block-grant funds based on current federal spending, rewarding the states that currently spend the most, instead of assisting those with the greatest need.—Dr. John C. Goodman (Goldwater Institute, paper dated July 1995).

If federal block grants to the states are based on current federal outlays, the effect will be to permanently entrench failed welfare policies in some states. . . . Equally important, the philosophically inclined among us. . . . should wonder why the Congress would enact a block grant system which rewards and continues profligate spending at the expense of states which have done far better at keeping costs down.—Gov. Fife Symington of Arizona, April 26, 1995.

Block grant funding would be locked in, in spite of rapidly changing patterns of need. This dissonance between need and funding would produce devastating results over a five year period.—Sen. Kay Bailey Hutchison and 39 other senators (in a letter to Sens. Robert Packwood and Daniel Patrick Moynihan on May 23, 1995).

Under the [Maternal Child Health Block Grant], funds continue to be distributed primarily on the basis of funds received in fiscal year 1981 under the previous categorical programs. . . . We found that economic and demographic changes are not adequately reflected in the current allocation, resulting in problems of equity.—General Accounting Office, February 1995.

Mr. PRYOR. Mr. President, I wish to add my voice to the debate over the amendment to redistribute the limited funds in this block grant based on the number of poor children in each State.

First let me say that I am pleased by the bipartisan nature of this amendment. There are many areas in the debate where both Democrats and Republicans can agree. We all agree that the current system does not work. It does not put people to work. It does not give States enough flexibility to craft a system that will keep them working. We can agree on what is wrong with the current system. What is much more difficult is finding some common ground on the best way to fix it.

President Clinton called on Congress to end welfare as we know it. Yet here we are building a new system on the rotting foundations of a system that we all agree has failed.

Mr. President, welfare reform should be about protecting children and putting their parents to work. This bill is a step in the right direction, but it uses a formula to distribute block grant funds that fails to give States the resources they need to accomplish these goals. The children's fair share amendment gives States with high populations of poor children the resources they need to serve those children. It bases the funds a State receives on the number of needy people the State will be asked to serve. It is fair.

In Arkansas, 25 percent of children live in poverty. One in every four children in my State lives below the poverty line.

Under the formula in this bill, Arkansas would get $375 per poor child,

while the national average is over $1,000 and some States receive over $2,000 per poor child. This block grant is to be used for cash benefits, but it also pays for work programs and for child care so parents who find work can afford to keep working. It pays for administrative costs. Arkansas needs to pay a program director and to buy pens and paper just like every other state. Why should the Federal Government pay over $2,000 for each poor child in New York and Massachusetts and less than $400 per child in Arkansas and South Carolina?

I support this amendment, but I recognize that it still leaves large disparities in spending per poor child between States. Under this amendment, spending in Arkansas per poor child will rise from $375 to $563. In Massachusetts it will fall from $1,761 to $1,341. In New York, it will fall from $2,036 to $1,375. States that are getting more money per poor child now will still get more money per poor child should this amendment pass. This formula doesn't call for complete equity, but it does move us a little closer to a distribution of Federal funds that is fair.

This debate is not about benefit levels. We should not lock States into the policy decisions they made in years past. I applaud States that can afford to spend more money on welfare. But, the Federal Government has a responsibility to treat children equally, regardless of where they live.

This formula is based on what is really at the heart of the debate on welfare reform—poor children. And I urge my colleagues to join me in supporting it.

Mr. NICKLES. Mr. President, I thank the Senator from Florida as well as the Senator from Arkansas for their eloquent debate and the Senator from New York for giving the counter view. I think we have had excellent debate on this amendment. I know my friend and colleague from New Mexico, Senator DOMENICI, has an amendment that he wishes to discuss.

If no one else wishes to speak on the Graham amendment, Mr. President, I hope that we will have debate on the Domenici amendment, and I ask my other colleagues who have requested time to discuss their amendments tonight. Senator DOMENICI has mentioned that he will not be on the floor too long on this amendment. Other Senators that have amendments listed in the unanimous-consent order, if they wish to debate those tonight, I hope they will come to the floor in the near future.

Mr. MOYNIHAN. Mr. President, might I add that, if they think they wish not to do so, they would let us know.

Several Senators addressed the Chair.

Mr. BUMPERS. Mr. President, I wonder if the distinguished floor manager would yield for a question. We are going to vote tomorrow, as I understand it. We are going to stack the votes on these amendments. I just wondered if there had been any kind of consent agreement about allowing the proponents and opponents 2 or 3 minutes before each vote to sort of recapitulate the amendment.

Mr. NICKLES. Mr. President, to respond to our colleague from Arkansas, part of the unanimous-consent agreement would allow 10 minutes of debate to be equally divided between the Senators on this amendment, and actually on the Graham amendment there will be 20 minutes equally divided.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER (Mr. SMITH). The Senator from New Mexico is recognized.

AMENDMENT NO. 2575

Mr. DOMENICI. Mr. President, I call up my printed amendment No. 2575 and ask for its consideration.

The PRESIDING OFFICER. Without objection, that will be the pending question.

Mr. DOMENICI. Mr. President, I ask unanimous consent that Senators MOYNIHAN, NUNN, BREAUX, and KASSEBAUM be added as original cosponsors of the Domenici amendment on a family cap.

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

Mr. DOMENICI. Mr. President, this is a very serious issue. I do not think we are going to take a lot of time tonight because I think the issue has been thoroughly discussed in various meetings, in conferences, and in caucuses, and clearly among various groups in our country, pro-life groups, pro-choice groups, proabortion groups, welfare reform groups, and so on.

So I am probably only going to take 15 or 20 minutes at the most. I do not want anyone to think that brevity has anything to do with the seriousness of this issue.

I want to talk a little bit about what I am trying to do and give the Senate my best perception of why I think it is the best thing we can do in a welfare reform bill that is attempting to experiment, innovate, and send a program that has failed back to the States so that they might consider handling it differently and tailoring it to the needs of their States within the amount of money that is going to be allowed in whatever formula we end up adopting.

So, as currently amended, the bill in front of us contains a provision requiring States to impose a so-called family cap. This provision says that, if a mother has a child while on welfare, the State cannot increase cash benefits to that mother for that child.

I want to stress that what we are saying to the States is, even if you consider it to be the best thing to do, and even if you have some evidence that, working within a proposal that provides additional cash benefits, you might prevent more teenagers from having children or welfare mothers from having children, you cannot do it because, while we are busy here saying let us send these programs to the States, we are busy in this bill saying, but we know best, the U.S. Congress knows best.

The Governors came to us and said, let us run the programs. We have now said, Governors, you have to run it with State legislators. We voted that in recently.

So out in the country Republicans have been acknowledging that we want to send programs closer to home where those who are close to the people can carry out the laws as they see them best for their people.

Why do we decide then, with all of that excellent rhetoric about sending programs closer to home, to Governors and legislators, why do we think we are so wise that we say with reference to one of the most serious problems around—teenage pregnancies and welfare mothers that have children—we know the way to fix that is to say if you are a welfare mother and have a child, the State cannot give you any cash assistance? Mr. President, I am not wise enough to know whether they should or whether they should not.

So my amendment is a very simple amendment. In fact, I think I could call it after one of the most distinguished Republican Governors around, for I could call it the Engler amendment. It happens that he is not a Senator, so we are going to call it the Domenici-Moynihan amendment. It could be the Engler amendment, Governor Engler, because he said without any question, testifying before the Budget Committee, which I happen to chair, that "conservative strings are no better than liberal strings." Got it? He said, "Conservative strings are no better than liberal strings."

For what was he arguing? He was arguing for his State to have the authority to determine whether there should be a family cap or not and that they ought to be able to put a plan together on a yearly basis. They do not even have to get that plan on for 5 years. We are sending them a 5-year State entitlement, I say to my friend from New York. Each year they are going to get for 5 years a State entitlement.

What Governor Engler was saying is, let us every year decide on a plan to use that money in the best interests of those who need welfare assistance. And, mind you, everyone should know that the Senator from New Mexico is here arguing about this aspect of a growing disagreement in the Senate, but I want welfare reform. And I want it to be a 5-year program, not a program that people can have forever. And we are on the road to doing that. It should not have been a lifestyle. It should have been a stopover point to get some assistance and training and get on with trying to do for yourself.

So make no bones about that. That is what I want. And I believe the States are apt to do a better job than we have done. Why? Because I think they can experiment and innovate, and, frankly, I cannot understand, since that is the basis of all of this, why in the world we would say that to them, but when it comes to one of the most serious problems with reference to society today—unwed mothers and teenage pregnancies—we know best. We know best. And we think in our wisdom that if we say no cash benefits, I say to the distinguished Senator from New Hampshire in the chair, that somehow or another it will reduce the number of children born to teenagers or mothers who happen to be on welfare. And there is no empirical evidence that that is true.

Mr. MOYNIHAN. None.

Mr. DOMENICI. None. There is a bit, a smattering of evidence that came out of the State of New Jersey because they tried this, and that smattering of evidence was soon refuted by an in-depth study by Rutgers University which ended up suggesting that probably it had no effect at all with reference to the numbers of pregnancies. As a matter of fact, I do not know why it took so long and two studies, one they did at the State level and one by Rutgers.

Can we really believe, with the problems teenagers are having and the societal mixup that they find themselves in, that cash benefits are going to keep them from getting pregnant? I cannot believe it. Frankly, there is no evidence of that.

Let me tell you, there is a smattering of evidence—not a lot, I say to my friend from New York, but a little bit—that abortions have increased, that abortions have increased.

Frankly, that is not too illogical either. If one is going to stand up and argue that by denying $284 or $320, just that notion out there will keep them from getting pregnant and having babies out of wedlock or as welfare mothers, why would it not be logical to assume that if they are pregnant somebody would say, "You are not going to get any help. Why don't you have an abortion."

If one might work, the other might work. I do not want the second one. I do not want to be for a welfare program that I have to vote for and have on my conscience that I was part of a program to do some good and at the same time said to teenagers, "Maybe you ought to get an abortion." I do not want to vote for that.

So some people ask me: Why do you offer this amendment? After all, the bill before us says there can be some noncash—there can be; it is permissive—some noncash benefits that can be provided. Well, I want them to be able to provide noncash benefits, but I want them to be able to provide cash benefits, not mandatory but that they can.

Now, Mr. President, from what I can tell, clearly we do not know what we are talking about in terms of impact when we say, tell the States what to do and tell them not to give one penny to a welfare mother, teenager or otherwise, who has another child, when we stand up and say, we do not want any more teenage pregnancies, we do not want any more welfare mothers who have another child, and then to say, and if we just do not give them any money, it will all stop.

Frankly, that is the state of the debate we are in, as I see it. I would almost think that we would have been within our rights to say they have to continue to support them. But I do not choose to do that.

My amendment is very simple and very neutral. If Governor Engler, who has designed one of the best welfare programs in America—and, incidentally, one of the best Medicaid block grant programs on waivers and otherwise—if he chooses to say I have a program and I want some cash benefits to the second child of one of these situations that we really pray to God would not be around, but if he says I would like to try that for 2 or 3 years, why should we say no? Why should we say no? Under the guise of what authority, what wisdom, what prerogative other than we know best and it might sound good? It might sound good to say we are not going to let them have any cash. That may really resonate out there very well. But I am not sure in the end that we would not be better off, since we are trying a program for 5 years and giving an entitlement, to decide that conservative strings are no better than liberal strings, to quote the distinguished Governor, Governor Engler, from the State of Michigan.

I know my friend—and he is my friend. I just saw him arrive in the Chamber. The first time he started sitting at committee hearings I sat right by him in Banking, and I have great respect for him—and I just happen on this one to disagree. I think we are going to have to vote on it, and then obviously the House has different opinions yet from what we have.

I wish to just once again say that in New Jersey, the State that pioneered the family cap, originally claimed through officials that there was a reduction in out-of-wedlock births. Subsequent studies from Rutgers University indicates that that cap had no significant effect on birth rates among welfare mothers. More ominously, in May, New Jersey's welfare officials announced that the abortion rate actually increased 3.6 percent in 8 months after the New Jersey statutes barred additional payments to women on welfare.

Now, I am not vouching for these statistics. That is a small percentage and a short period of time. But it surely points up, Mr. President and fellow Senators, that we really do not know. If we really do not know, it would seem to me we ought to err on the side of giving the Governors and legislatures who have to otherwise put the program together this option.

If they want to put the family caps on, let them vote it in. If they do not want to, let them have a plan that provides otherwise. And it would seem to me that we will end up having done a far better job under the circumstances for the poor people in this country, poor in many ways, not only poor financially but poor of spirit, clearly, though many of them do not like the situation they are in.

We ought to continue pushing for job training and employment opportunities and employment because that will build a better society for them and that spirit that is so down might be lifted up and they might have a chance.

Now, I urge that my colleagues resist putting strings back into this block grant. And, finally, I point out there is no budgetary impact, no budgetary savings attributed to the family cap provision. So I am not here arguing for more money. I am merely arguing that with whatever money the States get, let them be able to pass judgment on this aspect of their program, which is very, very difficult for us to comprehend in terms of the human aspects of it.

And I hope I am not, by doing this, causing this bill any harm, this welfare bill, because anybody that listened to me here tonight knows I want to try this welfare reform. And I think there is room for the Domenici-Moynihan amendment as a part of this program as we send it back to the States to see if we cannot do better than the last 2 or 3 years.

I yield the floor.

Mr. MOYNIHAN addressed the Chair.

The PRESIDING OFFICER. The Senator from New York.

Mr. MOYNIHAN. I could not have stated this case more emphatically, with more clarity and more charity than the Senator from New Mexico. We are talking about children who do not have any control over when they come into the world or in what circumstances.

I would want to make one point. It need not be made in the Senate Chamber, but just for the record. There is a notion that somehow welfare families are large. They are not. They are smaller than the average, husband-and-wife family. The average number of children is 1.9. They begin too early. They begin without the arrangements that need to accompany, ought to accompany, the beginning of a family, a stable husband-wife relationship. Children born to these single women in poverty do poorly the rest of their lives, by and large. We know so little about why all this has happened.

There are efforts abroad to change this culture of dependency, to get the

mothers on welfare off the rolls and into work. We have heard one Senator after another describing the programs in place in their States—Iowa, California, Georgia, Michigan—under the Family Support Act, in which States do what they think best and experiment.

But do not put the lives of children at risk in this way. Or at least do not do it because the Federal Government says you have to. That would be unpardonable. I fear that we are making a grave mistake by prohibiting benefits to children born into welfare families, but if it is to be done, far better that the Federal Government not impose the requirement upon States which do not desire it. Therefore I very much hope that this amendment is approved tomorrow. I have every confidence that it will be. Ask any of us—any of us—ask what if one of our children was in this situation? That could happen. We know what we would say. These other children are our children, too.

I hope that the Senator's amendment will be adopted when it is debated tomorrow morning. And, again, I note that there will be 10 minutes equally divided at that time. I thank the Chair.

I see the Senator from North Carolina is on the floor. He has an amendment, as I believe.

Mr. FAIRCLOTH addressed the Chair.

The PRESIDING OFFICER. The Senator from North Carolina.

Mr. FAIRCLOTH. I do rise in opposition to the amendment offered by my friend and colleague from New Mexico. I do strongly disagree with the approach we have taken on welfare. And I strongly believe that it has been a total failure and it is time we do something about it.

We have to do something firm and strong. I have been saying, ever since Congress began to debate the issue of welfare reform, that unless we address illegitimacy, which is the root cause of welfare dependency, we will not truly reform welfare. Only by taking away the perverse cash incentive to have children out of wedlock can we hope to slow the increase in out-of-wedlock births and ultimately end welfare dependency.

I am pleased that the bill before us today has been strict, since it was reported out of the Finance Committee, by the inclusion of a family cap provision. This prohibits the use of Federal funds to give higher welfare benefits to women who have more children while already receiving welfare. This is a sensible, commonsense step towards encouraging personal responsibility on the part of welfare recipients. And it is time that they accept personal responsibility. It would establish the principle that it is irresponsible for unmarried women, already on welfare, to have additional children and to expect the taxpayers to pay for them.

Middle-class American families who want to have children plan, prepare, and save money because they understand the serious responsibility involved in bringing children into this world. I think it is grossly unfair to ask these same people to send their hard-earned tax dollars—and tax dollars are earned—to support the reckless, irresponsible behavior of a woman who has children out of wedlock, continues to have them, and is expecting the American taxpayers to pay for them. It is time they become responsible.

The State of New Jersey is the only State in the Nation which has instituted a family cap policy denying an increase in cash welfare benefits to mothers who have additional children while already receiving welfare benefits. The evidence now available from New Jersey, I say to the Senator from New Mexico, as of this morning, shows that the family cap resulted in a decline in births to women on aid to families with dependent children by a 10-percent drop, but did not result in any significant increase—0.2 percent maybe—in the abortion rate.

Information presented yesterday in Washington by Rudy Meyers of the New Jersey Department of Human Services indicates that in the 16 months after the cap was initiated, there was a 10-percent decrease in the rate of out-of-wedlock births. Clearly, the family cap was responsible for this significant decline.

Critics claim that the policy has not caused a reduction in the number of illegitimate births. They claim that there is merely a delay in welfare mothers reporting births to the welfare office. This is not the case. Under the family cap, AFDC mothers still have a strong financial incentive to notify the welfare bureaucracy of any additional births. The family cap limits only AFDC benefits. They still receive increased food stamps and Medicaid benefits for each additional child born. So AFDC mothers still have a monetary incentive to notify the welfare bureaucracy of an additional child.

There has been concern that the family cap would reduce out-of-wedlock births by increasing abortions. However, the current data from New Jersey indicates that it did not result in any significant increase in the rate of abortions among these women, but did result in fewer children being conceived.

The New Jersey family cap was based on the principle that the welfare system should reward responsible rather than irresponsible behavior. Few expected the modest limits on benefits to result in a significant drop in births to welfare mothers.

The fact that New Jersey's limited experiment has surprisingly caused a drop in illegitimate births and hence in welfare dependency, merely enhances the case for the policy that is now in this welfare bill.

Nevertheless, it is clear that this country must begin to address the crisis of illegitimacy. Today, over one-third of all American children are born out of wedlock.

According to Senator MOYNIHAN, the illegitimate birth rate will reach 50 percent by 2003, if not much sooner. The rise of illegitimacy and the collapse of marriage has a devastating effect on children and society. Even President Clinton has declared that the collapse of the family is a major factor driving up America's crime rate.

Halting the rapid rise of illegitimacy must be the paramount goal of welfare reform. It is essential that any welfare reform legislation enacted by Congress send out a loud and very clear message that society does not condone the growth of out-of-wedlock childbearing and that taxpayers will not continue to open-endedly fund subsidies for illegitimacy which has characterized welfare in the past. The New Jersey family cap policy shows that welfare mothers will respond to this message.

I support such a policy at the Federal level, and I strongly urge my colleagues to vote against the pending amendment.

Mr. President, I yield the floor.

Mr. NICKLES addressed the Chair.

The PRESIDING OFFICER. The Senator from Oklahoma.

Mr. NICKLES. Mr. President, with some reluctance, I rise in opposition to the amendment of my friend and colleague, Senator DOMENICI. First, let me make sure everyone is clear in what we have in the Dole amendment. The Dole language does not tie the hands of Governors to spend their own dollars. They can give cash benefits using their own money. If the states want to give additional cash assistance to welfare recipients who have additional children while on welfare, they could do so. In addition, the state can even use Federal dollars to provide vouchers or noncash assistance. So I think maybe there might have been some understanding as to what is actually in the proposal before us.

The Dole amendment says that there will be no additional Federal cash benefits given to welfare mothers if they have additional children. In other words, we want to take the financial cash incentive away from welfare mothers for having additional children.

Senator FAIRCLOTH mentioned, I think, the only real experiment we have had on the family cap is in New Jersey. Let us just look at the New Jersey experiment. I am not an expert on this case, but there has been significant homework done on New Jersey in a recent report by the Heritage Foundation: "The Impact of New Jersey's Family Cap on Out-of-Wedlock Births and Abortions."

First, let me mention, I compliment my friend and colleague from North Carolina, Senator FAIRCLOTH, because

he has mentioned repeatedly that illegitimacy and out-of-wedlock births are a big part of our welfare problem, and he is right.

I want to compliment my friend and colleague from New Mexico, because he also decried the facts of family breakup and the fact that so many kids are born out of wedlock. I happen to agree with him. It is a staggering statistic when you find out that over one-third of America's babies today are born in a single-parent home. They do not have the luxury of having a father and a mother. Those kids, those newborn babies are starting life at a significant disadvantage. The probability that they end up in welfare, the probability that they end up in crime or some other environment is much, much greater than those babies who are fortunate enough to be born into a family with both a father and a mother.

So we need to reduce the incidence of children born out of wedlock. I do not think there is any doubt and I do not think anyone would contest that fact. If one looks at the crime statistics clearly that is true.

Would we make a difference if we say under this legislation we are going to take away the cash incentive for welfare mothers who have additional children? New Jersey tried it. What have been the results? I will read from the Heritage Foundation's report. It is dated September 6, 1995:

> New Jersey is the only State in the Nation that instituted a family cap policy: denying an increase in cash welfare benefits to mothers having additional children while already receiving welfare. The evidence currently available from New Jersey indicates that the family cap has resulted in a decline in births to women on AFDC but not an increase in the abortion rate.

I will highlight a couple of other points that are in the report. It says:

> The cap appears to have caused an average decrease of 134 births per month, or 10 percent.

So it has reduced the number of children born to welfare mothers.

Has that caused a corresponding increase in abortion? I happen to agree with my colleague from New Mexico, I do not want that to happen. I think that would be a terrible result if it does.

I will read from the report:

> There has been a concern that family cap in national welfare reform legislation would reduce out-of-wedlock births by increasing abortions. However, the data currently available from New Jersey indicate that while the establishment of the family cap was followed by a clear and significant decrease in the number of births to welfare mothers, it did not result in any significant increase in the rate of abortions among these women.

I will just read one additional line:

> The difference between pre- and post-cap abortion rate is extremely small and not statistically significant. Overall, the available data indicate the family cap did not cause an increase in either the abortion rate or the number of abortions.

Again, I am not an expert in that. I do have confidence in the Heritage Foundation. I think they are a very reputable group. I read portions of this study into the RECORD for my colleagues' information.

Again, let me repeat what we have in the underlying Dole bill. It says that no Federal cash benefits would be given to welfare mothers if they have additional children. It does not prohibit States from giving additional cash if they want to do so with their own money. The States can do so if they want to do it.

States are given a block grant. With that Federal money, they can use some of that money to provide noncash benefits. Maybe those benefits would be in the form of food supplements, maybe in the form of additional medical care, maybe in the form of day care assistance, whatever. The State would have the option to do what they want with the vouchers but not cash; in other words, trying to take the additional cash incentive out of welfare.

I think the Dole compromise is a good one. Again, I want to compliment my friend and colleague from North Carolina and also Senator DOLE for this provision and compliment as well my friend and colleague from New Mexico, because I understand his sincerity, I understand his conviction about not wanting to increase the number of abortions, and I appreciate that. But I hope, in the final analysis, that his amendment will not be agreed to.

Mr. DOMENICI addressed the Chair.

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

Mr. DOMENICI. Mr. President, might I ask Senator NICKLES, who I assume is managing the bill, does he know whether the other amendments that people were going to offer are ready?

Mr. NICKLES. Mr. President, I will just respond to my colleague, I know Senator DEWINE wishes to discuss his amendment. He also wishes to discuss the amendment of the Senator from New Mexico briefly. I am not sure if Senator FAIRCLOTH wanted to discuss his amendment tonight.

Mr. FAIRCLOTH. Yes, I do.

Mr. NICKLES. And I think Senator DASCHLE has two amendments, and he may wish to discuss his briefly as well.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, I yield myself 4 minutes. I do not want to exceed that.

The PRESIDING OFFICER. Time is not controlled.

Mr. DOMENICI. I understand, but will the Chair advise me of that so I will not waste too much time?

The PRESIDING OFFICER. The Chair will do so.

Mr. DOMENICI. Mr. President, just so we make it clear, the Senator from New Mexico is not telling anybody, any State, any program or putting together a State program, any legislator, individually or collectively anywhere in America that they have to continue cash benefits to a mother who is on welfare who has another child.

All I am suggesting is that while we are busy structuring a new program, we ought to take advice from people like Governor Engler, who has led the way in terms of Medicaid reform at the local level, and welfare reform, when he suggests that we ought to leave this up to the States.

So all I am doing is adding to the voucher system—substituting for that voucher system a permissive payment of cash benefits by the States, if they choose that as part of their plan, and if they think that is better in the overall prevention and assistance to welfare mothers who have another child.

I believe the argument is on the side of prudence, on the side of using some rationale. Let us give the program a chance to work, and let us not dictate up here, as we are prone to do when we do not know the results.

I have great confidence in the Heritage Foundation. But I have in my hands the summary of a study done by Rutgers University. I believe it is right, and I believe it is the official study on the State of New Jersey. It was a controlled case study, Mr. President, whereby for a period from August of 1993 through July of 1994, 2,999 AFDC mothers that were subject to the family cap were evaluated, and the percentage of birth rate was 6.9 percent. And the AFDC mothers not subject to a family cap was 1,429, and the difference was two-tenths of 1 percent, which is not sufficient for any conclusion to be drawn.

Frankly, I am not surprised at that. But I think it clearly points out that there is some serious doubt about its efficacy with reference to this aspect of the results of the program. I am merely saying, once again, why not give the States a chance? I would assume that New Jersey tried this and some other States want to try it—that is, putting the family cap on. I would assume that if it is so right, and so right for our country, and for the taxpayers, that most States would try it. I just would like to give them the option to do otherwise, if they choose.

I also want to point out that this amendment is supported by the National Council of Bishops, the National Conference of State Legislators, the U.S. Catholic Conference, the National Governors Association, the Women's Defense League Fund, and many others, conservative and liberal. I believe this is not a conservative or liberal issue. This is an issue of how are we going to be most wise and prudent as we deliver up for use this block grant money in an area that is strewn with heartache and problems and misery and waste. I believe this is a better way.

I yield the floor.

Mr. DEWINE addressed the Chair.

The PRESIDING OFFICER. The Senator from Ohio is recognized.

Mr. DEWINE. Mr. President, I rise in strong support of Senator DOMENICI's amendment. I think, as we debate welfare reform tonight and as we debate the amendment of my friend from New Mexico, we need to step back a little bit from this whole welfare debate. We are a number of days into this now. It is rather late in the evening. But I think we need to look at this from the big picture.

Mr. President, one of the main reasons that we are on the floor tonight debating meaningful, true welfare reform is because our current welfare system simply does not work. We have decades of experience. We have decades of experience and examples of what does not work. Quite frankly, what we do not know is what does work. We are just now, in the last several years, beginning to see more experimentation at the State level. And while some of the early returns are in, frankly, it is still very difficult to see what works and what does not work.

I support this bill because I believe that all wisdom does not reside in this Capitol Building, in this U.S. Senate, in the House of Representatives. And I am convinced that the only way we are going to genuinely reform welfare is to allow the States to truly be the laboratories of democracy, and to allow them to experiment, and to make it so that no longer will they have to come, hat in hand, on bended knee, to a bureaucrat in Washington, DC, to see whether they can get a waiver or an exemption, or if they can try something different—something that might even work, Mr. President. That is the background by which I approach this amendment.

Both sides of this particular debate on this amendment, I think, would agree—and do agree—about the tremendous problem, the tragedy that we have in this country today with the growing rate of illegitimacy. Senator MOYNIHAN, who was on the floor a few minutes ago speaking in favor of the Domenici amendment, is probably the foremost experiment in the country on this issue. He forecast, long before anyone else understood, the importance and significance of what the trend lines really meant.

The tragedy today, Mr. President, is that in some of our major cities, two out of every three births are, in fact, illegitimate. On the national average, we are approaching one out of three. None of us know what the long-term consequences of this will be. But neither do we know what to do about it. We have heard already, just in the short amount of time we have debated this tonight, several different studies that have been cited. I will cite one in a moment. But the fact is that we do not have enough years of experience in New Jersey, or in any other State, to know what effect this family cap has. Does it increase abortions? Does it, in fact, cut down on the illegitimacy rate, without increasing abortions? We have two studies, with contradictory results. The jury—as we used to say when I was a county prosecutor in Greene County—is still out, deliberating. We do not know.

What kind of arrogance is it for this Congress and this Senate—I use the word "arrogance"—how arrogant would we be—when we do not know what works and what does not work, when we really do not know how to get at the issue of illegitimacy, certainly not from the Government's point of view, if the Government can do anything about it—to then turn around and tell every State in the Union that this is what you have to do; we now know best. And to put it on maybe a partisan point of view, now that this side of the aisle is in control, we do not like your mandates, but we like our mandates. Arrogance.

I have been on this floor before talking about things where I thought there should be Federal mandates and where I thought there should be uniformity. But I did so only when I felt, at least, the evidence was overwhelming that we knew what worked and what did not work and the statistics just did not lie. In this case, we do not know what the statistics show. We just do not know.

So this is one U.S. Senator who is not going to take a chance that this action by this body of telling every single State of the Union what they have to do—I am not going to take the chance that it might just increase abortions, or it might not work at all. It might not have any impact. So I am voting with my friend and colleague from New Mexico, and I think it is proper, as he has very well stated, to restate what his amendment does.

It does not tell any of the States what to do. A State can impose a cap. A State can impose a very tough cap if they want to. They can impose a cap as New Jersey has.

However, under Senator DOMENICI's amendment, we would simply say we are not going to tell you that you have to do that.

Mr. President, I ask unanimous consent to be added as a cosponsor to the amendment.

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

Mr. DEWINE. Let me close by reading from an article of the Sunday, July 2, 1995, Baltimore Sun. This references the Rutgers study that my friend from New Mexico has already mentioned.

Let me directly quote from the article. "A recent Rutgers University study indicates that New Jersey's family cap has had no impact on welfare mothers."

Later on in the story, this quote appears, again reading from the same article: "However, the 4 percent increase in the abortion rate occurred over a relatively short period of time."

So the article points out you still cannot tell what the statistics really mean.

I think we should err on the side of States. I think we should err on the side of caution. I think we should err on the side of allowing the States to truly be the laboratories of democracy.

I am convinced that this is the only way that we are going to in any way begin to deal with our welfare problem. Nobody knows all the answers. We have suspicions about what we think might work.

In this bill, Mr. President, we should encourage more creativity, more diversity, more taking of chances. Quite frankly, trying to run welfare from this body and the other body and the bureaucrats in Washington, DC, has not worked. We ought to try something else, and support for the Domenici amendment really, when you strip everything else away, is a statement that we want to turn this responsibility and the creativity, opportunities, back to the individual States.

I thank the Chair. I yield the floor.

Mr. DOMENICI. Mr. President, might I thank my good friend for his eloquent statement and for his support of the amendment. I yield the floor.

AMENDMENT NO. 2672

Mr. DASCHLE. Mr. President, I ask unanimous consent to call up amendment No. 2672.

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

Mr. DASCHLE. Mr. President, I know that other Senators are waiting to offer amendments and so I will not take a long period of time, but I want to talk about two amendments on which I hope we could find some resolution prior to the time of final passage.

The first has to do with the need for a State contingency fund. As I have talked to our Governors, Republican and Democratic alike, the concern they have expressed to me with unanimity is the issue of what happens when circumstances beyond their control affect their own situation within the State.

Perhaps the most illustrative example of their concern occurred earlier this decade during the recession that began in the late 1980's and went into the early 1990's. During that time, the AFDC caseload grew by 1 million families. That represented, Mr. President, a 26 percent increase in the level of AFDC cases with which States had to contend.

The level of monthly benefits increased by $337 million. That was a 22 percent increase. The cumulative increase in the total benefit payments was $7.1 billion during the 36-month period between 1990 and 1992.

Unfortunately, under the pending legislation, the Dole bill, there is no opportunity for States to deal with circumstances like that. The Dole bill

does provide a loan fund of $1.7 billion from which States can borrow to deal with contingencies of this kind. But if the level of monthly benefits rose $337 million, as it did in the early 90's, that would amount to only 5 months of benefits. In a 36 month recession like the one in the early 90's, you would have 31 months of recession for which States would have absolutely no resources at all.

Unfortunately, many Members are very concerned about the consequences of a situation like that. States could be facing economic downturns, dramatically increased unemployment levels, natural disasters, plant closings—that is why there has to be a realization that States themselves cannot be required to shoulder this entire burden. We have to ensure that families in similar circumstances, regardless of where they may be, will receive some assistance.

What I am offering tonight with this amendment is a couple of things. First of all, we would change the amendment from a loan to a grant. We simply recognize that in cases like this, a loan may not provide States with the help they truly need.

So the grant, something I understand Governors on both sides of the aisle feel they need, is much more prudent and much more practical in responding to the circumstances we know will be faced by States at some point in the future.

The difference between this amendment and what is currently found in the Dole bill is that in our amendment, we recognize that States cannot be held 100 percent accountable for circumstances beyond their control, not only circumstances like natural disasters but the circumstances that come once they borrow the money.

What happens if States are unable to repay a loan within the 3-year-period of time? Certainly in many recessions circumstances would not allow a State with very limited resources—that would be especially true in a State like South Dakota, where resources are not available—to repay the loan with interest in the period of time required.

So this recognizes, Mr. President, that there has to be a partnership. We recognize that because of recessions, huge natural disasters, or other unanticipated circumstances, no matter what level of funding we provide to States for welfare in the future, there are going to be times when that level of funding simply is not going to be enough to cope with the extraordinary circumstances that these States may have to deal with.

We require that States maintain at least a minimal effort—the level they spent in 1994—if they are going to be eligible for the contingency fund. In other words, they have to make a good-faith effort to deal with their own set of circumstances.

So, in essence, this is simply attempting to deal with the problem in a much more meaningful way. We recognize the need for a partnership. We recognize the responsibility of the Federal Government and States to work together to ensure that we do not exacerbate the problem when we get into an unforeseen situation of some kind. We recognize that, in many cases, smaller States in particular simply are not going to have the means by which to borrow the money and pay it back with interest in a very short timeframe.

So this assists States in a much more meaningful way. I hope our colleagues recognize the need and recognize that, as Governors and State legislators have talked to us about their biggest concern regarding the transition that we will be undertaking as a result of the passage of this legislation, should it pass—the biggest concern they have is how they are going to cope with unforeseen circumstances, and how they are going to deal with all of the financial and economic ramifications of this plan when, in cases of dire need such as a recession, they do not have the resources or the ability to deal with them.

So, this is a realistic approach to trying to deal with the problem in a better way, and I hope our colleagues see fit to support it tomorrow. I will have a lot more to say about it prior to the time we vote. I will return to this issue tomorrow morning.

Mr. President, on the other amendment, I now ask unanimous consent that amendment No. 2672 be set aside and we call up amendment No. 2671. I am reading the top of my note here.

The PRESIDING OFFICER. The Chair advises the Senator that amendment No. 2672 is the pending question.

Mr. DASCHLE. I ask that be laid aside and we call up amendment No. 2671.

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

AMENDMENT NO. 2671

Mr. DASCHLE. Mr. President, with regard to this amendment, let me simply say there is a realization, I think on both sides of the aisle, that we have a special relationship with our tribal governments, and that special relationship requires a special arrangement as situations like this are addressed. It is very important that we recognize the issue of tribal sovereignty, and also the need for tribes to take responsibility for addressing the serious problems that they face, both socially and economically.

The Dole bill would require that funding be provided to tribes out of the allocation given to each State. This amendment simply says we are going to set aside 3 percent of the resources allocated nationally before the money is given to the States. The allotment formula for distributing money from the set-aside would be determined by the Secretary, but it would be based on the need for services and on data common to all tribes, to the extent that is possible.

We also allow tribes to borrow from the contingency loan fund. Tribes would be able to borrow up to 10 percent of their grant allocation, and the Secretary may waive the interest requirement or extend the time repayment period at times when circumstances would warrant.

I do not know that there is any place in the country more deserving and more in need of special attention than reservations. The poverty rate for Indian children on reservations is three times the national average, 60.3 percent. Per capita U.S. income is about $14,420. Per capita income on the reservations is a mere $4,478. Mr. President, 36 percent of Indian children under 6 live in homes today without even a telephone. In South Dakota, over half of all Indian children live in poverty. Mr. President, 63.8 percent of all children on AFDC in South Dakota are Native American.

Shannon County, the location of Pine Ridge Reservation, is the poorest county in the country. Todd County, the location of the Rosebud Reservation, is the fourth poorest county in the country.

Unemployment on reservations is four to seven times the national average. In South Dakota, unemployment rates on the reservations range from 29 percent to 89 percent. There are a lot of reasons for that, no different in South Dakota, perhaps, than other States. But the barriers to work are there. Serious problems that we have to address, problems having to do with the lack of skills, the lack of education—these are problems that I hope we can begin to resolve much more effectively with meaningful welfare reform.

States have been running these programs for many years; tribes have not. In many places tribes have attempted to work with States to create an infrastructure for running these programs. Frankly, in many places it does not exist yet. This is something in which tribes will need to invest. Tribal programs run on a smaller level and, this will take some overhead. Additionally, we have not always had a proportionate level of assistance from the private sector. Less than one-tenth of 1 percent of Combined Federal Campaign contributions go to Indian programs. Less than two-tenths of 1 percent of foundation grant money goes to support tribal human services.

So, Mr. President, we need to ensure that we get an adequate level of assistance from States and the Federal Government. And I am not talking necessarily about only resources. We are talking about an infrastructure. We are talking about ways with which to make the money that we already spend work better, providing job skills and

providing good education, providing help, providing a workfare opportunity. Certainly there is a need for that.

There is ample precedent in current law for earmarking funds for native Americans. I believe a set-aside under this legislation is appropriate.

We need to set this money aside for tribal governments. The Federal Government has a trust responsibility to assure appropriate funding. I believe this amendment will do it.

I yield the floor.

Mr. NICKLES. Mr. President, I appreciate my friend and colleague, Senator DASCHLE, for sending his two amendments. I know Senator DEWINE has an amendment. Let me make a couple of brief comments concerning both Daschle amendments.

One concerning the 3-percent set aside for Indian tribes—I might mention that for Indian welfare programs under the Dole bill we have a provision but it would be allocated strictly on the ratio of AFDC numbers. I am not sure exactly what the number is. I think it is something like not 3 percent but more like 1.7 percent. I will have that figure more accurately in the morning. So we are talking about a lot of money.

I will certainly concur with the gist of my colleague's amendment, that we have a lot of Indian welfare programs that are not working. I am not sure that money is necessarily the answer. My State happens to have more Indian population than any State in the Nation. I have seen a lot of Indian welfare programs that have not worked, again not necessarily because of a lack of money. But I will try to have those facts and statistics for tomorrow for debate.

Also, I would like to make a brief comment concerning the first amendment. That is the amendment calling for setting aside and appropriating money for contingency funds, that contingency fund being in the form of a grant, not in the form of a loan. Under the Dole provision, we have over $1 billion set aside for loans that the States could borrow from but they would have to pay it back within 3 years. Under the Daschle amendment it would appropriate $5 billion over 7 years for a contingency fund that says to States, if you have a higher unemployment rate than you did in 1994, you could qualify, and, if you have more children receiving food stamps than you did in 1994, you could qualify, and, if you are spending at least as much money as you are spending in 1994. In other words, a 100-percent maintenance of effort. Then you could qualify.

So it is kind of an idea that here is more money for more welfare. I do not see that as reform. I understand the States might have some problem.

It was also said that there would be distributed in the same formula that we do with Medicaid, match their rates; therefore, for every dollar they spent the State would spend three. They would have an additional dollar grant from the Federal Government, almost an incentive for the State to spend more money on welfare. I am afraid that might increase our dependency on welfare, and maintain welfare as a life cycle, not reverse it. Many of us are trying to reverse that. We are trying to break the welfare cycle, and reduce welfare dependency.

Mr. President, I know my friend and colleague from Ohio is supposed to preside over the floor, and I also know that he has an amendment that he wishes to discuss briefly. Looking at the list, I also see that Senator FAIRCLOTH is on the floor and he has an amendment. I believe Senator BOXER has an amendment; all of which we are trying to have discussed this evening so we can have them voted on tomorrow.

So I will yield the floor in anticipation of the Senator from Ohio who will bring up his amendment.

Mr. DEWINE addressed the Chair.

The PRESIDING OFFICER. The Senator from Ohio is recognized.

Mr. DEWINE. Mr. President, I inquire of the Chair what the pending business is.

The PRESIDING OFFICER. When the Senator from Ohio calls his amendment up, it will be the pending business.

Mr. DEWINE. Thank you, Mr. President.

AMENDMENT NO. 2518

Mr. DEWINE. Mr. President, I call up my amendment No. 2518, the caseload diversion amendment.

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

The clerk will report the amendment.

The bill clerk read as follows:

The Senator from Ohio [Mr. DEWINE] proposes an amendment numbered 2518.

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

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

(The text of the amendment is printed in the Friday, September 8, 1995, edition of the RECORD.)

Mr. DEWINE. Mr. President, I ask unanimous consent to add the name of Senator KOHL as a cosponsor of this amendment.

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

Mr. DEWINE. Mr. President, the purpose of our amendment was to make sure the States tackle the underlying problem of the welfare system. Too often, welfare ends up being quicksand for people—quicksand instead of a ladder of opportunity. The underlying legislation before us will help change this by creating a real work requirement that will help boost welfare clients into the economic mainstream of work and opportunity.

Mr. President, we need to help people get off of welfare. One very important way we can do this is by helping them avoid getting on welfare in the first place. That brings me to the specific proposal contained in my amendment.

This amendment will give States credit for making real reductions in their welfare caseload—not illusory reductions based on ordinary regular turnover, nor, for that matter, reductions based on changes in the eligibility requirements. No. What we are talking about is real reduction in caseload.

Let me cite a statistic, Mr. President. Since 1988, over 14 million Americans have left the AFDC rolls. That is the good news. Now for the bad news. Over the same period there has not been a reduction in the welfare caseload. In fact, there has been a 30 percent increase in the net welfare caseload. More people are coming on welfare every day than are getting off.

So it is clear that our problem is not just a problem of getting people off welfare. We also have to slow the rate of those going on welfare.

We have to make sure, Mr. President, that we keep our eye on the ball, and the ball in this case is keeping people out of the culture of welfare dependency and off welfare.

Under the bill, States will have to meet a very specific work requirement, and that is good. But I think this policy will have an unintended side effect—a side effect that none of us will want. It is a side effect I believe my amendment will cure.

Mr. President, if there is a work requirement, States obviously have an incentive to meet that requirement. If States face the threat of losing Federal funding for failing to meet the work requirement, they could easily fall into the trap of judging their welfare policies solely by the criterion of whether or not they help meet the specific work requirement.

What we have to remember is that the work requirement is not an end in and of itself. Our goal rather is to break the cycle of welfare dependency. We have found that helping people before they ever get on AFDC—through job training, job search assistance, rent subsidies, transportation assistance, and other similar measures—all of these things are cheaper to do. There are cheaper ways of doing this than simply waiting for the person to fall off the economic cliff and become a full-fledged welfare client.

One positive measure, Mr. President, some States have taken, a measure that we should encourage, is remedial action, early intervention to help people before they go on the welfare rolls. In the health care field we call this prevention. In welfare, as in health care, it is both cost effective and the right thing to do.

Mr. President, the last thing we want to do in welfare reform is to discourage

this kind of prevention program. Just the contrary. We in this Congress through this bill should try to encourage the States to do this. But under the current bill, as currently written, States are given no incentive to make these efforts to help people. If anything, there is a disincentive.

If a State makes an active, aggressive, successful effort to help people stay off welfare, then the really tough welfare cases will make up an increasing larger and larger portion of the remaining welfare caseload. That will in turn make the work requirement every year tougher and tougher to meet.

Under the bill, as currently written, without my amendment, there is an incentive to wait to help people—to wait until they are on welfare. Then the States can take action, get them off welfare, and get credit for getting people off welfare.

Mr. President, if the States divert people from the welfare system, keep them off, stop them from ever going on by helping them, the people who stay on welfare will tend to be more hard-to-reach welfare clients. And that will make it more difficult for the States to meet the work requirement.

That really is exactly the opposite, Mr. President, of what we should be trying to do. My amendment would eliminate this purely perverse incentive.

My amendment would give States credit, credit toward meeting the work requirement if they take steps to help before they go on welfare—and, in doing so, keep those people from falling into the welfare trap.

Helping citizens stay off welfare is just as important as making welfare clients work, and just as important as getting people off welfare. Indeed, the reason we want to make welfare clients work, of course, in the first place is to help them off of welfare. But—there is a very important provision in my amendment—we cannot allow this new incentive for caseload reduction to become an incentive for the States to ignore poverty, and to ignore the problem.

Under my amendment, a State will not—let me repeat—will not get credit toward fulfilling the work requirement if that State reduces the caseload by changing the eligibility standard. They get no credit for that. A State will get credit toward a work requirement by reducing caseloads through prevention and early intervention programs that help people stay off welfare in the first place.

Ignoring the problem of poverty will not make it go away. Arbitrarily kicking people off of relief is not a solution to welfare dependency. States should not—let me repeat—not get credit under the work requirement of this bill for changing their eligibility requirements.

Welfare reform block grants are designed to give States the flexibility they need to meet their responsibilities. They must not become an opportunity for the States to ignore their responsibilities. States need to be rewarded for solving problems. Giving States credit for real reductions in caseload will provide this reward.

I believe my amendment will yield another benefit. It will enable the States to target their resources on the most difficult welfare cases, the at-risk people who need very intensive training and counseling if they are ever, ever going to get off welfare.

It will not do us any good as a society to pat ourselves on the back because people are leaving AFDC if at the very same time an even greater number of people are getting on the welfare rolls and if the ones getting on are an even tougher group to help than the ones who are getting off.

The American people demand a much more fundamental and far-reaching solution. They demand real reductions in the number of people who need welfare. Two States, Mr. President, Wisconsin and Utah, have really led the way with the kind of prevention programs that I have been talking about. Other States, including my home State of Ohio, are starting to implement this type of program, a prevention program, to help people before they literally drop off the cliff and go down into the abyss of welfare, some of them never ever to climb out. As part of this welfare reform legislation, I believe we have to encourage States to take this type of remedial action, to take this type of action that will in fact make a difference in people's lives.

Reducing the number of people who need welfare in this country is going to be a very tough task, but it is absolutely necessary that we do it. The issue must be faced. I believe it will be faced with all the creativity at the disposal of the 50 States, the 50 laboratories of democracy.

How are States going to do it? There are probably as many ways of doing it as there are States. There is no single best answer. That is the key reason why we need to give the States flexibility to experiment.

In Wisconsin, for example, the Work First Program, with its tough work requirement, has reduced applications to the welfare system. That is a promising approach, reducing the number of out-of-wedlock births and getting rid of the disincentives to marriage.

The bottom line is simply this: We have to solve the problem and not ignore it. States should be encouraged to take action and to take action early to keep people off welfare, to help them before they drop down into that welfare pit.

This is the compassionate thing to do. It is also the cost-effective thing to do. That is why I am urging the adoption of this amendment.

I thank the Chair.

The PRESIDING OFFICER. Who seeks recognition?

Mr. NICKLES. Mr. President, I believe the Senator from North Carolina will be next in line according to the unanimous-consent agreement.

AMENDMENT NO. 2608

Mr. FAIRCLOTH addressed the Chair.

The PRESIDING OFFICER. The Senator from North Carolina is recognized.

Mr. FAIRCLOTH. I call up my amendment 2608.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from North Carolina [Mr. FAIRCLOTH] proposes an amendment numbered 2608.

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

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

(The text of the amendment is printed in the Friday, September 8, 1995, edition of the RECORD.)

Mr. FAIRCLOTH. I thank the Chair.

I rise to offer an amendment to provide funding for abstinence education.

It is a sad fact that our society is being destroyed by soaring out-of-wedlock birth rates. As Senator MOYNIHAN has pointed out, in areas of some cities, illegitimacy rates are approaching 80 percent. President Clinton has warned us of the close link between family collapse and crime, and he has warned us of the link between welfare and illegitimacy.

What we need is a policy which promotes responsible parenthood, a policy which says to our children: Do not have a child until you are married; do not have a child until you and your husband have enough education, work experience, and will be able to support that child yourself and not expect the taxpayers and the Federal Government to do so; do not have a child until you are old enough and mature enough to be the best parent you are capable of being.

What my amendment would do is take a tiny portion of the enormous amount of money that this bill spends on job training programs and put it toward a program which would actively and deliberately educate children to abstain from premarital sex.

Most liberal welfare programs funded by the Congress through the years have tried to pick up the pieces after the child has already been born, and they have failed miserably. Does it not make common sense to prevent out-of-wedlock births from occurring in the first place, those that taxpayers are expected to support?

The fact is abstinence education programs work. This is a proven fact. Imagine if we saw nationwide the success we have seen in Atlanta with abstinence education—a real miracle. In Atlanta, abstinence education has reduced sexual activity among young

teenagers by over 75 percent. The program in Atlanta is called Preventing Sexual Involvement, and it is specifically targeted to inner-city children. The results have been a reason for optimism and a new belief in what we can do to change this whole sad subject of illegitimacy and social decay in our inner cities.

The bottom line is that only 1 percent of the inner-city girls who participated in the program became sexually active compared to 15 percent of the same girls, the same communities not involved in the program. This kind of result, multiplied nationwide, literally could turn the country around, and that is not an exaggeration. It does work.

Senator after Senator has come to the floor and talked about the shame and failure of our welfare programs. Time and time again we hear everyone agree that welfare is broken. This is an opportunity and a chance to literally turn the issue around and vote to discourage the activities which have caused the problem.

As currently written, the Dole bill will spend over $35 billion in the next 5 years on job training and vocational education, but not one single penny to promote abstinence education. We will spend a fortune trying to reduce welfare dependency, but not one penny trying to prevent the out-of-wedlock births that cause welfare dependency in the first place.

Again, the amendment that I have is simple. It provides $200 million per year for abstinence education. That amounts to about 3 cents out of every dollar that this bill will spend on job training and vocational education. We take that 3 cents and spend it on abstinence.

We have all talked about the crisis of illegitimacy and the collapse of the family. Here is an opportunity to do something about it with this small amount of money that could make a difference, that could turn the problem around.

Mr. President, I ask for the yeas and nays on my amendment in accordance with the previous order.

The PRESIDING OFFICER. Is there a sufficient second?

There appears to be a sufficient second.

The yeas and nays were ordered.

Mr. NICKLES addressed the Chair.

The PRESIDING OFFICER. The Senator from Oklahoma.

Mr. NICKLES. Mr. President, I appreciate the Senator from North Carolina for his amendment and also for his bringing it at this late hour, as well as the Presiding Officer of the Senate for his offering his amendment. I congratulate both Senators for the work they are doing and compliment them for their initiatives.

I believe that the last amendment that will be discussed tonight in the Senate is the amendment to be offered by the Senator from California, Senator BOXER.

Mrs. BOXER addressed the Chair.

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

AMENDMENT NO. 2592

Mrs. BOXER. Mr. President, I ask unanimous consent that the pending amendment be laid aside and we take up amendment No. 2592.

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

Mrs. BOXER. Thank you very much, Mr. President.

I hope we will have bipartisan support for this amendment. Right now in the Dole bill we keep a separate federally means-tested program for abused, neglected and abandoned children. The title IV–E foster care system provides a refuge for children in abusive families, and the Dole bill continues this Federal policy. And I strongly agree with that. I am glad we do not put that into a block grant and leave these kids to fend for themselves because, Mr. President, I know how much you care about kids. If we have to get a child out of an abusive home situation, we want to give a little assistance to the foster family or the adopting parents.

Now, there is one group of children left out in the cold in the current Dole bill. And that is legal immigrant children who have been brought into this country completely in accordance with all the laws. Unfortunately, the way that the bill is now drawn, they would be ineligible for Federal foster care and adoption assistance. Now, we know that the Dole bill restricts benefits to legal immigrants, and there are certain exemptions to that. Such things as immunizations, emergency medical care, and emergency disaster relief are exempted. I believe we should exempt foster care and adoption assistance.

Now, Mr. President, we know that children are placed into foster care because a judge determines that there is a serious risk of the child being hurt in the current home. So I know that my colleagues on both sides of the aisle do not want to single out legal immigrant children and say that we are going to walk away from them. Under the current bill—and I hope it is just an oversight, Mr. President—legal immigrant children would be made ineligible for title IV–E foster care or adoption assistance due to the fact that there is no exemption for it.

We know that title IV–E foster care and adoption assistance helps at-risk children get placed in the homes where they will be safe from abuse and neglect. The adoption assistance is used to help families pay for special needs that the children have. The payments assist adopting families meet the cost incurred due to their new child's physical or emotional disability. Often, the child's disability is a direct result of abuse. Title IV—E foster care assistance helps pay for a child's room and board whether it is in a group home or a family.

So, to sum up the point of my amendment, what we are saying is, those of us who support my amendment, we are very pleased that the Dole bill does keep a separate program for foster care and adoption assistance but we need to make sure it goes to these legal immigrant children.

Mr. President, in the interest of time, let me say this to you. Just because we do not have the money available for these legal immigrant children who are abused and neglected and sometimes abandoned does not mean the problem will go away. I think you and I know what will happen. We both come from local government. And the local people who are compassionate, the local governments, will move in. And that could be a very large unfunded mandate. For example, in Los Angeles, Los Angeles County there are an estimated 1,500 legal immigrant children currently in their system. And if they had to pick up the tab for all of those children, it would be very, very difficult. And you would find that, I am sure in your cities as well. So, again, I hope there will be strong bipartisan support to correct what I hope was a legislative oversight.

I feel very strongly the Senate should show its support for protecting abused and neglected children by supporting this amendment. And I think we ought to think about it. A lot of our parents were legal immigrants. And a lot of the people we know today are legal immigrants who waited in line, were very patient, and came to this country. It seems to me since Senator DOLE did find in his heart his other exemptions such as the ones I have mentioned—emergency medical services, emergency disaster relief, school lunch, and child nutrition—I hope this was just an oversight. And that these young children would be able to go into a foster home, be adopted by a loving family and that those families could get the benefit of the program that all other families get when they adopt children or take children into foster homes.

I do not know, Mr. President, if it is necessary to ask for the yeas and nays now.

I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There appears to be a sufficient second.

The yeas and nays were ordered.

Mrs. BOXER. Thank you very much, Mr. President.

In the interest of time, I will see you in the morning and have another 5 minutes to explain this amendment.

I yield floor.

AMENDMENT NO. 2542

Mr. MCCAIN. Mr. President, the welfare reform bill imposes upon the States a 6-month time limitation for

any individual to participate in a food stamp work supplementation program. This amendment would replace the 6-month limit with a 1-year limit. It would continue to allow an extension of this time limitation at the discretion of the Secretary.

Arizona's current cash-out of food stamps under its EMPOWER welfare program allows individuals to participate in subsidized employment for 9-months with an option for a 3-month extension. There is no reason that the State should have to make another special request to the Secretary in order to maintain this policy. This amendment would allow States with such policies to continue their programs without disruption.

Ideally, I would prefer that the States be able to plan their work supplementation programs without being constrained by requirements imposed by the Federal Government. The States know best how to structure their programs to help their citizens become employable. Thus, my preference would be to eliminate the time limitation altogether.

However, I recognize that many of my colleagues are insisting upon a time limitation for individuals under the program, and I am pleased that we were able to come to an agreement that meets the needs of Arizona and other States that wish to pursue similar policies. In the future, I plan to revisit this issue to allow States maximum flexibility to plan their work supplementation programs.

Mr. President, a primary objective of this bill is to encourage the States to innovate. The best way to achieve this is to get out of their way. We should not impose requirements limiting the States' flexibility unless there is a compelling reason to do so. This amendment will give States additional leeway to innovate in their work supplementation programs and will thereby help them achieve their employment objectives.

Mrs. HUTCHISON addressed the Chair.

The PRESIDING OFFICER. The Senator from Texas.

AMENDMENTS NOS. 2511, 2674, 2675, 2574, 2585, 2555, 2570, 2480

Mrs. HUTCHISON. I ask unanimous consent to call up and adopt the following amendments, en bloc. These amendments have been cleared by both the majority and the Democratic managers of the bill.

I further ask consent that any statements accompanying these amendments be inserted at the appropriate place as if read. Those amendments are as follows: Abraham amendment No. 2511; McConnell amendments Nos. 2674 and 2675; Domenici amendment No. 2574; Stevens amendment No. 2585; Bryan amendment No. 2555; Leahy amendment No. 2570; and Feingold amendment No. 2480.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

So, the amendments Nos. 2511, 2674, 2675, 2574, 2585, 2555, 2570, and 2480, en bloc, were agreed to.

Mrs. HUTCHISON. I move to reconsider the vote by which the amendments were agreed to, en bloc, and I move to lay that motion on the table.

So, the motion to lay on the table was agreed to.

AMENDMENT NO. 2511

Mr. ABRAHAM. Mr. President, I rise today to offer a sense-of-the-Senate resolution, amendment No. 2511. This resolution would state our commitment to passing enterprise zone legislation in this session of Congress. I believe this commitment is crucial because, as we debate welfare reform, we also must find ways to create the jobs necessary to rescue people from the welfare trap.

Enterprise zones are a crucial part of our effort to help poor people in this country. Too many Americans far too long have been trapped in lives of desperation. They have been left without the support of their communities, without meaningful lives and without hope of good jobs and economic advancement.

Many of our urban centers in particular are saddled with high levels of poverty, high rates of welfare dependency, high crime rates, poor schools and joblessness. Indeed, Mr. President, half of the people who reside in our distressed urban areas live below the poverty line.

All of these factors add to the sense of hopelessness in distressed areas. All of them have been made worse by ill-conceived Federal policies, including taxes that discourage investment, regulations that punish innovation and a welfare system that punishes work and fosters dependency.

One step toward restoring hope to our distressed areas, Mr. President, is the welfare reform measure we are debating today. But, as we work to end welfare as we know it, we must give careful thought to what we want to have replace it. We must institute policies that will further our fundamental goal of providing Americans with the opportunity to get off of welfare and into decent jobs.

This requires pro-growth policies that will spawn greater economic activity and job creation. This requires enterprise zones.

The concept of enterprise zones has been with us for some time. Former Congressman Jack Kemp introduced legislation on the subject in 1978. The Senate has endorsed and enacted the concept in one form or another over the years.

We have endorsed the concept because it is clear that enterprise zones will spur investment, entrepreneurship, public spirit and the development of skills necessary for participation in our market economy.

To give credit where it is due, President Clinton has instituted an enterprise zone program in an attempt to help distressed areas.

The Clinton plan sets up nine empowerment zones in which businesses qualify for an employment tax credit and an increase in expending, and 95 enterprise communities that qualify for $280 million social services block grants.

But the plan in my judgment provides for no significant tax incentives to spur investment entrepreneurship and job creation. And its social services block grants are based on the failed notion that Government can help create jobs and prosperity in America's inner cities.

We have spent over $5 trillion on social services, and our distressed areas have only grown worse. Why? Because Government cannot create wealth. The best it can do is unleash our citizens' drive and initiative to succeed in the market economy.

The last time we freed up capital and the entrepreneurial spirit minority business—and the American economy—greatly benefitted. Under Ronald Reagan's progrowth policies, from 1982 to 1987 the number of black-owned firms increased by nearly 38 percent to a total of 425,000. During the same period Hispanic-owned firms surged by 83 percent, according to the Wall Street Journal. Economically distressed areas contain disproportionate numbers of minorities. Thus these figures show an undeniable increase in economic opportunity in those areas.

Unfortunately, in 1986 the capital gains tax rate was increased by 65 percent. And that huge increase brought us 4 straight years in which Americans started fewer businesses each year than the year before. The result, of course, was less job creation and less economic opportunity, particularly among minorities in our distressed areas.

To reverse this dynamic, Senator LIEBERMAN and I have coauthored the Enhanced Enterprise Zone Act of 1995. This act contains provisions, called for in the sense-of-the-Senate resolution, designed to help distressed areas.

It provides Federal tax incentives that expand access to capital, increase the formation and expansion of small businesses and promote commercial revitalization.

It includes regulatory reforms that allow localities to petition Federal agencies for waivers or modifications of regulations to improve job creation, community development and economic revitalization.

It includes home ownership incentives and grants to encourage resident management and ownership of public housing.

Finally, it includes a school reform pilot project to provide low income parents with options for improved elementary and secondary schooling in the designated zones.

The bill recognizes that private enterprise, not Government, is the source of economic and social development.

We know the program will work because 35 States and the District of Columbia already have enterprise zones that have produced over 663,000 new jobs and $40 billion in capital investment. And the concept has been endorsed by the National Governors' Association, the Conference of Black Mayors, the Council of Black State Legislators and the U.S. Conference of Mayors.

Taken together, these incentives for investment, entrepreneurship, home ownership and skill development will bring the economies in distressed areas back to life. They will encourage full participation in our market economy and public interest in the local neighborhood. The result will be economic growth and, more important, new jobs.

It is my hope that a positive vote on this resolution will put this Senate on record in favor of creating jobs and opportunity. The sense-of-the-Senate resolution I, with Senator LIEBERMAN, am proposing will in my view spur us to enact legislation to strengthen enterprise zones. In this way it will increase the chances for people in distressed areas to get off of welfare and into decent jobs. Strengthened enterprise zones will add to the hopes of our people, the vitality of our cities and the proper functioning of our economy.

I urge your support for this resolution.

Mr. President, I ask unanimous consent that an excellent article on the Abraham-Lieberman enterprise zone bill by Mr. Stuart Anderson of the Alexis de Tacqueville Institution appear in the RECORD following my remarks.

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

[From the Connecticut Post, Sept. 10, 1995]

LIEBERMAN BILL TAKES RIGHT APPROACH TO HELPING OUR CITIES

(By Stuart Anderson)

"Poverty is the open-mouthed, relentless hell which yawns beneath civilized society." Henry George wrote these words in 1879 and they remain true today. Unfortunately, many of the techniques we have tried to alleviate suffering and break the cycle of poverty have fallen far short of their goals. These programs—the core of the Great Society—not only have failed to revitalize cities, they have likely made the situation worse.

A new, more comprehensive approach is needed to renew the blighted portions of America's cities. Past programs have relied on cash payments to the poor, government job training, and even government-provided jobs. The key, however, is to create wealth in the inner city, and to understand that wealth cannot be created by government but only by the private sector.

This understanding of wealth creation is at the core of a promising new bill introduced by Connecticut U.S. Sen. Joseph I. Lieberman and Sen. Spencer Abraham, R-Mich. The Enhanced Enterprise Zone Act of 1995 would establish a host of incentives and reforms that would be added to those Congress approved in the nine Empowerment Zones and 95 Enterprise Communities in 1993. That legislation got bogged down in details and without reform cannot achieve the goals that so many of us have for improving life in the inner cities.

The reforms in Abraham and Lieberman's bill fall into three categories: tax incentives, regulatory reform and educational initiatives.

First, on tax incentives, the bill would establish a zero capital gains rate on the sale of any qualified investment held five years or longer in the zone. It would allow additional income deductions to purchase qualified stock in companies located in an enterprise zone. The bill would double what small business owners in these zones could expense and would provide a limited tax credit for renovations of low-income properties. These are the types of incentives to encourage entrepreneurs to plant roots for the long haul.

Second, the senators realize that regulations, not just high tax burdens, inhibit job creation in the inner city. The bill would allow local governments to request waivers and modifications of environmental and other regulations that a mayor finds to be counterproductive and hindering job growth. Federal agencies could disapprove requests at their discretion but powerful political pressure could be brought to bear on the bureaucracy that might create fascinating experiments at the local level. Another reform of federal regulations, based upon Jack Kemp from his stay at the federal Department of Housing and Urban Development, would provide both incentives and grants for homeownership and resident management of public housing, vacant and foreclosed properties, and financially-distressed properties.

Third, the bill recognizes that lack of educational opportunity can subject children to a life without a real economic future. The legislation therefore would create in the nine Empowerment Zones, two supplemental empowerment zones, and in Washington, D.C., a pilot school choice program. This would allow parents with a low income to send their children to public or private schools of their choosing. Such parents would receive a certificate that could be used to pay a portion of tuition and transportation costs for elementary and high school children.

Already the debate over affirmative action has grown divisive, especially because many African-Americans believe that what few opportunities are available in the inner cities will be snatched away from them by changed federal policies or new court rulings. But as the Democratic Leadership Council's Progressive Policy Institute report on affirmative action notes, "For blacks trapped at the bottom of the economic pyramid, the main obstacle is not vestigial discrimination but the breakdown of critical social and public institutions, chiefly family and schools. Can anyone doubt that dramatically lifting their academic and occupational skills would have a greater impact on their life prospects than maintaining preferences that mostly benefit middle-class blacks, Hispanics, and women?

Let's get beyond the divisiveness of affirmative action, which courts are already ruling to be unconstitutional. Instead, we should look toward constructive solutions that are more appropriately premised on a commitment to limited government, personal responsibility, and a free market economy. The tax incentives, regulatory reform, and school choice initiatives in the Abraham-Lieberman bill will help unleash the power of countless individuals. And while in the past we have ignored this truism at our peril, it should be remembered that only individuals and businesses, not governments, can create the wealth that will lift people out of poverty.

Mr. LIEBERMAN. Mr. President, I am pleased to join with the Senator from Michigan in proposing this important statement of Senate support for an enhanced enterprise zone effort.

From the time I came to the Senate in 1989, I have been proud to work with people like Jack Kemp in advocating enterprise zones for America's troubled neighborhoods. He has been a true visionary, not only on the subject of enterprise zones, but on the whole question of what America must do to redeem the promise of economic opportunity for all Americans.

We made progress on the road toward empowering poor Americans and revitalizing impoverished communities in 1993 when we passed legislation creating empowerment zones and enterprise communities in more than 100 neighborhoods across this country. While a handful of empowerment zones received fairly substantial incentives through the 1993 legislation the enterprise zones received very little in the way of incentives. Still, when all is said and done, enactment of this legislation was a fundamental change in urban policy. It was a recognition that Government did not have all the answers to the ills of poverty in this country. It recognized that American businesses can and must play a role in revitalizing poor neighborhoods. Indeed, American business involvement is essential if we are to break the cycle of poverty, drug abuse, illiteracy, and unemployment.

The 1993 breakthrough was a good start but it did not go far enough. That is why I have joined with the Senator from Michigan in announcing an Enhanced Enterprise Zone Act of 1995. The sense-of-the-Senate we are considering today recognizes the need for this Senate to consider an enhanced enterprise zone package.

I urge my colleagues to support this amendment.

MORNING BUSINESS

Mrs. HUTCHISON. I ask unanimous consent that there now be a period for the transaction of morning business with Senators permitted to speak for up to 5 minutes each.

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

TREATMENT OF MUNICIPAL BONDS UNDER S. 722, THE UNLIMITED SAVINGS ALLOWANCE TAX ACT

Mr. DOMENICI. Mr. President, I have noted in recent weeks commentary

from some analysts and in some publications that the proposals for treatment of municipal bond interest in the USA tax plan which I have coauthored with Senator NUNN would possibly, severely penalize participants in the municipal bond market. As I have explicitly stated before, it is not, repeat not, the intention of this Senator that participants in the municipal bond markets—whether investors, issuers, or other people—be penalized by the USA tax concept.

In my judgment, the questions raised by analysts about reducing the savings deduction by the amount of tax-exempt income can be resolved when the actual writing of tax reform legislation occurs in the future. It is my intention during those deliberations to make sure that municipal bonds retain a preference.

It is important to recognize that if the USA tax plan were to be enacted it would include significant incentives for savings and investment—the unlimited savings allowance—which defers Federal income taxes on any income saved or invested. As individuals change their behavior to save and invest more, the national savings pool will increase. In addition, the USA tax removes the bias for companies to use debt financing instead of equity financing. More companies may choose equity financing. These changes in the business Tax Code may lower the demand for borrowing. Increasing the savings pool will lower interest rates and the cost of capital. Lower interest rates will benefit all Americans who have to borrow. Since States and municipalities are big borrowers because they issue large quantities of bonds, lower interest rates should significantly benefit them, separate and apart from the specific USA tax provisions dealing with the tax treatment of municipal bonds.

I hope that this statement clarifies matters for participants in the municipal bond market who may fear that either the USA tax plan would penalize them, or will make issuance of municipal bonds for legitimate governmental purpose more expensive in the future. Neither of those outcomes is the intent of this Senator and I will do all I can to insure that neither occurs.

Mr. NUNN. Mr. President, I would like to join my good friend from New Mexico in trying to alleviate the fears of those concerned about the USA tax proposal's treatment of municipal bonds. In crafting our proposal, we explicitly elected to retain a preference for investments in municipal bonds, and we did so primarily to preserve the ability of State and local governments to obtain capital for needed infrastructure improvements. It was never our intention to undermine our country's municipal bond market.

As Senator DOMENICI pointed out, some analysts believe the manner in which our proposal is crafted could erode substantially the current tax preference for municipal bond investments. Others, including an editorial at the Bond buyer, take a much more optimistic view and equate our proposal as being far too generous in its treatment of municipal bonds. I believe the truth falls somewhere in between these two analyses.

In the USA proposal, we have essentially equalized the tax treatment of all investments, including those investments in municipal bonds. All investments under the USA proposal are tax-deferred. However, the USA proposal makes an important distinction about the tax treatment of the returns from these investments. The returns from investments other than municipal bonds would not be tax exempt unless the returns are reinvested in their entirety. On the other hand, returns from municipal bonds would be tax exempt and could be spent or reinvested without future income tax consequences. I believe this is an equitable outcome regarding the tax treatment of municipal bonds. If another approach, consistent with the overall goals of the USA proposal, especially revenue neutrality, can be found in this area, I am more than willing to consider such proposals.

Mr. President, before yielding the floor, I would like to raise a final point. I find it very interesting about the absence of any concern about the elimination of any, I repeat any, preference for municipal bonds under either the flat tax or the national sales tax proposals. I do not mind the criticism of our proposal. Constructive criticism is useful and can work to improve our proposal, but it would be refreshing to have an informed, factual comparison of all the tax replacement proposals and their tax treatment of municipal bonds, rather than a Chicken Little approach often evident today.

MATCHING AWARDS FOR EDUCATION GRANTS TO AMERICORPS GRADUATES

Mr. PELL. Mr. President, I want to share with my colleagues an extremely exciting and momentous development in regard to the AmeriCorps Program. Today, eight of Rhode Island's colleges and universities are announcing that they have each agreed to match the $4,725 education grant for every Rhode Island AmeriCorps participant who successfully completes AmeriCorps service and attends one of the participating Rhode Island institutions. As a result of this commitment, the education benefit for successful AmeriCorps participation will be at least $9,450.

As one of the first proponents of national service and of linking successful completion of service to an education benefit, I believe this is a remarkable and praiseworthy commitment to the concept of community service.

I take special pride in commending each of those institutions for this superb commitment. They include: the University of Rhode Island, the Community College of Rhode Island, Brown University, Bryant College, Johnson and Wales University, Salve Regina University, the Rhode Island School of Design, and Providence College. I might add that several other institutions in Rhode Island are currently exploring this idea, and the number may well grow.

I also want to pay special tribute to Mr. Lawrence Fish, chief executive officer of Citizens Financial Group in Providence, RI, who, as chair of the Rhode Island Commission on National Service, spearheaded the effort that resulted in this truly historic achievement.

FEDERAL EXPRESS HUB AT SUBIC BAY

Mr. PRESSLER. Mr. President, I rise today to congratulate Federal Express Corp. on the opening last week of its new cargo hub at Subic Bay in the Philippines. This is a very favorable development for consumers of shipping services on both sides of the Pacific.

As many will remember, Federal Express had intended that its Subic Bay hub be fully operational in July. Unfortunately, even though the United States/Japan bilateral aviation agreement clearly authorized Federal Express to do so, the Government of Japan refused to permit Federal Express to operate several flights from Japan which were integral to its hub operation. In late July, Japan reversed its position and thereby enabled the Subic Bay hub, the cornerstone of Federal Express' intra-Asian network, to become fully operational.

As a result of the Subic Bay hub operation, consumers will be able to rely on expanded intra-Asian and trans-Pacific service. However, consumer choice will not be the only benefit. A recent article from the Journal of Commerce predicts this expanded service will come at a reduced cost to consumers. One economist estimates the price of intra-Asian shipping may drop by as much as 25 percent as a result of competition from Federal Express' intra-Asian network. I am confident the Federal Express experience in Subic Bay will again prove U.S. air carriers can compete effectively in any international market they have a chance to serve.

With respect to the widespread benefits of the Subic Bay hub, the Journal of Commerce article points out a very interesting irony. By violating the United States/Japan bilateral aviation agreement, the Government of Japan tried to prevent the Subic Bay hub from opening. Yet, Japanese companies are among the first flocking to the Subic Bay area to set up operations so

they can benefit from Federal Express' superior air delivery services. For example, the Japan International Development Organization is planning a 450-acre industrial park in the area which will serve as a research and manufacturing center for 10 Japanese companies.

I ask unanimous consent that the article from the Journal of Commerce to which I have referred be printed in the RECORD at the end of my remarks.

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

(See exhibit 1.)

Mr. PRESSLER. Mr. President, on several occasions during the pendency of the United States/Japan cargo aviation dispute I cautioned that the economic stakes in that dispute were very significant. A recent study by the Boeing Co. emphasizes the critical importance of our firm stand during that dispute.

Boeing Company's recently released annual world cargo forecast predicts the highest air freight market growth over the next 20 years will occur on Asian routes. Moreover, the study found international express delivery service grew 25 percent last year and it predicts the market will grow 18 percent a year for the next 20 years. That is why it was of critical importance that we safeguarded Federal Express' beyond rights. Now, Federal Express is well-positioned to earn its fair share of expanding Pacific rim business opportunities.

Later this month in Tokyo, our negotiators will attempt to secure a United States/Japan open skies agreement on cargo. I hope these talks result in the fullest liberalization of cargo shipping rights possible. I am confident our cargo carriers can effectively compete with their Japanese counterparts if protectionist regulations are eliminated and market forces are allowed to work.

EXHIBIT 1

[From the Journal of Commerce, Aug. 31, 1995]

FEDEX HUB TO GIVE LIFT TO SHIPPERS, PHILIPPINES

(By William Armbruster and P.T. Bangsberg)

Subic Bay, once the jumping off point for the U.S. military's cold war efforts in Asia, becomes key to Federal Express Corp.'s expansion plans on Monday, providing a major boost for the company, the local Philippine economy and both Asian and North American shippers.

AsiaOne, FedEx's intra-Asian network, opens its new Asia hub Sept. 4 at the former naval base. The operation, which nearly sparked a trade war with Japan, is shaking up the Asian market, making both regional and trans-Pacific shipments easier, quicker and cheaper while spurring foreign investment in the Philippines.

"It's really going to expand opportunities for investment in the Philippines," said Levi Richardson, director of the U.S.-Philippine Business Committee in Washington.

AsiaOne, FedEx's intra-Asia network, "will make the Philippines very attractive as a regional hub for other companies," Mr. Richardson said. "A lot of small and medium companies are looking at countries with a good infrastructure. FedEx's investment is going to provide them an opportunity to grow their business."

Joseph Schwieterman, a transportation economist at DePaul University in Chicago, said the new FedEx service will lead to intense price competition.

"I think you're going to see the price of intra-Asia shipments drop as much as 25% as competition heats up," he said, adding that AsiaOne also will provide overnight service on some routes for the first time.

Much of the foreign investment thus far at Subic Bay, a former U.S. naval base, has come from Taiwanese companies, such as Acer Inc., ranked the world's seventh-largest brand name personal computer vendor in 1994 by International Data Corp. in Framingham, Mass.

"The new FedEx service will be a great benefit for us by cutting lead time inbound and speeding shipments outbound," said Kenny Wang, manager at Acer Information Products (Philippines) Inc.

"Having a direct flight into Subic from Taipei will cut the time for delivery of components to one or two days from two or three days when routed via Manila, and 10 days by sea," Mr. Wang told The Journal of Commerce.

Cliff Deeds, a FedEx spokesman, said the carrier will have a single cutoff time for pickups in the Asian markets served by the new network, whereas shippers in the past faced different cutoffs depending on where they were shipping their goods. For those in Penang, a high-tech manufacturing center off the northwest coast, they might have a 1 p.m. deadline for shipments to Seoul, but a 2 p.m. cutoff for packages going to Taipei.

Under the new FedEx network, the cutoff in Singapore will be 4 p.m., for example, but at Subic Bay, it will be 10 p.m., Mr. Deeds said.

"I see FedEx being instrumental in bringing Asian markets closer to the U.S.," said Raul Rabe, the Philippines' ambassador to the United States.

The Subic Bay flights, connecting 11 Asian business centers, will hook up with the carrier's expanded trans-Pacific operation. Acer's Mr. Wang said he looks forward to the new flight starting Sept. 4 from Osaka to Oakland, Calif., where FedEx has a regional hub serving Silicon Valley. "We've been promised one-day service on that run," he said.

Subic is Acer's first manufacturing site outside Taiwan. It has earmarked $35 million over the next two years for expansion, with officials expecting to double capacity of its existing complex to 200,000 units by next year.

Acer will also add a global repair center at Subic "to take advantage of the abundant availability of high-quality local engineering talent," said Managing Director Harvey Chang.

TEXAS INSTRUMENTS GREETS MOVE

Larry Horton, manager of logistics carrier management for Texas Instruments, welcomed the new FedEx operation. "It will give us a lot more cargo flights," he said. "We used to have to rely on commercial carriers for intra-Asia shipments."

The semiconductor manufacturer has a large operation in the Philippine city of Baguio and hopes FedEx will set up a small feeder service linking it with Subic Bay, he said, adding that the new hub will enable the company to feed its plants in Taiwan, Malaysia and Singapore.

"It should help us. Cycle time should be improved. Inventory reduction should take place," Mr. Horton said.

ANOTHER MEMPHIS

Joseph C. McCarty, FedEx's vice president for Asia, told a conference in Washington this summer that the Subic Bay operation will do for the Philippines what the carrier's main hub in Memphis has done for that city, where more than 100 companies have set up manufacturing operations to take advantage of the carrier's overnight network.

Japanese companies are starting to move in. The Japan International Development Organization is planning a 450-acre industrial park that will serve as a research and manufacturing center for 10 Japanese companies.

Subic, meanwhile, is promoting itself as an alternative printing and distribution center in Asia, a field now dominated by Hong Kong and Singapore.

Eric Montandon, manager at New Age Publications in Subic, said the new FedEx service could help his firm. New Age is essentially a printer, but also distributes newsletters, advertising and other material within the region.

"We were spun off and set up at Subic in anticipation of good air connections," he told The Journal of Commerce. "We need the overnight service to Southeast Asia FedEx is now promising."

Current movement to Singapore can be two or even four days, he said.

DHL Worldwide Express plans to set up its own intra-Asia hub later this fall in Manila, but has had difficulty putting all the pieces together. Nonetheless, spokesman Dave Fonkalsrud said its traffic within the region was up 48% in the first half of this year, reflecting the tremendous potential in the world's fastest-growing area.

THE BAD DEBT BOXSCORE

Mr. HELMS. Mr. President, on that evening in 1972 when I first was elected to the Senate, I made a commitment that I would never fail to see a young person, or a group of young people, who wanted to see me.

It has proved enormously beneficial to me because I have been inspired by the estimated 60,000 young people with whom I have visited during the nearly 23 years I have been in the Senate.

Mr. President, most of them have been concerned about the enormity of the Federal debt that Congress has run up for the coming generations to pay. The young people and I almost always discuss the fact that under the U.S. Constitution, no President can spend a dime of Federal money that has not first been authorized and appropriated by both the House and Senate of the United States.

That is why I began making these daily reports to the Senate on February 22, 1992. I wanted to make a matter of daily record of the precise size of the Federal debt which as of yesterday, Monday, September 11, stood at $4,962,944,077,933.57 or $18,839.42 for every man, woman, and child in America on a per capita basis.

MICKELSON WETLAND MEMORIAL

Mr. PRESSLER. Mr. President, nearly 2½ years have passed since South

Dakota Gov. George S. Mickelson and eight distinguished South Dakota businessmen were killed tragically when their small aircraft crashed near Dubuque, IA. During this time, South Dakotans have grieved together over the loss of the crash victims. They are greatly missed.

Dealing with the loss of these prominent citizens has not been easy. Yet, the people of South Dakota have been strong. They have channeled their sorrow into great displays of respect and affection for the crash victims. Memorials have been built, statues erected, scholarships funded, and schools renamed—all in honor of the nine who perished in the fiery crash. I am proud of South Dakotans.

Last Saturday, September 9, a marsh near Estelline, SD, was dedicated in memory of Governor Mickelson, an avid geese hunter. Commissioned to paint an image of the Mickelson Wetland Memorial, Mark Anderson, a South Dakota wildlife artist, created a poignant image of the late Governor and the marsh. These tributes are powerful. They are reminders of the admiration and respect South Dakotans hold for the crash victims. They are reminders of the lives—not the deaths—of nine fellow South Dakotans. They are reminders of how their lives gave our lives and our State meaning and fulfillment.

Kevin Woster of the Sioux Falls, SD, Argus Leader, recently wrote an article describing the painting Mark Anderson completed of the wetland memorial. I ask unanimous consent that this article be printed in the RECORD at the conclusion of my remarks. It is unfortunate that my schedule prevented my wife Harriet and me from being at last Saturday's dedication. Our thoughts and prayers certainly were with Linda Mickelson and the families and friends of George Mickelson on that special day. The dedication of the marsh and Mark Anderson's work are a fitting tribute to a great South Dakotan who dedicated his life to a State and a people he loved.

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

[From the Sioux Falls, SD, Argus Leader, Sept. 9, 1995]

MICKELSON MARSH'S DEDICATION TODAY

(By Kevin Woster)

Sioux Falls wildlife artist Mark Anderson will leave his mark today on dedication ceremonies for a wetland memorial to the late Gov. George Mickelson.

Anderson, 37, was commissioned by Mickelson friends to do a painting of the wetland, including an image of Mickelson.

The painting shows the marsh 3 miles west of Estelline with a flock of Canada geese hovering above the water.

That was the easy part for Anderson, who has been painting wildlife for 15 years. But he struggled with Mickelson's image.

"It was really challenging, because this was the first time I ever attempted a portrait," the self-taught artist said.

"And I wanted this one to be right."

It turned out it wasn't right the first time around. When Anderson showed the painting to Mickelson's wife, Linda, and son, Mark, they thought the marsh and geese were perfect.

But the image of Mickelson wasn't quite right.

"You hate to tell somebody that, but I was honest with him and so was Mom," Mark Mickelson said.

"He didn't have a very good print of Dad to work with in the first place."

So Linda Mickelson provided photographs that helped Anderson more clearly capture her husband. And he finally produced an almost-ghostly image of the late governor wearing a baseball cap that reads "Top Gov."

Mickelson wore the hat at his annual governor's hunt and other outdoor events.

"When I brought it back, Mark said, 'That's Dad.' And I knew I had it," Anderson said.

Mark Mickelson agreed.

"He nailed it the second time. It's quite a tribute to a wildlife artist to do such a good job on a portrait."

A small version of the painting is included in the brochure for today's dedication.

And the Mickelson Wetland Memorial Committee paid for 175 prints, which will be signed by Anderson and given to major donors to the wetland project.

Committee members gave the original painting to Linda Mickelson, Friday night.

Mark Mickelson said the painting reflects the essence of the memorial.

"He captured the spirit of the marsh," mark Mickelson said.

"And he captured the spirit of Dad's friends, who really were the impetus behind the project."

DEPARTMENT OF DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 1996

The text of the bill (S. 1124) bill to authorize appropriations for fiscal year 1996 for military activities of the Department of Defense, to prescribe personnel strengths for such fiscal year for the Armed Forces, and for other purposes, as passed by the Senate on September 6, 1995, is as follows:

S. 1124

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

SECTION 1. SHORT TITLE.

This Act may be cited as the "Department of Defense Authorization Act for Fiscal Year 1996".

SEC. 2. TABLE OF CONTENTS.

The table of contents for this Act is as follows:

Sec. 1. Short title.
Sec. 2. Table of contents.

TITLE I—PROCUREMENT

Subtitle A—Authorization of Appropriations

Sec. 101. Army.
Sec. 102. Navy and Marine Corps.
Sec. 103. Air Force.
Sec. 104. Defense-wide activities.
Sec. 105. Reserve components.
Sec. 106. Defense Inspector General.
Sec. 107. Chemical demilitarization program.
Sec. 108. Defense health program.

Subtitle B—Army Programs

Sec. 111. AH-64D Longbow Apache attack helicopter.
Sec. 112. OH-58D AHIP Scout helicopter.
Sec. 113. Hydra 70 rocket.
Sec. 114. Report on AH-64D engine upgrades.

Subtitle C—Navy Programs

Sec. 121. Seawolf and new attack submarine programs.
Sec. 122. Repeal of prohibition on backfit of Trident submarines.
Sec. 123. Arleigh Burke class destroyer program.
Sec. 124. Split funding for construction of naval vessels.
Sec. 125. Seawolf submarine program.
Sec. 126. Crash attenuating seats acquisition program.

Subtitle D—Other Programs

Sec. 131. Tier II predator unmanned aerial vehicle program.
Sec. 132. Pioneer unmanned aerial vehicle program.
Sec. 133. Joint Primary Aircraft Training System program.

TITLE II—RESEARCH, DEVELOPMENT, TEST, AND EVALUATION

Subtitle A—Authorization of Appropriations

Sec. 201. Authorization of appropriations.
Sec. 202. Amount for basic research and exploratory development.

Subtitle B—Program Requirements, Restrictions, and Limitations

Sec. 211. A/F117X long-range, medium attack aircraft.
Sec. 212. Navy mine countermeasures program.
Sec. 213. Marine Corps shore fire support.
Sec. 214. Space and missile tracking system program.
Sec. 215. Precision guided munitions.
Sec. 216. Defense Nuclear Agency programs.
Sec. 217. Counterproliferation support program.
Sec. 218. Nonlethal weapons program.
Sec. 219. Federally funded research and development centers.
Sec. 220. States eligible for assistance under Defense Experimental Program To Stimulate Competitive Research.
Sec. 221. National defense technology and industrial base, defense reinvestment, and conversion.
Sec. 222. Revisions of Manufacturing Science and Technology Program.
Sec. 223. Preparedness of the Department of Defense to respond to military and civil defense emergencies resulting from a chemical, biological, radiological, or nuclear attack.
Sec. 224. Joint Seismic Program and Global Seismic Network.
Sec. 225. Depressed altitude guided gun round system.
Sec. 226. Army echelon above corps communications.
Sec. 227. Testing of theater missile defense interceptors.

Subtitle C—Missile Defense

Sec. 231. Short title.
Sec. 232. Findings.
Sec. 233. Missile defense policy.
Sec. 234. Theater missile defense architecture.
Sec. 235. National missile defense system architecture.
Sec. 236. Cruise missile defense initiative.
Sec. 237. Policy regarding the ABM Treaty.
Sec. 238. Prohibition on funds to implement an international agreement concerning theater missile defense systems.

Sec. 239. Ballistic Missile Defense program elements.
Sec. 240. ABM Treaty defined.
Sec. 241. Repeal of missile defense provisions.
Sec. 242. Sense of Senate on the Director of Operational Test and Evaluation.
Sec. 243. Ballistic Missile Defense Technology Center.

TITLE III—OPERATION AND MAINTENANCE

Subtitle A—Authorization of Appropriations

Sec. 301. Operation and maintenance funding.
Sec. 302. Working capital funds.
Sec. 303. Armed Forces Retirement Home.
Sec. 304. Transfer from National Defense Stockpile Transaction Fund.
Sec. 305. Increase in funding for the Civil Air Patrol.

Subtitle B—Depot-Level Maintenance and Repair

Sec. 311. Policy regarding performance of depot-level maintenance and repair for the Department of Defense.
Sec. 312. Extension of authority for aviation depots and naval shipyards to engage in defense-related production and services.

Subtitle C—Environmental Provisions

Sec. 321. Revision of requirements for agreements for services under environmental restoration program.
Sec. 322. Discharges from vessels of the Armed Forces.
Sec. 323. Revision of authorities relating to restoration advisory boards.

Subtitle D—Civilian Employees

Sec. 331. Minimum number of military reserve technicians.
Sec. 332. Exemption of Department of Defense from personnel ceilings for civilian personnel.
Sec. 333. Wearing of uniform by National Guard technicians.
Sec. 334. Extension of temporary authority to pay civilian employees with respect to the evacuation from Guantanamo, Cuba.
Sec. 335. Sharing of personnel of Department of Defense domestic dependent schools and Defense Dependents' Education System.
Sec. 336. Revision of authority for appointments of involuntarily separated military reserve technicians.
Sec. 337. Cost of continuing health insurance coverage for employees voluntarily separated from positions to be eliminated in a reduction in force.
Sec. 338. Elimination of 120-day limitation on details of certain employees.
Sec. 339. Repeal of requirement for part-time career opportunity employment reports.
Sec. 340. Authority of civilian employees of Department of Defense to participate voluntarily in reductions in force.
Sec. 341. Authority to pay severance payments in lump sums.
Sec. 342. Holidays for employees whose basic workweek is other than Monday through Friday.
Sec. 343. Coverage of nonappropriated fund employees under authority for flexible and compressed work schedules.

Subtitle E—Defense Financial Management

Sec. 351. Financial management training.
Sec. 352. Limitation on opening of new centers for Defense Finance and Accounting Service.

Subtitle F—Miscellaneous Assistance

Sec. 361. Department of Defense funding for National Guard participation in joint disaster and emergency assistance exercises.
Sec. 362. Office of Civil-Military Programs.
Sec. 363. Revision of authority for Civil-Military Cooperative Action Program.
Sec. 364. Office of Humanitarian and Refugee Affairs.
Sec. 365. Overseas humanitarian, disaster, and civic AID programs.

Subtitle G—Operation of Morale, Welfare, and Recreation Activities

Sec. 371. Disposition of excess morale, welfare, and recreation funds.
Sec. 372. Elimination of certain restrictions on purchases and sales of items by exchange stores and other morale, welfare, and recreation facilities.
Sec. 373. Repeal of requirement to convert ships' stores to nonappropriated fund instrumentalities.

Subtitle H—Other Matters

Sec. 381. National Defense Sealift Fund: availability for the National Defense Reserve Fleet.
Sec. 382. Availability of recovered losses resulting from contractor fraud.
Sec. 383. Permanent authority for use of proceeds from the sale of certain lost, abandoned, or unclaimed property.
Sec. 384. Sale of military clothing and subsistence and other supplies of the Navy and Marine Corps.
Sec. 385. Conversion of Civilian Marksmanship Program to nonappropriated fund instrumentality and activities under program.
Sec. 386. Report on efforts to contract out certain functions of Department of Defense.
Sec. 387. Impact aid.
Sec. 388. Funding for troops to teachers program and troops to cops program.
Sec. 389. Authorizing the amounts requested in the budget for Junior ROTC.
Sec. 390. Report on private performance of certain functions performed by military aircraft.
Sec. 391. Allegany Ballistics Laboratory.
Sec. 392. Encouragement of use of leasing authority.

TITLE IV—MILITARY PERSONNEL AUTHORIZATIONS

Subtitle A—Active Forces

Sec. 401. End strengths for active forces.
Sec. 402. Temporary variation in DOPMA authorized end strength limitations for active duty Air Force and Navy officers in certain grades.
Sec. 403. Certain general and flag officers awaiting retirement not to be counted.

Subtitle B—Reserve Forces

Sec. 411. End strengths for Selected Reserve.
Sec. 412. End strengths for Reserves on active duty in support of the reserves.
Sec. 413. Increase in number of members in certain grades authorized to serve on active duty in support of the reserves.
Sec. 414. Reserves on active duty in support of Cooperative Threat Reduction programs not to be counted.
Sec. 415. Reserves on active duty for military-to-military contacts and comparable activities not to be counted.

Subtitle C—Military Training Student Loads

Sec. 421. Authorization of training student loads.

Subtitle D—Authorization of Appropriations

Sec. 431. Authorization of appropriations for military personnel.

TITLE V—MILITARY PERSONNEL POLICY

Subtitle A—Officer Personnel Policy

Sec. 501. Joint officer management.
Sec. 502. Revision of service obligation for graduates of the service academies.
Sec. 503. Qualifications for appointment as Surgeon General of an armed force.
Sec. 504. Deputy Judge Advocate General of the Air Force.
Sec. 505. Retiring general and flag officers: applicability of uniform criteria and procedures for retiring in highest grade in which served.
Sec. 506. Extension of certain reserve officer management authorities.
Sec. 507. Restrictions on wearing insignia for higher grade before promotion.
Sec. 508. Director of admissions, United States Military Academy: retirement for years of service.

Subtitle B—Matters Relating to Reserve Components

Sec. 511. Mobilization income insurance program for members of Ready Reserve.
Sec. 512. Eligibility of dentists to receive assistance under the financial assistance program for health care professionals in reserve components.
Sec. 513. Leave for members of reserve components performing public safety duty.

Subtitle C—Uniform Code of Military Justice

Sec. 521. References to Uniform Code of Military Justice.
Sec. 522. Definitions.
Sec. 523. Article 32 investigations.
Sec. 524. Refusal to testify before court-martial.
Sec. 525. Commitment of accused to treatment facility by reason of lack of mental capacity or mental responsibility.
Sec. 526. Forfeiture of pay and allowances and reduction in grade.
Sec. 527. Deferment of confinement.
Sec. 528. Submission of matters to the convening authority for consideration.
Sec. 529. Proceedings in revision.
Sec. 530. Appeal by the United States.
Sec. 531. Flight from apprehension.
Sec. 532. Carnal knowledge.
Sec. 533. Time after accession for initial instruction in the Uniform Code of Military Justice.
Sec. 534. Technical amendment.
Sec. 535. Permanent authority concerning temporary vacancies on the Court of Appeals for the Armed Forces.
Sec. 536. Advisory panel on UCMJ jurisdiction over civilians accompanying the Armed Forces in time of armed conflict.

Subtitle D—Decorations and Awards

Sec. 541. Award of Purple Heart to certain former prisoners of war.
Sec. 542. Meritorious and valorous service during Vietnam era: review and awards.
Sec. 543. Military intelligence personnel prevented by secrecy from being considered for decorations and awards.
Sec. 544. Review regarding awards of Distinguished-Service Cross to Asian-Americans and Pacific Islanders for certain World War II service.

Subtitle E—Other Matters

Sec. 551. Determination of whereabouts and status of missing persons.
Sec. 552. Service not creditable for periods of unavailability or incapacity due to misconduct.
Sec. 553. Separation in cases involving extended confinement.
Sec. 554. Duration of field training or practice cruise required under the Senior Reserve Officers' Training Corps program.
Sec. 555. Correction of military records.
Sec. 556. Limitation on reductions in medical personnel.
Sec. 557. Repeal of requirement for athletic director and nonappropriated fund account for the athletics programs at the service academies.
Sec. 558. Prohibition on use of funds for service academy preparatory school test program.
Sec. 559. Centralized judicial review of Department of Defense personnel actions.
Sec. 560. Delay in reorganization of Army ROTC regional headquarters structure.

TITLE VI—COMPENSATION AND OTHER PERSONNEL BENEFITS

Subtitle A—Pay and Allowances

Sec. 601. Military pay raise for fiscal year 1996.
Sec. 602. Election of basic allowance for quarters instead of assignment to inadequate quarters.
Sec. 603. Payment of basic allowance for quarters to members of the uniformed services in pay grade E-6 who are assigned to sea duty.
Sec. 604. Limitation on reduction of variable housing allowance for certain members.
Sec. 605. Clarification of limitation on eligibility for family separation allowance.

Subtitle B—Bonuses and Special and Incentive Pays

Sec. 611. Extension of certain bonuses for reserve forces.
Sec. 612. Extension of certain bonuses and special pay for nurse officer candidates, registered nurses, and nurse anesthetists.
Sec. 613. Extension of authority relating to payment of other bonuses and special pays.
Sec. 614. Hazardous duty incentive pay for warrant officers and enlisted members serving as air weapons controllers.
Sec. 615. Aviation career incentive pay.
Sec. 616. Clarification of authority to provide special pay for nurses.
Sec. 617. Continuous entitlement to career sea pay for crew members of ships designated as tenders.
Sec. 618. Increase in maximum rate of special duty assignment pay for enlisted members serving as recruiters.

Subtitle C—Travel and Transportation Allowances

Sec. 621. Calculation on basis of mileage tables of Secretary of Defense: repeal of requirement.
Sec. 622. Departure allowances.
Sec. 623. Dislocation allowance for moves resulting from a base closure or realignment.
Sec. 624. Transportation of nondependent child from sponsor's station overseas after loss of dependent status while overseas.

Subtitle D—Commissaries and Nonappropriated Fund Instrumentalities

Sec. 631. Use of commissary stores by members of the Ready Reserve.
Sec. 632. Use of commissary stores by retired Reserves under age 60 and their survivors.
Sec. 633. Use of morale, welfare, and recreation facilities by members of reserve components and dependents: clarification of entitlement.

Subtitle E—Other Matters

Sec. 641. Cost-of-living increases for retired pay.
Sec. 642. Eligibility for retired pay for nonregular service denied for members receiving certain sentences in courts-martial.
Sec. 643. Recoupment of administrative expenses in garnishment actions.
Sec. 644. Automatic maximum coverage under Servicemen's Group Life Insurance.
Sec. 645. Termination of Servicemen's Group Life Insurance for members of the Ready Reserve who fail to pay premiums.
Sec. 646. Report on extending to junior noncommissioned officers privileges provided for senior noncommissioned officers.
Sec. 647. Payment to survivors of deceased members of the uniformed services for all leave accrued.
Sec. 648. Annuities for certain military surviving spouses.
Sec. 649. Transitional compensation for dependents of members of the Armed Forces separated for dependent abuse.

TITLE VII—HEALTH CARE

Subtitle A—Health Care Services

Sec. 701. Medical care for surviving dependents of retired Reserves who die before age 60.
Sec. 702. Dental insurance for members of the Selected Reserve.
Sec. 703. Modification of requirements regarding routine physical examinations and immunizations under CHAMPUS.
Sec. 704. Permanent authority to carry out specialized treatment facility program.
Sec. 705. Waiver of medicare part B late enrollment penalty and establishment of special enrollment period for certain military retirees and dependents.

Subtitle B—TRICARE Program

Sec. 711. Definition of TRICARE program and other terms.
Sec. 712. Provision of TRICARE uniform benefits by uniformed services treatment facilities.
Sec. 713. Sense of Senate on access of medicare eligible beneficiaries of CHAMPUS to health care under TRICARE.
Sec. 714. Pilot program of individualized residential mental health services.

Subtitle C—Uniformed Services Treatment Facilities

Sec. 721. Delay of termination of status of certain facilities as uniformed services treatment facilities.
Sec. 722. Applicability of Federal Acquisition Regulation to participation agreements with uniformed services treatment facilities.
Sec. 723. Applicability of CHAMPUS payment rules in certain cases.

Subtitle D—Other Changes to Existing Laws Regarding Health Care Management

Sec. 731. Investment incentive for managed health care in medical treatment facilities.
Sec. 732. Revision and codification of limitations on physician payments under CHAMPUS.
Sec. 733. Personal services contracts for medical treatment facilities of the Coast Guard.
Sec. 734. Disclosure of information in medicare and medicaid coverage data bank to improve collection from responsible parties for health care services furnished under CHAMPUS.

Subtitle E—Other Matters

Sec. 741. TriService nursing research.
Sec. 742. Fisher House trust funds.
Sec. 743. Applicability of limitation on prices of pharmaceuticals procured for Coast Guard.
Sec. 744. Report on effect of closure of Fitzsimons Army Medical Center, Colorado, on provision of care to military personnel and dependents experiencing health difficulties associated with Persian Gulf Syndrome.

TITLE VIII—ACQUISITION POLICY, ACQUISITION MANAGEMENT, AND RELATED MATTERS

Subtitle A—Acquisition Reform

Sec. 801. Waivers from cancellation of funds.
Sec. 802. Procurement notice posting thresholds and subcontracts for ocean transportation services.
Sec. 803. Prompt resolution of audit recommendations.
Sec. 804. Test program for negotiation of comprehensive subcontracting plans.
Sec. 805. Naval salvage facilities.
Sec. 806. Authority to delegate contracting authority.
Sec. 807. Coordination and communication of defense research activities.
Sec. 808. Procurement of items for experimental or test purposes.
Sec. 809. Quality control in procurements of critical aircraft and ship spare parts.
Sec. 810. Use of funds for acquisition of designs, processes, technical data, and computer software.
Sec. 811. Independent cost estimates for major defense acquisition programs.
Sec. 812. Fees for certain testing services.
Sec. 813. Construction, repair, alteration, furnishing, and equipping of naval vessels.
Sec. 814. Civil Reserve Air Fleet.

Sec. 815. Cost and pricing data.
Sec. 816. Procurement notice technical amendments.
Sec. 817. Repeal of duplicative authority for simplified acquisition purchases.
Sec. 818. Micro-purchases without competitive quotations.
Sec. 819. Restriction on reimbursement of costs.

Subtitle B—Other Matters

Sec. 821. Procurement technical assistance programs.
Sec. 822. Treatment of Department of Defense cable television franchise agreements.
Sec. 823. Preservation of ammunition industrial base.

TITLE IX—DEPARTMENT OF DEFENSE ORGANIZATION AND MANAGEMENT

Sec. 901. Redesignation of the position of Assistant to the Secretary of Defense for Atomic Energy.

TITLE X—GENERAL PROVISIONS

Subtitle A—Financial Matters

Sec. 1001. Transfer authority.
Sec. 1002. Disbursing and certifying officials.
Sec. 1003. Defense modernization account.
Sec. 1004. Authorization of prior emergency supplemental appropriations for fiscal year 1995.
Sec. 1005. Limitation on use of authority to pay for emergency and extraordinary expenses.
Sec. 1006. Transfer authority regarding funds available for foreign currency fluctuations.
Sec. 1007. Report on budget submission regarding reserve components.

Subtitle B—Naval Vessels

Sec. 1011. Iowa class battleships.
Sec. 1012. Transfer of naval vessels to certain foreign countries.
Sec. 1013. Naming amphibious ships.

Subtitle C—Counter-Drug Activities

Sec. 1021. Revision and clarification of authority for Federal support of drug interdiction and counter-drug activities of the National Guard.
Sec. 1022. National Drug Intelligence Center.
Sec. 1023. Assistance to Customs Service.

Subtitle D—Department of Defense Education Programs

Sec. 1031. Continuation of the Uniformed Services University of the Health Sciences.
Sec. 1032. Additional graduate schools and programs at the Uniformed Services University of the Health Sciences.
Sec. 1033. Funding for basic adult education programs for military personnel and dependents outside the United States.
Sec. 1034. Scope of education programs of Community College of the Air Force.
Sec. 1035. Date for annual report on Selected Reserve Educational Assistance Program.
Sec. 1036. Establishment of Junior ROTC units in Indian reservation schools.

Subtitle E—Cooperative Threat Reduction With States of the Former Soviet Union

Sec. 1041. Cooperative Threat Reduction programs defined.
Sec. 1042. Funding matters.
Sec. 1043. Limitation relating to offensive biological warfare program of Russia.
Sec. 1044. Limitation on use of funds for cooperative threat reduction.

Subtitle F—Matters Relating to Other Nations

Sec. 1051. Cooperative research and development agreements with NATO organizations.
Sec. 1052. National security implications of United States export control policy.
Sec. 1053. Defense export loan guarantees.
Sec. 1054. Landmine clearing assistance program.
Sec. 1055. Strategic cooperation between the United States and Israel.
Sec. 1056. Support services for the Navy at the Port of Haifa, Israel.
Sec. 1057. Prohibition on assistance to terrorist countries.
Sec. 1058. International military education and training.
Sec. 1059. Repeal of limitation regarding American diplomatic facilities in Germany.
Sec. 1060. Implementation of arms control agreements.
Sec. 1061. Sense of Congress on limiting the placing of United States forces under United Nations command or control.
Sec. 1062. Sense of Senate on protection of United States from ballistic missile attack.
Sec. 1063. Iran and Iraq arms nonproliferation.
Sec. 1064. Reports on arms export control and military assistance.

Subtitle G—Repeal of Certain Reporting Requirements

Sec. 1071. Reports required by title 10, United States Code.
Sec. 1072. Reports required by title 37, United States Code, and related provisions of defense authorization Acts.
Sec. 1073. Reports required by other defense authorization and appropriations Acts.
Sec. 1074. Reports required by other national security laws.
Sec. 1075. Reports required by other provisions of the United States Code.
Sec. 1076. Reports required by other provisions of law.
Sec. 1077. Reports required by Joint Committee on Printing.

Subtitle H—Other Matters

Sec. 1081. Global positioning system.
Sec. 1082. Limitation on retirement or dismantlement of strategic nuclear delivery systems.
Sec. 1083. National Guard civilian youth opportunities pilot program.
Sec. 1084. Report on Department of Defense boards and commissions.
Sec. 1085. Revision of authority for providing Army support for the National Science Center for Communications and Electronics.
Sec. 1086. Authority to suspend or terminate collection actions against deceased members.
Sec. 1087. Damage or loss to personal property due to emergency evacuation or extraordinary circumstances.
Sec. 1088. Check cashing and exchange transactions for dependents of United States Government personnel.
Sec. 1089. Travel of disabled veterans on military aircraft.
Sec. 1090. Transportation of crippled children in Pacific Rim region to Hawaii for medical care.
Sec. 1091. Student information for recruiting purposes.
Sec. 1092. State recognition of military advance medical directives.
Sec. 1093. Report on personnel requirements for control of transfer of certain weapons.
Sec. 1094. Sense of Senate regarding Ethics Committee investigation.
Sec. 1095. Sense of Senate regarding Federal spending.
Sec. 1096. Associate Director of Central Intelligence for Military Support.
Sec. 1097. Review of national policy on protecting the national information infrastructure against strategic attacks.
Sec. 1098. Judicial assistance to the International Tribunal for Yugoslavia and to the International Tribunal for Rwanda.
Sec. 1099. Landmine use moratorium.
Sec. 1099A. Extension of pilot outreach program.
Sec. 1099B. Sense of Senate on Midway Islands.
Sec. 1099C. Study on chemical weapons stockpile.
Sec. 1099D. Designation of National Maritime Center.
Sec. 1099E. Operational Support Airlift Aircraft Fleet.
Sec. 1099F. Sense of the Senate on Chemical Weapons Convention and START II Treaty ratification.

TITLE XI—TECHNICAL AND CLERICAL AMENDMENTS

Sec. 1101. Amendments related to Reserve Officer Personnel Management Act.
Sec. 1102. Amendments related to Federal Acquisition Streamlining Act of 1994.
Sec. 1103. Amendments to reflect name change of Committee on Armed Services of the House of Representatives.
Sec. 1104. Miscellaneous amendments to title 10, United States Code.
Sec. 1105. Miscellaneous amendments to annual defense authorization Acts.
Sec. 1106. Miscellaneous amendments to Federal acquisition laws.
Sec. 1107. Miscellaneous amendments to other laws.
Sec. 1108. Coordination with other amendments.

TITLE I—PROCUREMENT

Subtitle A—Authorization of Appropriations

SEC. 101. ARMY.

Funds are hereby authorized to be appropriated for fiscal year 1996 for procurement for the Army as follows:

(1) For aircraft, $1,396,451,000.

(2) For missiles, $894,430,000.

(3) For weapons and tracked combat vehicles, $1,547,964,000.

(4) For ammunition, $1,120,115,000.

(5) For other procurement, $2,771,101,000.

SEC. 102. NAVY AND MARINE CORPS.

(a) NAVY.—Funds are hereby authorized to be appropriated for fiscal year 1996 for procurement for the Navy as follows:

(1) For aircraft, $4,916,588,000.

(2) For weapons, including missiles and torpedoes, $1,771,421,000.

(3) For shipbuilding and conversion, $7,111,935,000.

(4) For other procurement, $2,471,861,000.

(b) MARINE CORPS.—Funds are hereby authorized to be appropriated for fiscal year 1996 for procurement for the Marine Corps in the amount of $683,416,000.

SEC. 103. AIR FORCE.

Funds are hereby authorized to be appropriated for fiscal year 1996 for procurement for the Air Force as follows:

(1) For aircraft, $6,318,586,000.

(2) For missiles, $3,597,499,000.

(3) For other procurement, $6,546,001,000.

SEC. 104. DEFENSE-WIDE ACTIVITIES.

Funds are hereby authorized to be appropriated for fiscal year 1996 for Defense-wide procurement in the amount of $2,118,324,000.

SEC. 105. RESERVE COMPONENTS.

Funds are hereby authorized to be appropriated for fiscal year 1996 for procurement of aircraft, vehicles, communications equipment, and other equipment for the reserve components of the Armed Forces as follows:

(1) For the Army National Guard, $209,400,000.

(2) For the Air National Guard, $137,000,000.

(3) For the Army Reserve, $62,000,000.

(4) For the Naval Reserve, $74,000,000.

(5) For the Air Force Reserve, $240,000,000.

(6) For the Marine Corps Reserve, $55,000,000.

SEC. 106. DEFENSE INSPECTOR GENERAL.

Funds are hereby authorized to be appropriated for fiscal year 1996 for procurement for the Inspector General of the Department of Defense in the amount of $1,000,000.

SEC. 107. CHEMICAL DEMILITARIZATION PROGRAM.

There is hereby authorized to be appropriated for fiscal year 1996 the amount of $671,698,000 for—

(1) the destruction of lethal chemical weapons and munitions in accordance with section 1412 of the Department of Defense Authorization Act, 1986 (50 U.S.C. 1521); and

(2) the destruction of chemical warfare material of the United States that is not covered by section 1412 of such Act.

SEC. 108. DEFENSE HEALTH PROGRAM.

Funds are hereby authorized to be appropriated for fiscal year 1996 for the Department of Defense for procurement for carrying out health care programs, projects, and activities of the Department of Defense in the total amount of $288,033,000.

Subtitle B—Army Programs

SEC. 111. AH-64D LONGBOW APACHE ATTACK HELICOPTER.

The Secretary of the Army may, in accordance with section 2306b of title 10, United States Code, enter into multiyear procurement contracts for procurement of AH-64D Longbow Apache attack helicopters.

SEC. 112. OH-58D AHIP SCOUT HELICOPTER.

The prohibition in section 133(a)(2) of the National Defense Authorization Act for Fiscal Years 1990 and 1991 (Public Law 101-189; 103 Stat. 1383) does not apply to the obligation of funds in amounts not to exceed $125,000,000 for the procurement of not more than 20 OH-58D AHIP Scout aircraft from funds appropriated for fiscal year 1996 pursuant to section 101.

SEC. 113. HYDRA 70 ROCKET.

(a) LIMITATION.—Funds appropriated or otherwise made available for the Department of Defense for fiscal year 1996 may not be obligated to procure Hydra 70 rockets until the Secretary of the Army submits to Congress a document that contains the certifications described in subsection (b)(1) together with a discussion of the matter described in subsection (b)(2).

(b) CONTENT OF SUBMISSION.—(1) A document submitted under subsection (a) satisfies the certification requirements of that subsection if it contains the certifications of the Secretary that—

(A) the specific technical cause of Hydra 70 Rocket failures has been identified;

(B) the technical corrections necessary for eliminating premature detonations of such rockets have been validated;

(C) the total cost of making the necessary corrections on all Hydra 70 rockets that are in the Army inventory or are being procured under any contract in effect on the date of the enactment of this Act does not exceed the amount equal to 15 percent of the nonrecurring costs that would be incurred by the Army for acquisition of improved rockets, including commercially developed nondevelopmental systems, to replace the Hydra 70 rockets; and

(D) a nondevelopmental composite rocket system has been fully reviewed for, or has received operational and platform certifications for, full qualification of an alternative composite rocket motor and propellant.

(2) The document shall also contain a discussion of whether the existence of the system referred to in the certification under paragraph (1)(D) will result in—

(A) early and continued availability of training rockets to meet the requirements of the Army for such rockets; and

(B) the attainment of competition in future procurements of training rockets to meet such requirements.

(c) WAIVER AUTHORITY.—The Secretary of Defense may waive the requirement in subsection (a) for the Secretary to submit the document described in that subsection before procuring Hydra 70 rockets if the Secretary determines that a delay in procuring the rockets pending compliance with the requirement would result in a significant risk to the national security of the United States. Any such waiver may not take effect until the Secretary submits to Congress a notification of that determination together with the reasons for the determination.

SEC. 114. REPORT ON AH-64D ENGINE UPGRADES.

No later than February 1, 1996, the Secretary of the Army shall submit to Congress a report on plans to procure T700-701C engine upgrade kits for Army AH-64D helicopters. The report shall include—

(1) a plan to provide for the upgrade of all Army AH-64D helicopters with T700-701C engine kits commencing in fiscal year 1996.

(2) detailed timeline and funding requirements for the engine upgrade program described in paragraph (1).

Subtitle C—Navy Programs

SEC. 121. SEAWOLF AND NEW ATTACK SUBMARINE PROGRAMS.

(a) FUNDING.—(1) Of the amount authorized to be appropriated under section 102(a)(3)—

(A) $1,507,477,000 shall be available for the final Seawolf attack submarine (SSN-23); and

(B) $814,498,000 shall be available for design and advance procurement in fiscal year 1996 for the lead submarine and the second submarine under the New Attack Submarine program, of which—

(i) $10,000,000 shall be available only for participation of Newport News Shipbuilding in the New Attack Submarine design; and

(ii) $100,000,000 shall be available only for advance procurement and design of the second submarine under the New Attack Submarine program.

(2) Of amounts authorized under any provision of law to be appropriated for procurement for the Navy for fiscal year 1997 for shipbuilding and conversion, $802,000,000 shall be available for design and advance procurement in fiscal year 1997 for the lead submarine and the second submarine under the New Attack Submarine program, of which—

(A) $75,000,000 shall be available only for participation by Newport News Shipbuilding in the New Attack Submarine design; and

(B) $427,000,000 shall be available only for advance procurement and design of the second submarine under the New Attack Submarine program.

(3) Of the amount authorized to be appropriated under section 201(2), $455,398,000 shall be available for research, development, test, and evaluation for the New Attack Submarine program.

(b) COMPETITION REQUIRED.—Funds referred to in subsection (c) may not be obligated until the Secretary of the Navy certifies in writing to the Committee on Armed Services of the Senate and the Committee on National Security of the House of Representatives that—

(1) the Secretary has restructured the New Attack Submarine program in accordance with this section so as to provide for—

(A) procurement of the lead vessel under the New Attack Submarine program from the Electric Boat Division beginning in fiscal year 1998, if the price offered by Electric Boat Division is determined by the Secretary as being fair and reasonable;

(B) procurement of the second vessel under the New Attack Submarine program from Newport News Shipbuilding beginning in fiscal year 1999, if the price offered by Newport News Shipbuilding is determined by the Secretary as being fair and reasonable; and

(C) procurement of other vessels under the New Attack Submarine program under one or more contracts that are entered into after competition between potential competitors (as defined in subsection (i)) in which the Secretary shall solicit competitive proposals and award the contract or contracts on the basis of price; and

(2) the Secretary has directed, as set forth in detail in such certification, that no action prohibited in subsection (d) will be taken to impair the design, engineering, construction, and maintenance competencies of either Electric Boat Division or Newport News Shipbuilding to construct the New Attack Submarine.

(c) COVERED FUNDS.—The funds referred to in subsection (b) are as follows:

(1) Funds available to the Navy for any fiscal year after fiscal year 1995 for procurement of the final Seawolf attack submarine (SSN-23) pursuant to this Act or any Act enacted after the date of the enactment of this Act.

(2) Funds available to the Navy for any such fiscal year for research, development, test, and evaluation or for procurement (including design and advance procurement) for the New Attack Submarine program pursuant to this Act or any Act enacted after the date of the enactment of this Act.

(d) LIMITATION ON CERTAIN ACTIONS.—In order to ensure that Electric Boat Division and Newport News Shipbuilding retain the technical competencies to construct the New Attack Submarine, the following actions are prohibited:

(1) A termination of or failure to extend, except by reason of a breach of contract by the contractor or an insufficiency of appropriations—

(A) the existing Planning Yard contract for the Trident class submarines; or

(B) the existing Planning Yard contract for the SSN-688 Los Angeles class submarines.

(2) A termination of any existing Lead Design Yard contract for the SSN-21 Seawolf class submarines or for the SSN-688 Los Angeles class submarines, except by reason of a

breach of contract by the contractor or an insufficiency of appropriations.

(3) A failure of, or refusal by, the Department of the Navy to permit both Electric Boat Division and Newport News Shipbuilding to have access to sufficient information concerning the design of the New Attack Submarine to ensure that each is capable of constructing the New Attack Submarine.

(e) LIMITATION ON EXPENDITURE OF FUNDS FOR SEAWOLF PROGRAM.—Of the funds referred to in subsection (c)(1)—

(1) not more than $700,000,000 may be expended in fiscal year 1996;

(2) not more than an additional $200,000,000 may be expended in fiscal year 1997;

(3) not more than an additional $200,000,000 may be expended in fiscal year 1998; and

(4) not more than an additional $407,477,000 may be expended in fiscal year 1999.

(f) LIMITATION ON EXPENDITURE OF FUNDS FOR NEW ATTACK SUBMARINE PROGRAM.—Funds referred to in subsection (c)(2) that are available for the lead and second vessels under the New Attack Submarine program may not be expended during fiscal year 1996 for the lead vessel under that program (other than for class design) unless funds are obligated or expended during such fiscal year for a contract in support of procurement of the second vessel under the program.

(g) REPORTS REQUIRED.—Not later than November 1, 1995, and every six months thereafter through November 1, 1998, the Secretary of the Navy shall submit to the Committee on Armed Services of the Senate and the Committee on National Security of the House of Representatives a report setting forth the obligations and expenditures of funds for—

(1) the procurement of the final Seawolf attack submarine (SSN-23); and

(2) research, development, test, and evaluation or for procurement (including design and advance procurement) for the lead and second vessels under the New Attack Submarine program.

(h) REFERENCES TO CONTRACTORS.—For purposes of this section—

(1) the contractor referred to as "Electric Boat Division" is General Dynamics Corporation Electric Boat Division; and

(2) the contractor referred to as "Newport News Shipbuilding" is Newport News Shipbuilding and Drydock Company.

(i) DEFINITIONS.—In this section:

(1) The term "potential competitor" means any source to which the Secretary of the Navy has awarded, within 10 years before the date of the enactment of this Act, a contract or contracts to construct one or more nuclear attack submarines.

(2) The term "New Attack Submarine" means any submarine planned or programmed by the Navy as a class of submarines the lead ship of which is planned by the Navy, as of the date of the enactment of this Act, for procurement in fiscal year 1998.

SEC. 122. REPEAL OF PROHIBITION ON BACKFIT OF TRIDENT SUBMARINES.

Section 124 of the National Defense Authorization Act for Fiscal Year 1995 (Public Law 103-337; 108 Stat. 2683) is repealed.

SEC. 123. ARLEIGH BURKE CLASS DESTROYER PROGRAM.

(a) FIRST INCREMENT FUNDING.—Of the amount authorized to be appropriated under section 102(a)(3), $650,000,000 shall be available in accordance with section 7315 of title 10, United States Code (as added by section 124), as the first increment of funding for two Arleigh Burke class destroyers.

(b) FINAL INCREMENT FUNDING.—It is the sense of Congress that the Secretary of the Navy should plan for and request the final increment of funding for the two destroyers for fiscal year 1997 in accordance with section 7315 of title 10, United States Code (as added by section 124).

SEC. 124. SPLIT FUNDING FOR CONSTRUCTION OF NAVAL VESSELS.

(a) IN GENERAL.—Chapter 633 of title 10, United States Code is amended by adding at the end the following:

"§ 7315. Planning for funding construction

"(a) PLANNING FOR SPLIT FUNDING.—The Secretary of Defense may provide in the future-years defense program for split funding of construction of new naval vessels satisfying the requirements of subsection (d).

"(b) SPLIT FUNDING REQUESTS.—In the case of construction of a new naval vessel satisfying the requirements of subsection (d), the Secretary of the Navy shall—

"(1) determine the total amount that is necessary for construction of the vessel, including an allowance for future inflation; and

"(2) request funding for construction of the vessel in two substantially equal increments.

"(c) CONTRACT AUTHORIZED UPON FUNDING OF FIRST INCREMENT.—(1) The Secretary of the Navy may enter into a contract for the construction of a new naval vessel upon appropriation of a first increment of funding for construction of the vessel.

"(2) A contract entered into in accordance with paragraph (1) shall include a liquidated damages clause for any termination of the contract for the convenience of the Government that occurs before the remainder of the amount necessary for full funding of the contract is appropriated.

"(d) APPLICABILITY.—This section applies to construction of a naval vessel—

"(1) that is in a class of vessels for which the design is mature and there is sufficient construction experience for the costs of construction to be well understood and predictable; and

"(2) for which—

"(A) provision is made in the future-years defense program; or

"(B) the Chairman of the Joint Chiefs of Staff, in consultation with the Secretary of the Navy, has otherwise determined that there is a valid military requirement.".

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of chapter 633 of such title is amended by adding at the end the following:

"7315. Planning for funding construction.".

SEC. 125. SEAWOLF SUBMARINE PROGRAM.

(a) LIMITATION OF COSTS.—Except as provided in subsection (b), the total amount obligated or expended for procurement of the SSN-21, SSN-22, and SSN-23 Seawolf class submarines may not exceed $7,223,659,000.

(b) AUTOMATIC INCREASE OF LIMITATION AMOUNT.—The amount of the limitation set forth in subsection (a) is increased after fiscal year 1995 by the following amounts:

(1) The amounts of outfitting costs and post-delivery costs incurred for the submarines referred to in such subsection.

(2) The amounts of increases in costs attributable to economic inflation after fiscal year 1995.

(3) The amounts of increases in costs attributable to compliance with changes in Federal, State, or local laws enacted after fiscal year 1995.

SEC. 126. CRASH ATTENUATING SEATS ACQUISITION PROGRAM.

(a) PROGRAM AUTHORIZED.—The Secretary of the Navy may establish a program to procure for, and install in, H-53E military transport helicopters commercially developed, energy absorbing, crash attenuating seats that the Secretary determines are consistent with military specifications for seats for such helicopters.

(b) FUNDING.—To the extent provided in appropriations Acts, of the unobligated balance of amounts appropriated for the Legacy Resource Management Program pursuant to the authorization of appropriations in section 301(5) of the National Defense Authorization Act for Fiscal Year 1995 (Public Law 103-337; 108 Stat. 2706), not more than $10,000,000 shall be available to the Secretary of the Navy, by transfer to the appropriate accounts, for carrying out the program authorized in subsection (a).

Subtitle D—Other Programs

SEC. 131. TIER II PREDATOR UNMANNED AERIAL VEHICLE PROGRAM.

Funds appropriated or otherwise made available for the Department of Defense for fiscal year 1996 for procurement or for research, development, test, and evaluation may not be obligated or expended for the Tier II Predator unmanned aerial vehicle program.

SEC. 132. PIONEER UNMANNED AERIAL VEHICLE PROGRAM.

Not more than ⅙ of the amount appropriated pursuant to this Act for the activities and operations of the Unmanned Aerial Vehicle Joint Program Office (UAV-JPO), and none of the unobligated balances of funds appropriated for fiscal years before fiscal year 1996 for the activities and operations of such office, may be obligated until the Secretary of the Navy certifies to the Committee on Armed Services of the Senate and the Committee on National Security of the House of Representatives that the nine Pioneer Unmanned Aerial Vehicle systems have been equipped with the Common Automatic Landing and Recovery System (CARS).

SEC. 133. JOINT PRIMARY AIRCRAFT TRAINING SYSTEM PROGRAM.

Of the amount authorized to be appropriated under section 103(1), $54,968,000 shall be available for the Joint Primary Aircraft Training System program for procurement of up to eight aircraft.

TITLE II—RESEARCH, DEVELOPMENT, TEST, AND EVALUATION

Subtitle A—Authorization of Appropriations

SEC. 201. AUTHORIZATION OF APPROPRIATIONS.

Funds are hereby authorized to be appropriated for fiscal year 1996 for the use of the Department of Defense for research, development, test, and evaluation as follows:

(1) For the Army, $4,845,097,000.

(2) For the Navy, $8,624,230,000.

(3) For the Air Force, $13,087,389,000.

(4) For Defense-wide activities, $9,533,148,000, of which—

(A) $239,341,000 is authorized for the activities of the Director, Test and Evaluation;

(B) $22,587,000 is authorized for the Director of Operational Test and Evaluation; and

(C) $475,470,000 is authorized for Other Theater Missile Defense, of which up to $25,000,000 may be made available for the operation of the Battlefield Integration Center.

SEC. 202. AMOUNT FOR BASIC RESEARCH AND EXPLORATORY DEVELOPMENT.

(a) FISCAL YEAR 1996.—Of the amounts authorized to be appropriated by section 201, $4,076,580,000 shall be available for basic research and exploratory development projects.

(b) BASIC RESEARCH AND EXPLORATORY DEVELOPMENT DEFINED.—For purposes of this section, the term "basic research and exploratory development" means work funded in

program elements for defense research and development under Department of Defense category 6.1 or 6.2.

Subtitle B—Program Requirements, Restrictions, and Limitations

SEC. 211. A/F117X LONG-RANGE, MEDIUM ATTACK AIRCRAFT.

Of the amount authorized to be appropriated by section 201(2) for the Joint Advanced Strike Technology program—

(1) $25,000,000 shall be available for the conduct, during fiscal year 1996, of a 6-month program definition phase for the A/F117X, an F-117 fighter aircraft modified for use by the Navy as a long-range, medium attack aircraft; and

(2) $150,000,000 shall be available for engineering and manufacturing development of the A/F117X aircraft, except that none of such amount may be obligated until the Secretary of the Navy, after considering the results of the program definition phase, approves proceeding into engineering and manufacturing development of the A/F117X aircraft.

SEC. 212. NAVY MINE COUNTERMEASURES PROGRAM.

Section 216(a) of the National Defense, Authorization Act for Fiscal Years 1992 and 1993 (Public Law 102-190; 105 Stat. 1317) is amended—

(1) by striking out "Director, Defense Research and Engineering" and inserting in lieu thereof "Under Secretary of Defense for Acquisition and Technology"; and

(2) by striking out "fiscal years 1995 through 1999" and inserting in lieu thereof "fiscal years 1997 through 1999".

SEC. 213. MARINE CORPS SHORE FIRE SUPPORT.

Of the amount appropriated pursuant to section 201(2) for the Tomahawk Baseline Improvement Program, not more than 50 percent of that amount may be obligated until the Secretary of the Navy certifies to the Committee on Armed Services of the Senate and the Committee on National Security of the House of Representatives that the Secretary has structured, and planned for full funding of, a program leading to a live-fire test of an Army Extended Range Multiple Launch Rocket from an Army Multiple Launch Rocket Launcher on a Navy ship before October 1, 1997.

SEC. 214. SPACE AND MISSILE TRACKING SYSTEM PROGRAM.

(a) DEVELOPMENT AND DEPLOYMENT PLAN.—The Secretary of the Air Force shall structure the development schedule for the Space and Missile Tracking System so as to achieve a first launch of a user operation evaluation system (UOES) satellite in fiscal year 2001, and to attain initial operational capability (IOC) of a full constellation of user operation evaluation systems and objective system satellites in fiscal year 2003.

(b) MANAGEMENT OVERSIGHT.—In exercising the responsibility for the Space and Missile Tracking System program, the Secretary of the Air Force shall first obtain the concurrence of the Director of the Ballistic Missile Defense Organization before implementing any decision that would have any of the following results regarding the program:

(1) A reduction in funds available for obligation or expenditure for the program for a fiscal year below the amount specifically authorized and appropriated for the program for that fiscal year.

(2) An increase in the total program cost.

(3) A delay in a previously established development or deployment schedule.

(4) A modification in the performance parameters or specifications.

(c) AUTHORIZATION.—Of the amount authorized to be appropriated under section 201(3) for fiscal year 1996, $249,824,000 shall be available for the Space and Missile Tracking System (SMTS) program.

SEC. 215. PRECISION GUIDED MUNITIONS.

(a) ANALYSIS REQUIRED.—The Secretary of Defense shall perform an analysis of the full range of precision guided munitions in production and in research, development, test, and evaluation in order to determine the following:

(1) The numbers and types of precision guided munitions that are needed to provide a complementary capability against each target class.

(2) The feasibility of carrying out joint development and procurement of additional munition types by more than one of the Armed Forces.

(3) The feasibility of integrating a particular precision guided munition on multiple service platforms.

(4) The economy and effectiveness of continuing acquisition of—

(A) interim precision guided munitions; or

(B) precision guided munitions that, as a result of being procured in decreasing numbers to meet decreasing quantity requirements, have increased in cost per unit by more than 50 percent over the cost per unit for such munitions as of December 1, 1991.

(b) REPORT.—(1) Not later than February 1, 1996, the Secretary shall submit to Congress a report on the findings and other results of the analysis.

(2) The report shall include a detailed discussion of the process by which the Department of Defense—

(A) approves the development of new precision guided munitions;

(B) avoids duplication and redundancy in the precision guided munitions programs of the Army, Navy, Air Force, and Marine Corps;

(C) ensures rationality in the relationship between the funding plans for precision guided munitions modernization for fiscal years following fiscal year 1996 and the costs of such modernization for those fiscal years; and

(D) identifies by name and function each person responsible for approving each new precision guided munition for initial low-rate production.

(c) FUNDING LIMITATION.—Funds authorized to be appropriated by this Act may not be expended for research, development, test, and evaluation or procurement of interim precision guided munitions until the Secretary of Defense submits the report under subsection (b).

(d) INTERIM PRECISION GUIDED MUNITION DEFINED.—For purposes of paragraph (1), a precision guided munition is an interim precision guided munition if the munition is being procured in fiscal year 1996, but funding is not proposed for additional procurement of the munition in the fiscal years after fiscal year 1996 in the future years defense program submitted to Congress in 1995 under section 221(a) of title 10, United States Code.

SEC. 216. DEFENSE NUCLEAR AGENCY PROGRAMS.

(a) AGENCY FUNDING.—Of the amounts authorized to be appropriated to the Department of Defense in section 201, $252,900,000 shall be available for the Defense Nuclear Agency.

(b) TUNNEL CHARACTERIZATION AND NEUTRALIZATION PROGRAM.—Of the amount available under subsection (a), $3,000,000 shall be available for a tunnel characterization and neutralization program to be managed by the Defense Nuclear Agency as part of the counterproliferation activities of the Department of Defense.

(c) LONG-TERM RADIATION TOLERANT MICROELECTRONICS PROGRAM.—(1) Of the amount available under subsection (a), $6,000,000 shall be available for the establishment of a long-term radiation tolerant microelectronics program to be managed by the Defense Nuclear Agency for the purposes of—

(A) providing for the development of affordable and effective hardening technologies and for incorporation of such technologies into systems;

(B) sustaining the supporting industrial base; and

(C) ensuring that a use of a nuclear weapon in regional threat scenarios does not interrupt or defeat the continued operability of systems of the Armed Forces exposed to the combined effects of radiation emitted by the weapon.

(2) Not later than 120 days after the date of the enactment of this Act, the Secretary of Defense shall submit to Congress a report on how the long-term radiation tolerant microelectronics program is to be conducted and funded in the fiscal years after fiscal year 1996 that are covered by the future-years defense program submitted to Congress in 1995.

SEC. 217. COUNTERPROLIFERATION SUPPORT PROGRAM.

(a) FUNDING.—Of the funds authorized to be appropriated to the Department of Defense under section 201(4), $144,500,000 shall be available for the Counterproliferation Support Program, of which—

(1) $30,000,000 shall be available for a tactical antisatellite technologies program; and

(2) $6,300,000 shall be available for research and development of technologies for Special Operations Command (SOCOM) counterproliferation activities.

(b) ADDITIONAL AUTHORITY TO TRANSFER AUTHORIZATIONS.—(1) In addition to the transfer authority provided in section 1003, upon determination by the Secretary of Defense that such action is necessary in the national interest, the Secretary may transfer amounts of authorizations made available to the Department of Defense in this division for fiscal year 1996 to counterproliferation programs, projects, and activities identified as areas for progress by the Counterproliferation Program Review Committee established by section 1605 of the National Defense Authorization Act for Fiscal Year 1994 (Public Law 103-160). Amounts of authorizations so transferred shall be merged with and be available for the same purposes as the authorization to which transferred.

(2) The total amount of authorizations that the Secretary may transfer under the authority of this subsection may not exceed $50,000,000.

(3) The authority provided by this subsection to transfer authorizations—

(A) may only be used to provide authority for items that have a higher priority than the items from which authority is transferred; and

(B) may not be used to provide authority for an item that has been denied authorization by Congress.

(4) A transfer made from one account to another under the authority of this subsection shall be deemed to increase the amount authorized for the account to which the amount is transferred by an amount equal to the amount transferred.

(5) The Secretary of Defense shall promptly notify Congress of transfers made under the authority of this subsection.

SEC. 218. NONLETHAL WEAPONS PROGRAM.

(a) ESTABLISHMENT OF PROGRAM OFFICE.—The Secretary of Defense shall establish in the Office of the Under Secretary of Defense for Acquisition and Technology a Program Office for Nonlethal Systems and Technologies to conduct research, development, testing, and evaluation of nonlethal weapons applicable to forces engaged in both traditional and nontraditional military operations.

(b) FUNDING.—Of the amount authorized to be appropriated under section 201(4), $37,200,000 shall be available for the Program Office for Nonlethal Systems and Technologies.

SEC. 219. FEDERALLY FUNDED RESEARCH AND DEVELOPMENT CENTERS.

(a) CENTERS COVERED.—Funds appropriated or otherwise made available for the Department of Defense for fiscal year 1996 pursuant to an authorization of appropriations in section 201 may be obligated to procure work from a federally funded research and development center only in the case of a center named in the report required by subsection (b) and, in the case of such a center, only in an amount not in excess of the amount of the proposed funding level set forth for that center in such report.

(b) REPORT ON ALLOCATIONS FOR CENTERS.—(1) Not later than 30 days after the date of the enactment of this Act, the Secretary of Defense shall submit to the Committee on Armed Services of the Senate and the Committee on National Security of the House of Representatives a report containing—

(A) the name of each federally funded research and development center from which work is proposed to be procured for the Department of Defense for fiscal year 1996; and

(B) for each such center, the proposed funding level and the estimated personnel level for fiscal year 1996.

(2) The total of the proposed funding levels set forth in the report for all federally funded research and development centers may not exceed the amount set forth in subsection (d).

(c) LIMITATION PENDING SUBMISSION OF REPORT.—No funds appropriated or otherwise made available for the Department of Defense for fiscal year 1996 may be obligated to procure work from a federally funded research and development center until the Secretary of Defense submits the report required by subsection (b).

(d) FUNDING.—Of the amounts authorized to be appropriated by section 201, not more than a total of $1,162,650,000 may be obligated to procure services from the federally funded research and development centers named in the report required by subsection (b).

(e) AUTHORITY TO WAIVE FUNDING LIMITATION.—The Secretary of Defense may waive the limitation regarding the maximum funding amount that applies under subsection (a) to a federally funded research and development center. Whenever the Secretary proposes to make such a waiver, the Secretary shall submit to the Committee on Armed Services of the Senate and the Committee on National Security of the House of Representatives notice of the proposed waiver and the reasons for the waiver. The waiver may then be made only after the end of the 60-day period that begins on the date on which the notice is submitted to those committees, unless the Secretary determines that it is essential to the national security that funds be obligated for work at that center in excess of that limitation before the end of such period and notifies the Committee on Armed Services of the Senate and the Committee on National Security of the House of Representatives of that determination and the reasons for the determination.

(f) UNDISTRIBUTED REDUCTION.—The total amount authorized to be appropriated for research, development, test, and evaluation in section 201 is hereby reduced by $90,000,000.

SEC. 220. STATES ELIGIBLE FOR ASSISTANCE UNDER DEFENSE EXPERIMENTAL PROGRAM TO STIMULATE COMPETITIVE RESEARCH.

Subparagraph (A) of section 257(d)(2) of the National Defense Authorization Act for Fiscal Year 1995 (Public Law 103-337; 108 Stat. 2705; 10 U.S.C. 2358 note) is amended to read as follows:

"(A) the amount of all Department of Defense obligations for science and engineering research and development that were in effect with institutions of higher education in the State for the fiscal year preceding the fiscal year for which the designation is effective or for the last fiscal year for which statistics are available is less than the amount determined by multiplying 60 percent times 1/50 of the total amount of all Department of Defense obligations for science and engineering research and development that were in effect with institutions of higher education in the United States for such preceding or last fiscal year, as the case may be (to be determined in consultation with the Secretary of Defense);".

SEC. 221. NATIONAL DEFENSE TECHNOLOGY AND INDUSTRIAL BASE, DEFENSE REINVESTMENT, AND CONVERSION.

(a) REPEAL OF CERTAIN AUTHORITIES AND REQUIREMENTS.—Chapter 148 of title 10, United States Code, is amended—

(1) in section 2491—

(A) by striking out paragraphs (12), (13), (14), and (15); and

(B) by redesignating paragraph (16) as paragraph (12);

(2) in section 2501—

(A) by striking out subsection (b); and

(B) by redesignating subsection (c) as subsection (b); and

(3) by striking out sections 2512, 2513, 2516, 2520, 2523, and 2524.

(b) CRITERIA FOR SELECTION OF DEFENSE ADVANCED MANUFACTURING TECHNOLOGY PARTNERSHIPS.—Subsection (d) of section 2522 of such title is amended to read as follows:

"(d) SELECTION CRITERIA.—The criteria for the selection of proposed partnerships for establishment under this section shall be the criteria specified in section 2511(f) of this title.".

(c) CONFORMING AMENDMENTS.—(1) Section 2516(b) of such title is amended—

(A) by inserting "and" at the end of paragraph (2);

(B) by striking out "; and" at the end of paragraph (3) and inserting in lieu thereof a period; and

(C) by striking out paragraph (4).

(2) Section 2524 of such title is amended—

(A) in subsection (a), by striking out "and the defense reinvestment, diversification, and conversion program objectives set forth in section 2501(b) of this title"; and

(B) in subsection (f), by striking out "and the reinvestment, diversification, and conversion program objectives set forth in section 2501(b) of this title".

(d) CLERICAL AMENDMENTS.—(1) The table of sections at the beginning of subchapter III of chapter 148 of title 10, United States Code, is amended by striking out the items relating to sections 2512, 2513, 2516, and 2520.

(2) The table of sections at the beginning of subchapter IV of such chapter is amended by striking out the items relating to sections 2523 and 2524.

SEC. 222. REVISIONS OF MANUFACTURING SCIENCE AND TECHNOLOGY PROGRAM.

(a) PARTICIPATION OF DOD LABORATORIES IN ESTABLISHMENT OF PROGRAM.—Subsection (a) of section 2525 of title 10, United States Code, is amended by inserting after the first sentence the following: "The Secretary shall use the manufacturing science and technology joint planning process of the directors of the Department of Defense laboratories in establishing the program.".

(b) PARTICIPATION OF EQUIPMENT MANUFACTURERS IN PROJECTS.—Subsection (c) of such section is amended—

(1) by inserting "(1)" after "(c) EXECUTION.—"; and

(2) by adding at the end the following:

"(2) The Secretary shall seek, to the extent practicable, the participation of manufacturers of manufacturing equipment in the projects under the program.".

SEC. 223. PREPAREDNESS OF THE DEPARTMENT OF DEFENSE TO RESPOND TO MILITARY AND CIVIL DEFENSE EMERGENCIES RESULTING FROM A CHEMICAL, BIOLOGICAL, RADIOLOGICAL, OR NUCLEAR ATTACK.

(a) REPORT.—Not later than February 28, 1996, the Secretary of Defense and the Secretary of Energy, in consultation with the Director of the Federal Emergency Management Agency, shall jointly submit to Congress a report on the plans and programs of the Department of Defense to prepare for and respond to military and civil defense emergencies resulting from a chemical, biological, radiological, or nuclear attack on the United States.

(b) CONTENT OF REPORT.—The report shall contain the following:

(1) A discussion of—

(A) the consequences of an attack for which the Department of Defense has a responsibility to provide a primary response; and

(B) the plans and programs for preparing for and providing that response.

(2) A discussion of—

(A) the consequences of an attack for which the Department of Defense has a responsibility to provide a supporting response; and

(B) the plans and programs for preparing for and providing that response.

(3) Any actions and recommended legislation that the Secretary considers necessary for improving the preparedness of the Department of Defense to respond effectively to the consequences of a chemical, biological, radiological, or nuclear attack on the United States.

SEC. 224. JOINT SEISMIC PROGRAM AND GLOBAL SEISMIC NETWORK.

To the extent provided in appropriations Acts, $9,500,000 of the unobligated balance of funds available to the Air Force for research, development, test, and evaluation for fiscal year 1995 shall be available for continuation of the Joint Seismic Program and Global Seismic Network.

SEC. 225. DEPRESSED ALTITUDE GUIDED GUN ROUND SYSTEM.

Of the amount authorized to be appropriated under section 201(1), $5,000,000 is authorized to be appropriated for continued development of the depressed altitude guided gun round system.

SEC. 226. ARMY ECHELON ABOVE CORPS COMMUNICATIONS.

Of the amount authorized to be appropriated under section 201(3), $40,000,000 is hereby transferred to the authorization of appropriations under section 101(5) for procurement of communications equipment for Army echelons above corps.

SEC. 227. TESTING OF THEATER MISSILE DEFENSE INTERCEPTORS.

(a) The Secretary of Defense may not approve a theater missile defense interceptor program proceeding beyond the low-rate initial production acquisition stage until the Secretary certifies to the congressional defense committees that such program has successfully completed initial operational test and evaluation, and is found to be a suitable and effective system.

(b) In order to be certified under subsection (a) as having been successfully completed, the initial operational test and evaluation conducted with respect to an interceptor program must have included flight tests—

(1) that were conducted with multiple interceptors and multiple targets in the presence of realistic countermeasures; and

(2) the results of which demonstrate the achievement by the interceptors of the baseline performance thresholds.

(c) For purposes of this section, the baseline performance thresholds with respect to a program are the weapons systems performance thresholds specified in the baseline description for the system established (pursuant to section 2435(a)(1) of title 10, United States Code) before the program entered the engineering and manufacturing development stage.

(d) The number of flight tests described in subsection (b) that are required in order to make the certification under subsection (a) shall be a number determined by the Director of Operational Test and Evaluation to be sufficient for the purposes of this section.

(e) The Secretary may augment flight testing to demonstrate weapons system performance goals for purposes of the certification under subsection (a) through the use of modeling and simulation that is validated by ground and flight testing.

(f) The Director of Operational Test and Evaluation and Ballistic Missile Defense Organization shall include in their annual reports to Congress plans to adequately test theater missile defense interceptor programs throughout the acquisition process. As these theater missile defense systems progress through the acquisition process, the Director of Operational Test and Evaluation and Ballistic Missile Defense Organization shall include in their annual reports to Congress an assessment of how these programs satisfy planned test objectives.

Subtitle C—Missile Defense

SEC. 231. SHORT TITLE.

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

SEC. 232. FINDINGS.

Congress makes the following findings:

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

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

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

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

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

(6) The concept of mutual assured destruction, which was one of the major philosophical rationales for the ABM Treaty, is now questionable as a basis for stability in a multipolar world in which the United States and the states of the former Soviet Union are seeking to normalize relations and eliminate Cold War attitudes and arrangements.

(7) Theater and national missile defenses can contribute to the maintenance of stability as missile threats proliferate and as the United States and the former Soviet Union significantly reduce the number of strategic nuclear forces in their respective inventories.

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

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

SEC. 233. MISSILE DEFENSE POLICY.

It is the policy of the United States to—

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

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

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

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

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

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

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

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

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

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

SEC. 234. THEATER MISSILE DEFENSE ARCHITECTURE.

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

(1) The Patriot PAC-3 system, with a first unit equipped (FUE) in fiscal year 1998.

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

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

(4) The Navy Upper Tier (Theater Wide) system, with a user operational evaluation system (UOES) capability in fiscal year 1999 and an initial operational capability (IOC) in fiscal year 2001.

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

(c) TERMINATION OF PROGRAMS.—The Secretary of Defense shall terminate the Boost Phase Interceptor (BPI) program.

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

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

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

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

(C) the planned acquisition strategy; and

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

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

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

SEC. 235. NATIONAL MISSILE DEFENSE SYSTEM ARCHITECTURE.

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

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

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

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

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

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

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

(3) upgraded early warning radars; and

(4) space-based sensors.

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

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

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

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

(1) The use of existing facilities and infrastructure.

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

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

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

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

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

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

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

(B) Sea-based missile defense systems.

(C) Space-based kinetic energy interceptors.

(D) Space-based directed energy systems.

SEC. 236. CRUISE MISSILE DEFENSE INITIATIVE.

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

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

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

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

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

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

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

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

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

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

SEC. 237. POLICY REGARDING THE ABM TREATY.

(a) Congress makes the following findings:

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

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

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

(4) The policies, programs, and requirements of subtitle C of title II of this Act can be accomplished through processes specified within, or consistent with, the ABM Treaty, which anticipates the need and provides the means for amendment to the Treaty.

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

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

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

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

(2)(A) the Senate should undertake a comprehensive review of the continuing value and validity of the ABM Treaty with the intent of providing additional policy guidance on the future of the ABM Treaty during the second session of the One Hundred Fourth Congress; and

(B) upon completion of the review, the Committee on Foreign Relations, in consultation with the Committee on Armed

Services and other appropriate committees, should report its findings to the Senate.

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

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

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

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

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

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

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

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

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

SEC. 239. BALLISTIC MISSILE DEFENSE PROGRAM ELEMENTS.

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

(1) The Patriot system.

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

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

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

(5) Other Theater Missile Defense Activities.

(6) National Missile Defense.

(7) Follow-On and Support Technologies.

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

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

(d) BM/C3I PROGRAMS.—Funding for programs, projects, and activities involving battle management, command, control, communications, and intelligence (BM/C3I) shall be covered in the "Other Theater Missile Defense Activities" program element or the "National Missile Defense" program element, as determined on the basis of the primary objectives involved.

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

SEC. 240. ABM TREATY DEFINED.

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

SEC. 241. REPEAL OF MISSILE DEFENSE PROVISIONS.

The following provisions of law are repealed:

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

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

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

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

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

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

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

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

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

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

SEC. 242. SENSE OF SENATE ON THE DIRECTOR OF OPERATIONAL TEST AND EVALUATION.

(a) FINDINGS.—The Senate makes the following findings:

(1) The Office of the Director of Operational Test and Evaluation of the Department of Defense was created by Congress to provide an independent validation and verification on the suitability and effectiveness of new weapons, and to ensure that the United States military departments acquire weapons that are proven in an operational environment before they are produced and used in combat.

(2) The office is currently making significant contributions to the process by which the Department of Defense acquires new weapons by providing vital insights on operational weapons tests to be used in this acquisition process.

(3) The office provides vital services to Congress in providing an independent certification on the performance of new weapons that have been operationally tested.

(4) A provision of H.R. 1530, an Act entitled "An Act to authorize appropriations for fiscal year 1996 for military activities of the Department of Defense, for military construction, and for defense activities of the Department of Energy, to prescribe personnel strengths for such fiscal year for the Armed Forces, and for other purposes", agreed to by the House of Representatives on June 15, 1995, contains a provision that could substantially diminish the authority and responsibilities of the office and perhaps cause the elimination of the office and its functions.

(b) SENSE OF THE SENATE.—It is the sense of the Senate that—

(1) the authority and responsibilities of the Office of the Director of Operational Test and Evaluation of the Department of Defense should not be diminished or eliminated; and

(2) the conferees on H.R. 1530, an Act entitled "An Act to authorize appropriations for fiscal year 1996 for military activities of the Department of Defense, for military construction, and for defense activities of the Department of Energy, to prescribe personnel strengths for such fiscal year for the Armed Forces, and for other purposes" should not propose to Congress a conference report on that Act that would either diminish or eliminate the Office of the Director of Operational Test and Evaluation or its functions.

SEC. 243. BALLISTIC MISSILE DEFENSE TECHNOLOGY CENTER.

(a) ESTABLISHMENT.—The Director of the Ballistic Missile Defense Organization shall establish a Ballistic Missile Defense Technology Center within the Space and Strategic Defense Command of the Army.

(b) MISSION.—The missions of the Center are as follows:

(1) To maximize common application of ballistic missile defense component technology programs, target test programs, functional analysis and phenomenology investigations.

(2) To store data from the missile defense technology programs of the Armed Forces using computer facilities of the Missile Defense Data Center.

(c) TECHNOLOGY PROGRAM COORDINATION WITH CENTER.—The Secretary of Defense, acting through the Director of the Ballistic Missile Defense Organization, shall require the head of each element or activity of the

Department of Defense beginning a new missile defense program referred to in subsection (b)(1) to first coordinate the program with the Ballistic Missile Defense Technology Center in order to prevent duplication of effort.

TITLE III—OPERATION AND MAINTENANCE

Subtitle A—Authorization of Appropriations

SEC. 301. OPERATION AND MAINTENANCE FUNDING.

Funds are hereby authorized to be appropriated for fiscal year 1996 for the use of the Armed Forces and other activities and agencies of the Department of Defense for expenses, not otherwise provided for, for operation and maintenance, in amounts as follows:

(1) For the Army, $18,073,206,000.

(2) For the Navy, $21,343,960,000.

(3) For the Marine Corps, $2,405,711,000.

(4) For the Air Force, $18,224,893,000.

(5) For Defense-wide activities, $10,021,162,000.

(6) For the Army Reserve, $1,062,591,000.

(7) For the Naval Reserve, $840,842,000.

(8) For the Marine Corps Reserve, $90,283,000.

(9) For the Air Force Reserve, $1,482,947,000.

(10) For the Army National Guard, $2,304,108,000.

(11) For the Air National Guard, $2,734,221,000.

(12) For the Defense Inspector General, $138,226,000.

(13) For the United States Court of Appeals for the Armed Forces, $6,521,000.

(14) For Environmental Restoration, Defense, $1,601,800,000.

(15) For Drug Interdiction and Counterdrug Activities, Defense-wide, $680,432,000.

(16) For Medical Programs, Defense, $9,943,825,000.

(17) For support for the 1996 Summer Olympics, $15,000,000.

(18) For Cooperative Threat Reduction programs, $365,000,000.

(19) For Overseas Humanitarian, Disaster, and Civic Aid programs, $60,000,000.

The amount authorized to be appropriated by section 301(5) is hereby reduced by $40,000,000.

SEC. 302. WORKING CAPITAL FUNDS.

Funds are hereby authorized to be appropriated for fiscal year 1996 for the use of the Armed Forces and other activities and agencies of the Department of Defense for providing capital for working capital and revolving funds in amounts as follows:

(1) For the Defense Business Operations Fund, $878,700,000.

(2) For the National Defense Sealift Fund, $1,084,220,000.

SEC. 303. ARMED FORCES RETIREMENT HOME.

(a) AUTHORIZATION OF APPROPRIATIONS TO TRUST FUND.—There is hereby authorized to be appropriated to the Armed Forces Retirement Home Trust Fund the sum of $45,000,000, to remain available until expended.

(b) AUTHORIZATION OF APPROPRIATIONS FROM TRUST FUND.—There is hereby authorized to be appropriated for fiscal year 1996 from the Armed Forces Retirement Home Trust Fund the sum of $59,120,000 for the operation of the Armed Forces Retirement Home, including the United States Soldiers' and Airmen's Home and the Naval Home.

SEC. 304. TRANSFER FROM NATIONAL DEFENSE STOCKPILE TRANSACTION FUND.

(a) TRANSFER AUTHORITY.—To the extent provided in appropriations Acts, not more than $150,000,000 is authorized to be transferred from the National Defense Stockpile Transaction Fund to operation and maintenance accounts for fiscal year 1996 in amounts as follows:

(1) For the Army, $50,000,000.

(2) For the Navy, $50,000,000.

(3) For the Air Force, $50,000,000.

(b) TREATMENT OF TRANSFERS.—Amounts transferred under this section—

(1) shall be merged with, and be available for the same purposes and the same period as, the amounts in the accounts to which transferred; and

(2) may not be expended for an item that has been denied authorization of appropriations by Congress.

(c) RELATIONSHIP TO OTHER TRANSFER AUTHORITY.—The transfer authority provided in this section is in addition to the transfer authority provided in section 1001.

SEC. 305. INCREASE IN FUNDING FOR THE CIVIL AIR PATROL.

(a) INCREASE.—(1) The amount of funds authorized to be appropriated by this Act for operation and maintenance of the Air Force for the Civil Air Patrol Corporation is hereby increased by $5,000,000.

(2) The amount authorized to be appropriated for operation and maintenance for the Civil Air Patrol Corporation under paragraph (1) is in addition to any other funds authorized to be appropriated under this Act for that purpose.

(b) OFFSETTING REDUCTION.—The amount authorized to be appropriated under this Act for Air Force support of the Civil Air Patrol is hereby reduced by $2,900,000. The amount of the reduction shall be allocated among funds authorized to be appropriated for Air Force personnel supporting the Civil Air Patrol and for Air Force operation and maintenance support for the Civil Air Patrol.

Subtitle B—Depot-Level Maintenance and Repair

SEC. 311. POLICY REGARDING PERFORMANCE OF DEPOT-LEVEL MAINTENANCE AND REPAIR FOR THE DEPARTMENT OF DEFENSE.

(a) REQUIREMENT FOR POLICY.—Not later than March 31, 1996, the Secretary of Defense shall develop and report to the Committee on Armed Services of the Senate and the Committee on National Security of the House of Representatives a comprehensive policy on the performance of depot-level maintenance and repair for the Department of Defense.

(b) PRIMARY OBJECTIVE OF POLICY.—In developing the policy, it shall be the primary objective of the Secretary to ensure a ready and controlled source of technical competence and repair and maintenance capabilities necessary for national security across a full range of current and projected training and operational requirements, including requirements in peacetime, contingency operations, mobilization, and other emergencies.

(c) CONTENT OF POLICY.—The policy shall—

(1) define, in terms of the requirements of the Department of Defense for performance of maintenance and repair, the purpose for having public depots for performing those functions;

(2) provide for performance of core depot-level maintenance and repair capabilities in facilities owned and operated by the United States;

(3) provide for the core capabilities to include sufficient skilled personnel, equipment, and facilities to achieve the objective set forth in subsection (b);

(4) address environmental liability;

(5) in the case of depot-level maintenance and repair workloads in excess of the workload required to be performed by Department of Defense depots, provide for competition for those workloads between public and private entities when there is sufficient potential for realizing cost savings based on adequate private sector competition and technical capabilities;

(6) provide for selection on the basis of merit whenever the workload of a Department of Defense depot is changed;

(7) provide transition provisions appropriate for persons in the Department of Defense depot-level workforce; and

(8) address issues concerning exchange of technical data between the Federal Government and the private sector, environmental liability, efficient and effective performance of depot functions, and adverse effects of the policy on the Federal Government work force.

(d) CONSIDERATION.—In developing the policy, the Secretary shall take into consideration the capabilities of the public depots and the capabilities of businesses in the private sector to perform the maintenance and repair work required by the Department of Defense.

(e) REPEAL OF 60/40 REQUIREMENT AND REQUIREMENT RELATING TO COMPETITION.—(1) Sections 2466 and 2469 of title 10, United States Code, are repealed.

(2) The table of sections at the beginning of chapter 146 of such title is amended by striking out the items relating to sections 2466 and 2469.

(3) The amendments made by paragraphs (1) and (2) shall take effect on the date (after the date of the enactment of this Act) on which legislation is enacted that contains a provision that specifically states one of the following:

(A) "The policy on the performance of depot-level maintenance and repair for the Department of Defense that was submitted by the Secretary of Defense to the Committee on Armed Services of the Senate and the Committee on National Security of the House of Representatives pursuant to section 311 of the National Defense Authorization Act for Fiscal Year 1996 is approved."; or

(B) "The policy on the performance of depot-level maintenance and repair for the Department of Defense that was submitted by the Secretary of Defense to the Committee on Armed Services of the Senate and the Committee on National Security of the House of Representatives pursuant to section 311 of the National Defense Authorization Act for Fiscal Year 1996 is approved with the following modifications:" (with the modifications being stated in matter appearing after the colon).

(f) REVIEW BY THE GENERAL ACCOUNTING OFFICE.—(1) The Secretary shall make available to the Comptroller General of the United States all information used by the Department in developing the policy under subsections (a) through (d) of this section.

(2) Not later than 45 days after the Secretary submits to Congress the report required by subsection (a), the Comptroller General shall transmit to Congress a report containing a detailed analysis of the Secretary's proposed policy as reported under subsection (a).

SEC. 312. EXTENSION OF AUTHORITY FOR AVIATION DEPOTS AND NAVAL SHIPYARDS TO ENGAGE IN DEFENSE-RELATED PRODUCTION AND SERVICES.

Section 1425(e) of the National Defense Authorization Act for Fiscal Year 1991 (Public Law 101-510; 104 Stat. 1684), as amended by section 370(b) of Public Law 103-160 (107 Stat. 1634) and section 386(b) of Public Law 103-337

(108 Stat. 2742), is further amended by striking out "September 30, 1995" and inserting in lieu thereof "September 30, 1996".

Subtitle C—Environmental Provisions

SEC. 321. REVISION OF REQUIREMENTS FOR AGREEMENTS FOR SERVICES UNDER ENVIRONMENTAL RESTORATION PROGRAM.

(a) REQUIREMENTS.—(1) Section 2701(d) of title 10, United States Code, is amended to read as follows:

"(d) SERVICES OF OTHER AGENCIES.—

"(1) IN GENERAL.—Subject to paragraph (2), the Secretary may enter into agreements on a reimbursable or other basis with any other Federal agency, or with any State or local government agency, to obtain the services of the agency to assist the Secretary in carrying out any of the Secretary's responsibilities under this section. Services which may be obtained under this subsection include the identification, investigation, and cleanup of any off-site contamination resulting from the release of a hazardous substance or waste at a facility under the Secretary's jurisdiction.

"(2) LIMITATION ON REIMBURSABLE AGREEMENTS.—An agreement with an agency under paragraph (1) may provide for reimbursement of the agency only for technical or scientific services obtained from the agency.".

(2)(A) Except as provided in subparagraph (B), the total amount of funds available for reimbursements under agreements entered into under section 2710(d) of title 10, United States Code, as amended by paragraph (1), in fiscal year 1996 may not exceed $5,000,000.

(B) The Secretary of Defense may pay in fiscal year 1996 an amount for reimbursements under agreements referred to in subparagraph (A) in excess of the amount specified in that subparagraph for that fiscal year if—

(i) the Secretary certifies to Congress that the payment of the amount under this subparagraph is essential for the management of the Defense Environmental Restoration Program under chapter 160 of title 10, United States Code; and

(ii) a period of 60 days has expired after the date on which the certification is received by Congress.

(b) REPORT ON SERVICES OBTAINED.—The Secretary of Defense shall include in the report submitted to Congress with respect to fiscal year 1998 under section 2706(a) of title 10, United States Code, information on the services, if any, obtained by the Secretary during fiscal year 1996 pursuant to each agreement on a reimbursable basis entered into with a State or local government agency under section 2701(d) of title 10, United States Code, as amended by subsection (a). The information shall include a description of the services obtained under each agreement and the amount of the reimbursement provided for the services.

SEC. 322. DISCHARGES FROM VESSELS OF THE ARMED FORCES.

(a) PURPOSES.—The purposes of this section are to—

(1) enhance the operational flexibility of vessels of the Armed Forces domestically and internationally;

(2) stimulate the development of innovative vessel pollution control technology; and

(3) advance the development by the United States Navy of environmentally sound ships.

(b) UNIFORM NATIONAL DISCHARGE STANDARDS DEVELOPMENT.—Section 312 of the Federal Water Pollution Control Act (33 U.S.C. 1322) is amended by adding at the end the following:

"(n) UNIFORM NATIONAL DISCHARGE STANDARDS FOR VESSELS OF THE ARMED FORCES.—

"(1) APPLICABILITY.—This subsection shall apply to vessels of the Armed Forces and discharges, other than sewage, incidental to the normal operation of a vessel of the Armed Forces, unless the Secretary of Defense finds that compliance with this subsection would not be in the national security interests of the United States.

"(2) DETERMINATION OF DISCHARGES REQUIRED TO BE CONTROLLED BY MARINE POLLUTION CONTROL DEVICES.—

"(A) IN GENERAL.—The Administrator and the Secretary of Defense, after consultation with the Secretary of the department in which the Coast Guard is operating, the Secretary of Commerce, and interested States, shall jointly determine the discharges incidental to the normal operation of a vessel of the Armed Forces for which it is reasonable and practicable to require use of a marine pollution control device to mitigate adverse impacts on the marine environment. Notwithstanding subsection (a)(1) of section 553 of title 5, United States Code, the Administrator and the Secretary of Defense shall promulgate the determinations in accordance with the section.

"(B) CONSIDERATIONS.—In making a determination under subparagraph (A), the Administrator and the Secretary of Defense shall take into consideration—

"(i) the nature of the discharge;

"(ii) the environmental effects of the discharge;

"(iii) the practicability of using the marine pollution control device;

"(iv) the effect that installation or use of the marine pollution control device would have on the operation or operational capability of the vessel;

"(v) applicable United States law;

"(vi) applicable international standards; and

"(vii) the economic costs of the installation and use of the marine pollution control device.

"(3) PERFORMANCE STANDARDS FOR MARINE POLLUTION CONTROL DEVICES.—

"(A) IN GENERAL.—For each discharge for which a marine pollution control device is determined to be required under paragraph (2), the Administrator and the Secretary of Defense, in consultation with the Secretary of the department in which the Coast Guard is operating, the Secretary of State, the Secretary of Commerce, other interested Federal agencies, and interested States, shall jointly promulgate Federal standards of performance for each marine pollution control device required with respect to the discharge. Notwithstanding subsection (a)(1) of section 553 of title 5, United States Code, the Administrator and the Secretary of Defense shall promulgate the standards in accordance with the section.

"(B) CONSIDERATIONS.—In promulgating standards under this paragraph, the Administrator and the Secretary of Defense shall take into consideration the matters set forth in paragraph (2)(B).

"(C) CLASSES, TYPES, AND SIZES OF VESSELS.—The standards promulgated under this paragraph may—

"(i) distinguish among classes, types, and sizes of vessels;

"(ii) distinguish between new and existing vessels; and

"(iii) provide for a waiver of the applicability of the standards as necessary or appropriate to a particular class, type, age, or size of vessel.

"(4) REGULATIONS FOR USE OF MARINE POLLUTION CONTROL DEVICES.—The Secretary of Defense, after consultation with the Administrator and the Secretary of the department in which the Coast Guard is operating, shall promulgate such regulations governing the design, construction, installation, and use of marine pollution control devices on board vessels of the Armed Forces as are necessary to achieve the standards promulgated under paragraph (3).

"(5) DEADLINES; EFFECTIVE DATE.—

"(A) DETERMINATIONS.—The Administrator and the Secretary of Defense shall—

"(i) make the initial determinations under paragraph (2) not later than 2 years after the date of enactment of this subsection; and

"(ii) every 5 years—

"(I) review the determinations; and

"(II) if necessary, revise the determinations based on significant new information.

"(B) STANDARDS.—The Administrator and the Secretary of Defense shall—

"(i) promulgate standards of performance for a marine pollution control device under paragraph (3) not later than 2 years after the date of a determination under paragraph (2) that the marine pollution control device is required; and

"(ii) every 5 years—

"(I) review the standards; and

"(II) if necessary, revise the standards, consistent with paragraph (3)(B) and based on significant new information.

"(C) REGULATIONS.—The Secretary of Defense shall promulgate regulations with respect to a marine pollution control device under paragraph (4) as soon as practicable after the Administrator and the Secretary of Defense promulgate standards with respect to the device under paragraph (3), but not later than 1 year after the Administrator and the Secretary of Defense promulgate the standards. The regulations promulgated by the Secretary of Defense under paragraph (4) shall become effective upon promulgation unless another effective date is specified in the regulations.

"(D) PETITION FOR REVIEW.—The Governor of any State may submit a petition requesting that the Secretary of Defense and the Administrator review a determination under paragraph (2) or a standard under paragraph (3), if there is significant new information, not considered previously, that could reasonably result in a change to the particular determination or standard after consideration of the matters set forth in paragraph (2)(B). The petition shall be accompanied by the scientific and technical information on which the petition is based. The Administrator and the Secretary of Defense shall grant or deny the petition not later than 2 years after the date of receipt of the petition.

"(6) EFFECT ON OTHER LAWS.—

"(A) PROHIBITION ON REGULATION BY STATES OR POLITICAL SUBDIVISIONS OF STATES.—Beginning on the effective date of—

"(i) a determination under paragraph (2) that it is not reasonable and practicable to require use of a marine pollution control device regarding a particular discharge incidental to the normal operation of a vessel of the Armed Forces; or

"(ii) regulations promulgated by the Secretary of Defense under paragraph (4);

except as provided in paragraph (7), neither a State nor a political subdivision of a State may adopt or enforce any statute or regulation of the State or political subdivision with respect to the discharge or the design, construction, installation, or use of any marine pollution control device required to control the discharge.

"(B) FEDERAL LAWS.—This subsection shall not affect the application of section 311 to

discharges incidental to the normal operation of a vessel.

"(7) ESTABLISHMENT OF STATE NO-DISCHARGE ZONES.—

"(A) STATE PROHIBITION.—

"(i) IN GENERAL.—After the effective date of—

"(I) a determination under paragraph (2) that it is not reasonable and practicable to require use of a marine pollution control device regarding a particular discharge incidental to the normal operation of a vessel of the Armed Forces; or

"(II) regulations promulgated by the Secretary of Defense under paragraph (4);

if a State determines that the protection and enhancement of the quality of some or all of the waters within the State require greater environmental protection, the State may prohibit 1 or more discharges incidental to the normal operation of a vessel, whether treated or not treated, into the waters. No prohibition shall apply until the Administrator makes the determinations described in subclauses (II) and (III) of subparagraph (B)(i).

"(ii) DOCUMENTATION.—To the extent that a prohibition under this paragraph would apply to vessels of the Armed Forces and not to other types of vessels, the State shall document the technical or environmental basis for the distinction.

"(B) PROHIBITION BY THE ADMINISTRATOR.—

"(i) IN GENERAL.—Upon application of a State, the Administrator shall by regulation prohibit the discharge from a vessel of 1 or more discharges incidental to the normal operation of a vessel, whether treated or not treated, into the waters covered by the application if the Administrator determines that—

"(I) the protection and enhancement of the quality of the specified waters within the State require a prohibition of the discharge into the waters;

"(II) adequate facilities for the safe and sanitary removal of the discharge incidental to the normal operation of a vessel are reasonably available for the waters to which the prohibition would apply; and

"(III) the prohibition will not have the effect of discriminating against a vessel of the Armed Forces by reason of the ownership or operation by the Federal Government, or the military function, of the vessel.

"(ii) APPROVAL OR DISAPPROVAL.—The Administrator shall approve or disapprove an application submitted under clause (i) not later than 90 days after the date on which the application is submitted to the Administrator. Notwithstanding clause (i)(II), the Administrator shall not disapprove an application for the sole reason that there are not adequate facilities to remove any discharge incidental to the normal operation of a vessel from vessels of the Armed Forces.

"(C) APPLICABILITY TO FOREIGN FLAGGED VESSELS.—A prohibition under this paragraph—

"(i) shall not impose any design, construction, manning, or equipment standard on a foreign flagged vessel engaged in innocent passage unless the prohibition implements a generally accepted international rule or standard; and

"(ii) that relates to the prevention, reduction, and control of pollution shall not apply to a foreign flagged vessel engaged in transit passage unless the prohibition implements an applicable international regulation regarding the discharge of oil, oily waste, or any other noxious substance into the waters.

"(8) PROHIBITION RELATING TO VESSELS OF THE ARMED FORCES.—After the effective date of the regulations promulgated by the Secretary of Defense under paragraph (4), it shall be unlawful for any vessel of the Armed Forces subject to the regulations to—

"(A) operate in the navigable waters of the United States or the waters of the contiguous zone, if the vessel is not equipped with any required marine pollution control device meeting standards established under this subsection; or

"(B) discharge overboard any discharge incidental to the normal operation of a vessel in waters with respect to which a prohibition on the discharge has been established under paragraph (7).

"(9) ENFORCEMENT.—This subsection shall be enforceable, as provided in subsections (j) and (k), against any agency of the United States responsible for vessels of the Armed Forces notwithstanding any immunity asserted by the agency.".

(c) CONFORMING AMENDMENTS.—

(1) DEFINITIONS.—Section 312(a) of the Federal Water Pollution Control Act (33 U.S.C. 1322(a)) is amended—

(A) in paragraph (8)—

(i) by striking "or"; and

(ii) by inserting "or agency of the United States" after "association,";

(B) in paragraph (11), by striking the period at the end and inserting a semicolon; and

(C) by adding at the end the following:

"(12) 'discharge incidental to the normal operation of a vessel'—

"(A) means a discharge, including—

"(i) graywater, bilge water, cooling water, weather deck runoff, ballast water, oil water separator effluent, and any other pollutant discharge from the operation of a marine propulsion system, shipboard maneuvering system, crew habitability system, or installed major equipment, such as an aircraft carrier elevator or a catapult, or from a protective, preservative, or absorptive application to the hull of the vessel; and

"(ii) a discharge in connection with the testing, maintenance, and repair of a system described in clause (i) whenever the vessel is waterborne; and

"(B) does not include—

"(i) a discharge of rubbish, trash, garbage, or other such material discharged overboard;

"(ii) an air emission resulting from the operation of a vessel propulsion system, motor driven equipment, or incinerator; or

"(iii) a discharge that is not covered by part 122.3 of title 40, Code of Federal Regulations (as in effect on the date of enactment of subsection (n));

"(13) 'marine pollution control device' means any equipment or management practice, for installation or use on board a vessel of the Armed Forces, that is—

"(A) designed to receive, retain, treat, control, or discharge a discharge incidental to the normal operation of a vessel; and

"(B) determined by the Administrator and the Secretary of Defense to be the most effective equipment or management practice to reduce the environmental impacts of the discharge consistent with the considerations set forth in subsection (n)(2)(B); and

"(14) 'vessel of the Armed Forces' means—

"(A) any vessel owned or operated by the Department of Defense, other than a time or voyage chartered vessel; and

"(B) any vessel owned or operated by the Department of Transportation that is designated by the Secretary of the department in which the Coast Guard is operating as a vessel equivalent to a vessel described in subparagraph (A).".

(2) ENFORCEMENT.—The first sentence of section 312(j) of the Federal Water Pollution Control Act (33 U.S.C. 1322(j)) is amended—

(A) by striking "of this section or" and inserting a comma; and

(B) by striking "of this section shall" and inserting ", or subsection (n)(8) shall".

(3) OTHER DEFINITIONS.—Subparagraph (A) of the second sentence of section 502(6) of the Federal Water Pollution Control Act (33 U.S.C. 1362(6)) is amended by striking "'sewage from vessels'" and inserting "sewage from vessels or a discharge incidental to the normal operation of a vessel of the Armed Forces".

(d) COOPERATION IN STANDARDS DEVELOPMENT.—The Administrator of the Environmental Protection Agency and the Secretary of Defense may, by mutual agreement, with or without reimbursement, provide for the use of information, reports, personnel, or other resources of the Environmental Protection Agency or the Department of Defense to carry out section 312(n) of the Federal Water Pollution Control Act (as added by subsection (b)), including the use of the resources to—

(1) determine—

(A) the nature and environmental effect of discharges incidental to the normal operation of a vessel of the Armed Forces;

(B) the practicability of using marine pollution control devices on vessels of the Armed Forces; and

(C) the effect that installation or use of marine pollution control devices on vessels of the Armed Forces would have on the operation or operational capability of the vessels; and

(2) establish performance standards for marine pollution control devices on vessels of the Armed Forces.

SEC. 323. REVISION OF AUTHORITIES RELATING TO RESTORATION ADVISORY BOARDS.

(a) REGULATIONS.—Paragraph (2) of subsection (d) of section 2705 of title 10, United States Code, is amended to read as follows:

"(2)(A) The Secretary shall prescribe regulations regarding the establishment of restoration advisory boards pursuant to this subsection.

"(B) The regulations shall set forth the following matters:

"(i) The functions of the boards.

"(ii) Funding for the boards.

"(iii) Accountability of the boards for expenditures of funds.

"(iv) The routine administrative expenses that may be paid pursuant to paragraph (3).

"(C) The issuance of regulations under subparagraph (A) shall not be a precondition to the establishment of restoration advisory boards under this subsection.".

(b) FUNDING FOR ADMINISTRATIVE EXPENSES.—Paragraph (3) of such subsection is amended to read as follows:

"(3) The Secretary may authorize the commander of an installation to pay routine administrative expenses of a restoration advisory board established for that installation. Such payments shall be made from funds available under subsection (g).".

(c) TECHNICAL ASSISTANCE.—Such section is further amended by striking out subsection (e) and inserting in lieu thereof the following new subsection (e):

"(e) TECHNICAL ASSISTANCE.—(1) The Secretary may authorize the commander of an installation, upon the request of the technical review committee or restoration advisory board for the installation, to obtain for the committee or advisory board, as the case may be, from private sector sources technical assistance for interpreting scientific

and engineering issues with regard to the nature of environmental hazards at the installation and the restoration activities proposed for or conducted at the installation. The commander of an installation shall use funds made available under subsection (g) for obtaining assistance under this paragraph.

"(2) The commander of an installation may obtain technical assistance under paragraph (1) for a technical review committee or restoration advisory board only if—

"(A) the technical review committee or restoration advisory board demonstrates that the Federal, State, and local agencies responsible for overseeing environmental restoration at the installation, and available Department of Defense personnel, do not have the technical expertise necessary for achieving the objective for which the technical assistance is to be obtained;

"(B) the technical assistance is likely to contribute to the efficiency, effectiveness, or timeliness of environmental restoration activities at the installation; and

"(C) the technical assistance is likely to contribute to community acceptance of environmental restoration activities at the installation.".

(d) FUNDING.—(1) Such section is further amended by adding at the end the following:

"(g) FUNDING.—The Secretary shall, to the extent provided in appropriations Acts, make funds available under subsections (d)(3) and (e)(1) using funds in the following accounts:

"(1) In the case of a military installation not approved for closure pursuant to a base closure law, the Defense Environmental Restoration Account established under section 2703(a) of this title.

"(2) In the case of an installation approved for closure pursuant to such a law, the Department of Defense Base Closure Account 1990 established under section 2906(a) of the Defense Base Closure and Realignment Act of 1990 (part A of title XXIX of Public Law 101–510; 10 U.S.C. 2687 note).".

(2)(A) Subject to subparagraph (B), the total amount of funds made available under section 2705(g) of title 10, United States Code, as added by paragraph (1), for fiscal year 1996 may not exceed $4,000,000.

(B) Amounts may not be made available under subsection (g) of such section 2705 after March 1, 1996, unless the Secretary of Defense prescribes the regulations required under subsection (d) of such section, as amended by subsection (a).

(e) DEFINITION.—Such section is further amended by adding at the end the following:

"(h) DEFINITION.—In this section, the term 'base closure law' means the following:

"(1) Title II of the Defense Authorization Amendments and Base Closure and Realignment Act (Public Law 100–526; 10 U.S.C. 2687 note).

"(2) The Defense Base Closure and Realignment Act of 1990 (part A of title XXIX of Public Law 101–510; 10 U.S.C. 2687 note).

"(3) Section 2687 of this title.".

(f) REPORTS ON ACTIVITIES OF TECHNICAL REVIEW COMMITTEES AND RESTORATION ADVISORY BOARDS.—Section 2706(a)(2) of title 10, United States Code, is amended by adding at the end the following:

"(J) A statement of the activities, if any, of the technical review committee or restoration advisory board established for the installation under section 2705 of this title during the preceding fiscal year.".

Subtitle D—Civilian Employees

SEC. 331. MINIMUM NUMBER OF MILITARY RESERVE TECHNICIANS.

For each of fiscal years 1996 and 1997, the minimum number of personnel employed as military reserve technicians (as defined in section 8401(30) of title 5, United States Code) for reserve components as of the last day of such fiscal year shall be as follows:

(1) For the Army National Guard, 25,750.

(2) For the Army Reserve, 7,000.

(3) For the Air National Guard, 23,250.

(4) For the Air Force Reserve, 10,000.

SEC. 332. EXEMPTION OF DEPARTMENT OF DEFENSE FROM PERSONNEL CEILINGS FOR CIVILIAN PERSONNEL.

Section 129 of title 10, United States Code, is amended—

(1) in subsection (a), by striking out "man-year constraint or limitation" and inserting in lieu thereof "constraint or limitation in terms of man years, end strength, full-time equivalent (FTE) employees, or maximum number of employees"; and

(2) in subsection (b)(2), by striking out "any end-strength" and inserting in lieu thereof "any constraint or limitation in terms of man years, end strength, full-time equivalent (FTE) employees, or maximum number of employees".

SEC. 333. WEARING OF UNIFORM BY NATIONAL GUARD TECHNICIANS.

(a) REQUIREMENT.—Section 709(b) of title 32, United States Code, is amended to read as follows:

"(b) Except as prescribed by the Secretary concerned, a technician employed under subsection (a) shall, while so employed—

"(1) be a member of the National Guard;

"(2) hold the military grade specified by the Secretary concerned for that position; and

"(3) wear the uniform appropriate for the member's grade and component of the armed forces while performing duties as a technician.".

(b) UNIFORM ALLOWANCES FOR OFFICERS.—Section 417 of title 37, United States Code, is amended by adding at the end the following:

"(d)(1) For purposes of sections 415 and 416 of this title, a period for which an officer of an armed force, while employed as a National Guard technician, is required to wear a uniform under section 709(b) of title 32 shall be treated as a period of active duty (other than for training).

"(2) A uniform allowance may not be paid, and uniforms may not be furnished, to an officer under section 1593 of title 10 or section 5901 of title 5 for a period of employment referred to in paragraph (1) for which an officer is paid a uniform allowance under section 415 or 416 of this title.".

(c) CLOTHING OR ALLOWANCES FOR ENLISTED MEMBERS.—Section 418 of title 37, United States Code, is amended—

(1) by inserting "(a)" before "The President"; and

(2) by adding at the end the following:

"(b) In determining the quantity and kind of clothing or allowances to be furnished pursuant to regulations prescribed under this section to persons employed as National Guard technicians under section 709 of title 32, the President shall take into account the requirement under subsection (b) of such section for such persons to wear a uniform.

"(c) A uniform allowance may not be paid, and uniforms may not be furnished, under section 1593 of title 10 or section 5901 of title 5 to a person referred to in subsection (b) for a period of employment referred to in that subsection for which a uniform allowance is paid under section 415 or 416 of this title.".

SEC. 334. EXTENSION OF TEMPORARY AUTHORITY TO PAY CIVILIAN EMPLOYEES WITH RESPECT TO THE EVACUATION FROM GUANTANAMO, CUBA.

(a) EXTENSION FOR 120 DAYS.—The authority provided in section 103 of Public Law 104–6 (109 Stat.79) shall be effective until the end of January 31, 1996.

(b) MONTHLY REPORT.—On the first day of each month, the Secretary of the Navy shall transmit to the Committee on Armed Services of the Senate and the Committee on National Security of the House of Representatives a report regarding the employees being paid pursuant to section 103 of Public Law 104–6. The report shall include the number of the employees, their positions of employment, the number and location of the employees' dependents, and the actions that the Secretary is taking to eliminate the conditions making the payments necessary.

SEC. 335. SHARING OF PERSONNEL OF DEPARTMENT OF DEFENSE DOMESTIC DEPENDENT SCHOOLS AND DEFENSE DEPENDENTS' EDUCATION SYSTEM.

Section 2164(e) of title 10, United States Code, is amended by adding at the end the following:

"(4)(A) The Secretary may, without regard to the provisions of any law relating to the number, classification, or compensation of employees—

"(i) transfer civilian employees in schools established under this section to schools in the defense dependents' education system in order to provide the services referred to in subparagraph (B) to such system; and

"(ii) transfer employees in such system to such schools in order to provide such services to such schools.

"(B) The services referred to in subparagraph (A) are the following:

"(i) Administrative services.

"(ii) Logistical services.

"(iii) Personnel services.

"(iv) Such other services as the Secretary considers appropriate.

"(C) Transfers under this paragraph shall extend for such periods as the Secretary considers appropriate. The Secretary shall provide appropriate compensation for employees so transferred.

"(D) The Secretary may provide that the transfer of any employee under this paragraph occur without reimbursement of the school or system concerned.

"(E) In this paragraph, the term 'defense dependents' education system' means the program established and operated under section 1402(a) of the Defense Dependents' Education Act of 1978 (20 U.S.C. 921(a)).".

SEC. 336. REVISION OF AUTHORITY FOR APPOINTMENTS OF INVOLUNTARILY SEPARATED MILITARY RESERVE TECHNICIANS.

(a) REVISION OF AUTHORITY.—Section 3329 of title 5, United States Code, as added by section 544 of the National Defense Authorization Act for Fiscal Year 1993 (Public Law 102–484; 106 Stat. 2415), is amended—

(1) in subsection (b), by striking out "be offered" and inserting in lieu thereof "be provided placement consideration in a position described in subsection (c) through a priority placement program of the Department of Defense"; and

(2) by striking out subsection (c) and inserting in lieu thereof the following new subsection (c):

"(c)(1) The position to be offered a former military technician under subsection (b) shall be a position—

"(A) in either the competitive service or the excepted service;

"(B) within the Department of Defense; and

"(C) in which the person is qualified to serve, taking into consideration whether the employee in that position is required to be a member of a reserve component of the armed forces as a condition of employment.

"(2) To the maximum extent practicable, the position shall also be in a pay grade or other pay classification sufficient to ensure that the rate of basic pay of the former military technician, upon appointment to the position, is not less than the rate of basic pay last received by the former military technician for technician service before separation.".

(b) TECHNICAL AND CLERICAL AMENDMENTS.—(1) The section 3329 of title 5, United States Code, that was added by section 4431 of the National Defense Authorization Act for Fiscal Year 1993 (Public Law 102-484; 106 Stat. 2719) is redesignated as section 3330 of such title.

(2) The table of sections at the beginning of chapter 33 of such title is amended by striking out the item relating to section 3329, as added by section 4431(b) of such Act (106 Stat. 2720), and inserting in lieu thereof the following new item:

"3330. Government-wide list of vacant positions.".

SEC. 337. COST OF CONTINUING HEALTH INSURANCE COVERAGE FOR EMPLOYEES VOLUNTARILY SEPARATED FROM POSITIONS TO BE ELIMINATED IN A REDUCTION IN FORCE.

Section 8905a(d)(4) of title 5, United States Code, is amended—

(1) in subparagraph (A)—

(A) by striking out "from a position" and inserting in lieu thereof "or voluntary separation from a surplus position"; and

(B) by striking out "force—" and inserting in lieu thereof "force or a closure or realignment of a military installation pursuant to a base closure law—"; and

(2) by adding at the end the following new subparagraph:

"(C) In this paragraph:

"(i) The term 'surplus position' means a position that, as determined under regulations prescribed by the Secretary of Defense, is identified during planning for a reduction in force as being no longer required and is designated for elimination during the reduction in force.

"(ii) The term 'base closure law' means the following:

"(I) Section 2687 of title 10.

"(II) Title II of the Defense Authorization Amendments and Base Closure and Realignment Act (Public Law 100-526; 10 U.S.C. 2687 note).

"(III) The Defense Base Closure and Realignment Act of 1990 (part A of title XXIX of Public Law 101-510; 10 U.S.C. 2687 note).

"(iii) The term 'military installation'—

"(I) in the case of an installation covered by section 2687 of title 10, has the meaning given such term in subsection (e)(1) of such section;

"(II) in the case of an installation covered by the Act referred to in subclause (II) of clause (ii), has the meaning given such term in section 209(6) of such Act;

"(III) in the case of an installation covered by the Act referred to in subclause (III) of that clause, has the meaning given such term in section 2910(4) of such Act.".

SEC. 338. ELIMINATION OF 120-DAY LIMITATION ON DETAILS OF CERTAIN EMPLOYEES.

Subsection (b) of section 3341 of title 5, United States Code, is amended—

(1) by inserting "(1)" after "(b)"; and

(2) by adding at the end the following:

"(2) Details of employees of the Department of Defense under subsection (a) of this section may be made only by written order of the Secretary of the military department concerned (or by the Secretary of Defense, in the case of an employee of the Department of Defense who is not an employee of a military department) or a designee of the Secretary. Paragraph (1) does not apply to the Department of Defense.".

SEC. 339. REPEAL OF REQUIREMENT FOR PART-TIME CAREER OPPORTUNITY EMPLOYMENT REPORTS.

Section 3407 of title 5, United States Code, is amended by adding at the end the following:

"(c) This section does not apply to the Department of Defense.".

SEC. 340. AUTHORITY OF CIVILIAN EMPLOYEES OF DEPARTMENT OF DEFENSE TO PARTICIPATE VOLUNTARILY IN REDUCTIONS IN FORCE.

Section 3502 of title 5, United States Code, is amended by adding at the end the following:

"(f)(1) The Secretary of Defense or the Secretary of a military department may—

"(A) release in a reduction in force an employee who volunteers for the release even though the employee is not otherwise subject to release in the reduction in force under the criteria applicable under the other provisions of this section; and

"(B) for each employee voluntarily released in the reduction in force under subparagraph (A), retain an employee who would otherwise be released in the reduction in force under such criteria.

"(2) A voluntary release of an employee in a reduction in force pursuant to paragraph (1) shall be treated as an involuntary release in the reduction in force.

"(3) The regulations prescribed under this section shall incorporate the authority provided in this subsection.

"(4) The authority under paragraph (1) may not be exercised after September 30, 1996.".

SEC. 341. AUTHORITY TO PAY SEVERANCE PAYMENTS IN LUMP SUMS.

Section 5595 of title 5, United States Code, is amended by adding at the end the following:

"(i)(1) In the case of an employee of the Department of Defense who is entitled to severance pay under this section, the Secretary of Defense or the Secretary of the military department concerned may, upon application by the employee, pay the total amount of the severance pay to the employee in one lump sum.

"(2)(A) If an employee paid severance pay in a lump sum under this subsection is reemployed by the Government of the United States or the government of the District of Columbia at such time that, had the employee been paid severance pay in regular pay periods under subsection (b), the payments of such pay would have been discontinued under subsection (d) upon such reemployment, the employee shall refund to the Department of Defense (for the military department that formerly employed the employee, if applicable) an amount equal to the amount of severance pay to which the employee was entitled under this section that would not have been paid to the employee under subsection (d) by reason of such reemployment.

"(B) The period of service represented by an amount of severance pay refunded by an employee under subparagraph (A) shall be considered service for which severance pay has not been received by the employee under this section.

"(C) Amounts refunded to an agency under this paragraph shall be credited to the appropriation available for the pay of employees of the agency for the fiscal year in which received. Amounts so credited shall be merged with, and shall be available for the same purposes and the same period as, the other funds in that appropriation.

"(3) This subsection applies with respect to severance payable under this section for separations taking effect on or after the date of the enactment of the National Defense Authorization Act for Fiscal Year 1996 and before October 1, 1999.".

SEC. 342. HOLIDAYS FOR EMPLOYEES WHOSE BASIC WORKWEEK IS OTHER THAN MONDAY THROUGH FRIDAY.

Section 6103(b) of title 5, United States Code, is amended—

(1) in paragraph (2), by striking out "Instead" and inserting in lieu thereof "Except as provided in paragraph (3), instead"; and

(2) by adding at the end the following:

"(3)(A) In the case of an employee of a military department or any other employee of the Department of Defense, subject to the discretion of the Secretary concerned, instead of a holiday that occurs on a regular weekly non-workday of an employee whose basic workweek is other than Monday through Friday, the legal holiday for the employee is—

"(i) the workday of the employee immediately before the regular weekly non-workday; or

"(ii) if the holiday occurs on a regular weekly non-workday administratively scheduled for the employee instead of Sunday, the next immediately following workday of the employee.

"(B) For purposes of subparagraph (A), the term 'Secretary concerned' has the meaning given that term in subparagraphs (A), (B), and (C) of section 101(a)(9) of title 10 and includes the Secretary of Defense with respect to an employee of the Department of Defense who is not an employee of a military department.".

SEC. 343. COVERAGE OF NONAPPROPRIATED FUND EMPLOYEES UNDER AUTHORITY FOR FLEXIBLE AND COMPRESSED WORK SCHEDULES.

Paragraph (2) of section 6121 of title 5, United States Code, is amended to read as follows:

"(2) 'employee' has the meaning given the term in subsection (a) of section 2105 of this title, except that such term also includes an employee described in subsection (c) of that section;".

Subtitle E—Defense Financial Management

SEC. 351. FINANCIAL MANAGEMENT TRAINING.

(a) LIMITATION.—Funds authorized by this Act to be appropriated for the Department of Defense may not be obligated for a capital lease for the establishment of a Department of Defense financial management training center before the date that is 90 days after the date on which the Secretary of Defense submits, in accordance with subsection (b), a certification of the need for such a center and a report on financial management training for Department of Defense personnel.

(b) CERTIFICATION AND REPORT.—(1) Before obligating funds for a Department of Defense financial management training center, the Secretary of Defense shall—

(A) certify to the Committee on Armed Services of the Senate and the Committee on National Security of the House of Representatives the need for such a center; and

(B) submit to such committees, with the certification, a report on financial management training for Department of Defense personnel.

(2) Any report under paragraph (1) shall contain the following:

(A) The Secretary's analysis of the requirements for providing financial management

training for employees of the Department of Defense.

(B) The alternatives considered by the Secretary for meeting those requirements.

(C) A detailed plan for meeting those requirements.

(D) A financial analysis of the estimated short-term and long-term costs of carrying out the plan.

(E) If, after the analysis referred to in subparagraph (A) and after considering alternatives as described in subparagraph (B), the Secretary determines to meet the requirements through a financial management training center—

(i) the determination of the Secretary regarding the location for the university; and

(ii) a description of the process used by the Secretary for selecting that location.

SEC. 352. LIMITATION ON OPENING OF NEW CENTERS FOR DEFENSE FINANCE AND ACCOUNTING SERVICE.

(a) LIMITATION.—During fiscal year 1996, the Secretary of Defense may not establish any center for the Defense Finance and Accounting Service that is not operating on the date of the enactment of this Act.

(b) EXCEPTION.—If the Secretary submits to Congress not later than March 31, 1996, a report containing a discussion of the need for establishing a new center prohibited by subsection (a), the prohibition in such subsection shall not apply to the center effective 30 days after the date on which Congress receives the report.

(c) REEXAMINATION OF NEED REQUIRED.—Before submitting a report regarding a new center that the Secretary planned before the date of the enactment of this Act to establish on or after that date, the Secretary shall reconsider the need for establishing that center.

Subtitle F—Miscellaneous Assistance

SEC. 361. DEPARTMENT OF DEFENSE FUNDING FOR NATIONAL GUARD PARTICIPATION IN JOINT DISASTER AND EMERGENCY ASSISTANCE EXERCISES.

Section 503(a) of title 32, United States Code, is amended—

(1) by inserting "(1)" after "(a)"; and

(2) by adding at the end the following:

"(2) Paragraph (1) includes authority to provide for participation of the National Guard in conjunction with the Army or the Air Force, or both, in joint exercises for instruction to prepare the National Guard for response to civil emergencies and disasters.".

SEC. 362. OFFICE OF CIVIL-MILITARY PROGRAMS.

None of the funds authorized to be appropriated by this or any other Act may be obligated or expended for the Office of Civil-Military Programs within the Office of the Assistant Secretary of Defense for Reserve Affairs.

SEC. 363. REVISION OF AUTHORITY FOR CIVIL-MILITARY COOPERATIVE ACTION PROGRAM.

(a) RESERVE COMPONENTS TO BE USED FOR COOPERATIVE ACTION.—Section 410 of title 10, United States Code, is amended in the second sentence of subsection (a) by inserting "of the reserve components and of the combat support and combat service support elements of the regular components" after "resources".

(b) PROGRAM OBJECTIVES.—Subsection (b) of such section is amended by striking out paragraphs (1), (2), (3), (4), (5), and (6) and inserting in lieu thereof the following:

"(1) To enhance individual and unit training and morale in the armed forces.

"(2) To encourage cooperation between civilian and military sectors of society.".

(c) REGULATIONS.—Subsection (d) of such section is amended by striking out paragraphs (5) and (6) and inserting in lieu thereof the following:

"(5) Procedures to ensure that Department of Defense resources are not applied exclusively to the program.

"(6) A requirement that a commander of a unit of the armed forces involved in providing assistance certify that the assistance is consistent with the military missions of the unit.".

SEC. 364. OFFICE OF HUMANITARIAN AND REFUGEE AFFAIRS.

None of the funds authorized to be appropriated by this or any other Act may be obligated or expended for the Office of Humanitarian and Refugee Affairs within the Office of the Assistant Secretary of Defense for Special Operations and Low Intensity Conflict.

SEC. 365. OVERSEAS HUMANITARIAN, DISASTER, AND CIVIC AID PROGRAMS.

(a) GAO REPORT.—Not later than December 15, 1995, the Comptroller General of the United States shall provide to the congressional defense committees a report on—

(1) existing funding mechanisms available to cover the costs associated with the Overseas Humanitarian, Disaster, and Civic Assistance activities through funds provided to the Department of State or the Agency for International Development, and

(2) if such mechanisms do not exist, actions necessary to institute such mechanisms, including any changes in existing law or regulations.

Subtitle G—Operation of Morale, Welfare, and Recreation Activities

SEC. 371. DISPOSITION OF EXCESS MORALE, WELFARE, AND RECREATION FUNDS.

Section 2219 of title 10, United States Code, is amended—

(1) in the first sentence, by striking out "a military department" and inserting in lieu thereof "an armed force";

(2) in the second sentence—

(A) by striking out ", department-wide"; and

(B) by striking out "of the military department" and inserting in lieu thereof "for that armed force"; and

(3) by adding at the end the following: "This section does not apply to the Coast Guard.".

SEC. 372. ELIMINATION OF CERTAIN RESTRICTIONS ON PURCHASES AND SALES OF ITEMS BY EXCHANGE STORES AND OTHER MORALE, WELFARE, AND RECREATION FACILITIES.

(a) RESTRICTIONS ELIMINATED.—(1) Subchapter II of chapter 134 of title 10, United States Code, is amended by adding at the end the following new section:

"§ 2255. Military exchange stores and other morale, welfare, and recreation facilities: sale of items

"(a) AUTHORITY.—The MWR retail facilities may sell items in accordance with regulations prescribed by the Secretary of Defense.

"(b) CERTAIN RESTRICTIONS PROHIBITED.—The regulations may not include any of the following restrictions on the sale of items:

"(1) A restriction on the prices of items offered for sale, including any requirement to establish prices on the basis of a specific relationship between the prices charged for the merchandise and the cost of the merchandise to the MWR retail facilities concerned.

"(2) A restriction on price of purchase of an item.

"(3) A restriction on the categories of items that may be offered for sale.

"(4) A restriction on the size of items that may be offered for sale.

"(5) A restriction on the basis of—

"(A) whether the item was manufactured, produced, or mined in the United States; or

"(B) the extent to which the merchandise contains components or materials manufactured, produced, or mined in the United States.

"(c) MWR RETAIL FACILITY DEFINED.—In this section, the term 'MWR retail facilities' means exchange stores and other revenue generating facilities operated by nonappropriated fund activities of the Department of Defense for the morale, welfare, and recreation of members of the armed forces.".

(2) The table of sections at the beginning of subchapter II of chapter 134 of such title is amended by adding at the end the following:

"2255. Military exchange stores and other morale, welfare, and recreation facilities: sale of items.".

(b) REPORT.—Not later than June 1, 1996, the Secretary of Defense shall submit to the Committee on Armed Services of the Senate and the Committee on National Security of the House of Representatives a report that identifies each restriction in effect immediately before the date of the enactment of this Act that is terminated or made inapplicable by section 2255 of title 10, United States Code (as added by subsection (a)), to exchange stores and other revenue generating facilities operated by nonappropriated fund activities of the Department of Defense for the morale, welfare, and recreation of members of the Armed Forces.

SEC. 373. REPEAL OF REQUIREMENT TO CONVERT SHIPS' STORES TO NONAPPROPRIATED FUND INSTRUMENTALITIES.

(a) REPEAL.—Section 371 of the National Defense Authorization Act for Fiscal Year 1994 (Public Law 103-160; 107 Stat. 1634; 10 U.S.C. 7604 note) is amended by striking out subsections (a), (b), and (d).

(b) REPEAL OF RELATED CODIFIED PROVISIONS.—Section 7604 of title 10, United States Code, is amended—

(1) in subsection (a), by striking out "(a) IN GENERAL.—"; and

(2) by striking out subsections (b) and (c).

Subtitle H—Other Matters

SEC. 381. NATIONAL DEFENSE SEALIFT FUND: AVAILABILITY FOR THE NATIONAL DEFENSE RESERVE FLEET.

Section 2218 of title 10, United States Code is amended—

(1) in subsection (c)(1)—

(A) by striking out "and" at the end of subparagraph (C);

(B) by striking out the period at the end of subparagraph (D) and inserting in lieu thereof "; and"; and

(C) by adding at the end the following:

"(E) expenses of the National Defense Reserve Fleet, as established by section 11 of the Merchant Ship Sales Act of 1946 (50 U.S.C. App. 1744).."; and

(2) in subsection (i), by striking out "Nothing" and inserting in lieu thereof "Except as provided in subsection (c)(1)(E), nothing".

SEC. 382. AVAILABILITY OF RECOVERED LOSSES RESULTING FROM CONTRACTOR FRAUD.

(a) DEPARTMENT OF DEFENSE TO RECEIVE 3 PERCENT.—Subchapter I of chapter 134 of title 10, United States Code, is amended by adding at the end the following new section:

"§ 2250. Recoveries of losses and expenses resulting from contractor fraud

"(a) RETENTION OF PART OF RECOVERY.—(1) Notwithstanding any other provision of law,

a portion of the amount recovered by the Government in a fiscal year for losses and expenses incurred by the Department of Defense as a result of contractor fraud at military installations shall be credited to appropriations accounts of the Department of Defense for that fiscal year in accordance with allocations made pursuant to subsection (b).

"(2) The total amount credited to appropriations accounts for a fiscal year pursuant to paragraph (1) shall be the lesser of—

"(A) the amount equal to three percent of the amount referred to in such paragraph that is recovered in that fiscal year; or

"(B) $500,000.

"(b) ALLOCATION OF RECOVERED FUNDS.—The Secretary of Defense shall allocate amounts recovered in a contractor fraud case through the Secretary of the military department concerned to each installation that incurred a loss or expense as a result of the fraud.

"(c) USE BY MILITARY DEPARTMENTS.—The Secretary of a military department receiving an allocation under subsection (b) in a fiscal year with respect to a contractor fraud case—

"(1) shall credit (for use by each installation concerned) the amount equal to the costs incurred by the military department in carrying out or supporting an investigation or litigation of the contractor fraud case to appropriations accounts of the department for such fiscal year that are used for paying the costs of carrying out or supporting investigations or litigation of contractor fraud cases; and

"(2) may credit to any appropriation account of the department for that fiscal year (for use by each installation concerned) the amount, if any, that exceeds the amount credited to appropriations accounts under paragraph (1).

"(d) RECOVERIES INCLUDED.—(1) Subject to paragraph (2)(B), subsection (a) applies to amounts recovered in civil or administrative actions (including settlements) as actual damages, restitution, and investigative costs.

"(2) Subsection (a) does not apply to—

"(A) criminal fines, forfeitures, civil penalties, and damages in excess of actual damages; or

"(B) recoveries of losses or expenses incurred by working-capital funds managed through the Defense Business Operations Fund.".

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of subchapter I of such chapter is amended by adding at the end the following:

"2248. Recoveries of losses and expenses resulting from contractor fraud.".

SEC. 383. PERMANENT AUTHORITY FOR USE OF PROCEEDS FROM THE SALE OF CERTAIN LOST, ABANDONED, OR UNCLAIMED PROPERTY.

(a) PERMANENT AUTHORITY.—Section 2575 of title 10 is amended—

(1) by striking out subsection (b) and inserting in lieu thereof the following:

"(b)(1) In the case of property found on a military installation, the proceeds from the sale of the property under this section shall be credited to the operation and maintenance account of that installation and used—

"(A) to reimburse the installation for any costs incurred by the installation to collect, transport, store, protect, or sell the property; and

"(B) if all such costs are reimbursed, to support morale, welfare, and recreation activities under the jurisdiction of the armed forces conducted for the comfort, pleasure, contentment, or physical or mental improvement of members of the armed forces at that installation.

"(2) The net proceeds from the sale of other property under this section shall be covered into the Treasury as miscellaneous receipts."; and

(2) by adding at the end the following:

"(d)(1) The owner (or heirs, next of kin, or legal representative of the owner) of personal property the proceeds of which are credited to a military installation under subsection (b)(1) may file a claim with the Secretary of Defense for the amount equal to the proceeds (less costs referred to in subparagraph (A) of such subsection). Amounts to pay the claim shall be drawn from the morale, welfare, and recreation account for the installation that received the proceeds.

"(2) The owner (or heirs, next of kin, or legal representative of the owner) may file a claim with the General Accounting Office for proceeds covered into the Treasury under subsection (b)(2).

"(3) Unless a claim is filed under this subsection within 5 years after the date of the disposal of the property to which the claim relates, the claim may not be considered by a court, the Secretary of Defense (in the case of a claim filed under paragraph (1)), or the General Accounting Office (in the case of a claim filed under paragraph (2)).".

(b) REPEAL OF AUTHORITY FOR DEMONSTRATION PROGRAM.—Section 343 of the National Defense Authorization Act for Fiscal Years 1992 and 1993 (Public Law 102-190; 105 Stat. 1343) is repealed.

SEC. 384. SALE OF MILITARY CLOTHING AND SUBSISTENCE AND OTHER SUPPLIES OF THE NAVY AND MARINE CORPS.

(a) IN GENERAL.—Chapter 651 of title 10, United States Code, is amended by adding at the end the following new section:

"§ 7606. Subsistence and other supplies: members of armed forces; veterans; executive or military departments and employees; prices

"(a) The Secretary of the Navy shall procure and sell, for cash or credit—

"(1) articles designated by the Secretary to members of the Navy and Marine Corps; and

"(2) items of individual clothing and equipment to members of the Navy and Marine Corps, under such restrictions as the Secretary may prescribe.

An account of sales on credit shall be kept and the amount due reported to the Secretary. Except for articles and items acquired through the use of working capital funds under section 2208 of this title, sales of articles shall be at cost, and sales of individual clothing and equipment shall be at average current prices, including overhead, as determined by the Secretary.

"(b) The Secretary shall sell subsistence supplies to members of other armed forces at the prices at which like property is sold to members of the Navy and Marine Corps.

"(c) The Secretary may sell serviceable supplies, other than subsistence supplies, to members of other armed forces for the buyers' use in the service. The prices at which the supplies are sold shall be the same prices at which like property is sold to members of the Navy and Marine Corps.

"(d) A person who has been discharged honorably or under honorable conditions from the Army, Navy, Air Force or Marine Corps and who is receiving care and medical treatment from the Public Health Service or the Department of Veterans Affairs may buy subsistence supplies and other supplies, except articles of uniform, at the prices at which like property is sold to members of the Navy and Marine Corps.

"(e) Under such conditions as the Secretary may prescribe, exterior articles of uniform may be sold to a person who has been discharged from the Navy or Marine Corps honorably or under honorable conditions, at the prices at which like articles are sold to members of the Navy or Marine Corps. This subsection does not modify sections 772 or 773 of this title.

"(f) Payment for subsistence supplies sold under this section shall be made in cash.

"(g)(1) The Secretary may provide for the procurement and sale of stores designated by the Secretary to such civilian officers and employees of the United States, and such other persons, as the Secretary considers proper—

"(A) at military installations outside the United States; and

"(B) subject to paragraph (2), at military installations inside the United States where the Secretary determines that it is impracticable for those civilian officers, employees, and persons to obtain such stores from commercial enterprises without impairing the efficient operation of military activities.

"(2) Sales to civilian officers and employees inside the United States may be made under paragraph (1) only to those residing within military installations.

"(h) Appropriations for subsistence of the Navy or Marine Corps may be applied to the purchase of subsistence supplies for sale to members of the Navy and Marine Corps on active duty for the use of themselves and their families.".

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of chapter 651 of such title is amended by adding at the end the following:

"7606. Subsistence and other supplies: members of armed forces; veterans; executive or military departments and employees; prices.".

SEC. 385. CONVERSION OF CIVILIAN MARKSMANSHIP PROGRAM TO NONAPPROPRIATED FUND INSTRUMENTALITY AND ACTIVITIES UNDER PROGRAM.

(a) CONVERSION.—Section 4307 of title 10, United States Code, is amended to read as follows:

"§ 4307. Promotion of rifle practice and firearms safety: administration

"(a) NONAPPROPRIATED FUND INSTRUMENTALITY.—On and after October 1, 1995, the Civilian Marksmanship Program shall be operated as a nonappropriated fund instrumentality of the United States within the Department of Defense for the benefit of members of the armed forces and for the promotion of rifle practice and firearms safety among civilians.

"(b) ADVISORY COMMITTEE.—(1) The Civilian Marksmanship Program shall be under the general supervision of an Advisory Committee for the Promotion of Rifle Practice and Firearms Safety, which shall replace the National Board for the Promotion of Rifle Practice. The Advisory Committee shall be appointed by the Secretary of the Army.

"(2) Members of the Advisory Committee shall serve without compensation, except that members shall be allowed travel expenses, including per diem in lieu of subsistence, at rates authorized for employees of agencies under subchapter I of chapter 57 of title 5, while away from their homes or regular places of business in the performance of Advisory Committee services.

"(c) DIRECTOR.—The Secretary of the Army shall appoint a person to serve as Director of the Civilian Marksmanship Program.

"(d) FUNDING.—(1) The Advisory Committee and the Director may solicit, accept, hold, use, and dispose of, in furtherance of the activities of the Civilian Marksmanship Program, donations of money, property, and services received by gift, devise, bequest, or otherwise. Donations may be accepted notwithstanding any legal restrictions otherwise arising from procurement relationships of the donors with the United States.

"(2) All amounts collected under the Civilian Marksmanship Program, including the proceeds from the sale of arms, ammunition, targets, and other supplies and appliances under section 4308 of this title, shall be credited to the Civilian Marksmanship Program and shall be available to carry out the Civilian Marksmanship Program. Amounts collected by, and available to, the National Board for the Promotion of Rifle Practice before the date of the enactment of this section from sales programs and from fees in connection with competitions sponsored by that Board shall be transferred to the nonappropriated funds account established for the Civilian Marksmanship Program and shall be available to carry out the Civilian Marksmanship Program.

"(3) Funds held on behalf of the Civilian Marksmanship Program shall not be construed to be Government or public funds or appropriated funds and shall not be available to support other nonappropriated fund instrumentalities of the Department of Defense. Expenditures on behalf of the Civilian Marksmanship Program, including compensation and benefits for civilian employees, may not exceed $5,000,000 during any fiscal year. The approval of the Advisory Committee shall be required for any expenditure in excess of $50,000. Notwithstanding any other provision of law, funds held on behalf of the Civilian Marksmanship Program shall remain available until expended.

"(e) INAPPLICABILITY OF ADVISORY COMMITTEE ACT.—The Federal Advisory Committee Act (5 U.S.C. App.) does not apply to the Advisory Committee.

"(f) DEFINITIONS.—In this section and sections 4308 through 4313 of this title:

"(1) The term 'Civilian Marksmanship Program' means the rifle practice and firearms safety program carried out under section 4308 of this title and includes the National Matches and small-arms firing schools referred to in section 4312 of this title.

"(2) The term 'Advisory Committee' means the Advisory Committee for the Promotion of Rifle Practice and Firearms Safety.

"(3) The term 'Director' means the Director of the Civilian Marksmanship Program.".

(b) ACTIVITIES.—Section 4308 of such title is amended to read as follows:

"§ 4308. Promotion of rifle practice and firearms safety: activities

"(a) INSTRUCTION, SAFETY, AND COMPETITION PROGRAMS.—(1) The Civilian Marksmanship Program shall provide for—

"(A) the operation and maintenance of indoor and outdoor rifle ranges and their accessories and appliances;

"(B) the instruction of citizens of the United States in marksmanship, and the employment of necessary instructors for that purpose;

"(C) the promotion of safe and responsible practice in the use of rifled arms and the maintenance and management of matches or competitions in the use of those arms; and

"(D) the award to competitors of trophies, prizes, badges, and other insignia.

"(2) In carrying out this subsection, the Civilian Marksmanship Program shall give priority to activities that benefit firearms safety training and competition for youth and reach as many youth participants as possible.

"(3) Before a person may participate in any activity sponsored or supported by the Civilian Marksmanship Program under this subsection, the person shall be required to certify that the person has not violated any Federal or State firearms laws.

"(b) SALE AND ISSUANCE OF ARMS AND AMMUNITION.—(1) The Civilian Marksmanship Program may issue, without cost, the arms, ammunition (including caliber .22 and caliber .30 ammunition), targets, and other supplies and appliances necessary for activities conducted under subsection (a). Issuance shall be made only to gun clubs under the direction of the Director of the program that provide training in the use of rifled arms to youth, the Junior Reserve Officers' Training Corps, the Boy Scouts of America, 4-H Clubs, Future Farmers of America, and other youth-oriented organizations for training and competition.

"(2) The Director of the Civilian Marksmanship Program may sell at fair market value caliber .30 rifles and accoutrements, caliber .22 rifles, and air rifles, and ammunition for such rifles, to gun clubs that are under the direction of the Director and provide training in the use of rifled arms. In lieu of sales, the Director may loan such rifles to such gun clubs.

"(3) The Director of the Civilian Marksmanship Program may sell at fair market value small arms, ammunition, targets, and other supplies and appliances necessary for target practice to citizens of the United States over 18 years of age who are members of a gun club under the direction of the Director.

"(4) Before conveying any weapon or ammunition to a person, whether by sale or lease, the Director shall provide for a criminal records check of the person with appropriate Federal and State law enforcement agencies.

"(c) OTHER AUTHORITIES.—The Director shall provide for—

"(1) the procurement of necessary supplies, appliances, trophies, prizes, badges, and other insignia, clerical and other services, and labor to carry out the Civilian Marksmanship Program; and

"(2) the transportation of employees, instructors, and civilians to give or to receive instruction or to assist or engage in practice in the use of rifled arms, and the transportation and subsistence, or an allowance instead of subsistence, of members of teams authorized by the Advisory Committee to participate in matches or competitions in the use of rifled arms.

"(d) FEES.—The Director, in consultation with the Advisory Committee, may impose reasonable fees for persons and gun clubs participating in any program or competition conducted under the Civilian Marksmanship Program for the promotion of rifle practice and firearms safety among civilians.

"(e) RECEIPT OF EXCESS ARMS AND AMMUNITION.—(1) The Secretary of the Army shall reserve for the Civilian Marksmanship Program all remaining M-1 Garand rifles, accoutrements, and ammunition for such rifles, still held by the Army. After the date of the enactment of the National Defense Authorization Act for Fiscal Year 1996, the Secretary of the Army shall cease demilitarization of remaining M-1 Garand rifles in the Army inventory unless such rifles are determined to be irreparable.

"(2) Transfers under this subsection shall be made without cost to the Civilian Marksmanship Program, except for the costs of transportation for the transferred small arms and ammunition.

"(f) PARTICIPATION CONDITIONS.—(1) All participants in the Civilian Marksmanship Program and activities sponsored or supported by the Advisory Committee shall be required, as a condition of participation, to sign affidavits stating that—

"(A) they have never been convicted of a firearms violation under State or Federal law; and

"(B) they are not members of any organization which advocates the violent overthrow of the United States Government.

"(2) Any person found to have violated this subsection shall be ineligible to participate in the Civilian Marksmanship Program and future activities.".

(c) PARTICIPATION OF MEMBERS OF THE ARMED FORCES IN INSTRUCTION AND COMPETITION.—Section 4310 of such title is amended to read as follows:

"§ 4310. Rifle instruction and competitions: participation of members

"The commander of a major command of the armed forces may pay the personnel costs and travel and per diem expenses of members of an active or reserve component of the armed forces who participate in a competition sponsored by the Civilian Marksmanship Program or who provide instruction or other services in support of the Civilian Marksmanship Program.".

(d) CONFORMING AMENDMENTS.—(1) Section 4312(a) of such title is amended by striking out "as prescribed by the Secretary of the Army" and inserting in lieu thereof "as part of the Civilian Marksmanship Program".

(2) Section 4313 of such title is amended—

(A) in subsection (a), by striking out "Secretary of the Army" both places it appears and inserting in lieu thereof "Advisory Committee"; and

(B) in subsection (b), by striking out "Appropriated funds available for the Civilian Marksmanship Program (as defined in section 4308(e) of this title) may" and inserting in lieu thereof "Nonappropriated funds available to the Civilian Marksmanship Program shall".

(e) CLERICAL AMENDMENTS.—The table of sections at the beginning of chapter 401 of such title is amended by striking out the items relating to sections 4307, 4308, 4309, and 4310 and inserting in lieu thereof the following new items:

"4307. Promotion of rifle practice and firearms safety: administration.
"4308. Promotion of rifle practice and firearms safety: activities.
"4309. Rifle ranges: availability for use by members and civilians.
"4310. Rifle instruction and competitions: participation of members.".

(f) EFFECTIVE DATE.—The amendments made by this section shall take effect on October 1, 1995.

SEC. 386. REPORT ON EFFORTS TO CONTRACT OUT CERTAIN FUNCTIONS OF DEPARTMENT OF DEFENSE.

Not later than March 1, 1996, the Secretary of Defense shall submit to Congress a report describing the advantages and disadvantages of using contractor personnel, rather than civilian employees of the Department of Defense, to perform functions of the Department that are not essential to the warfighting mission of the Armed Forces. The report shall specify all legislative and regulatory impediments to contracting those functions for private performance.

SEC. 387. IMPACT AID.

(a) SPECIAL RULE FOR 1994 PAYMENTS.—The Secretary of Education shall not consider

any payment to a local educational agency by the Department of Defense, that is available to such agency for current expenditures and used for capital expenses, as funds available to such agency for purposes of making a determination for fiscal year 1994 under section 3(d)(2)(B)(i) of the Act of September 30, 1950 (Public Law 874, 81st Congress) (as such Act was in effect on September 30, 1994).

(b) PAYMENTS FOR ELIGIBLE FEDERALLY CONNECTED CHILDREN.—Subsection (f) of section 8003 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7703) is amended—

(1) in paragraph (2)—

(A) in the matter preceding clause (i) of subparagraph (A), by striking "only if such agency" and inserting "if such agency is eligible for a supplementary payment in accordance with subparagraph (B) or such agency"; and

(B) by adding at the end the following new subparagraph:

"(C) A local educational agency shall only be eligible to receive additional assistance under this subsection if the Secretary determines that—

"(i) such agency is exercising due diligence in availing itself of State and other financial assistance; and

"(ii) the eligibility of such agency under State law for State aid with respect to the free public education of children described in subsection (a)(1) and the amount of such aid are determined on a basis no less favorable to such agency than the basis used in determining the eligibility of local educational agencies for State aid, and the amount of such aid, with respect to the free public education of other children in the State."; and

(2) in paragraph (3)—

(A) in subparagraph (A)—

(i) in the matter preceding clause (i), by inserting "(other than any amount received under paragraph (2)(B))" after "subsection";

(ii) in subclause (I) of clause (i), by striking "or the average per-pupil expenditure of all the States";

(iii) by amending clause (ii) to read as follows:

"(ii) The Secretary shall next multiply the amount determined under clause (i) by the total number of students in average daily attendance at the schools of the local educational agency."; and

(iv) by amending clause (iii) to read as follows:

"(iii) The Secretary shall next subtract from the amount determined under clause (ii) all funds available to the local educational agency for current expenditures, but shall not so subtract funds provided—

"(I) under this Act; or

"(II) by any department or agency of the Federal Government (other than the Department) that are used for capital expenses."; and

(B) by amending subparagraph (B) to read as follows:

"(B) SPECIAL RULE.—With respect to payments under this subsection for a fiscal year for a local educational agency described in clause (ii) or (iii) of paragraph (2)(A), the maximum amount of payments under this subsection shall be equal to—

"(i) the product of—

"(I) the average per-pupil expenditure in all States multiplied by 0.7, except that such amount may not exceed 125 percent of the average per-pupil expenditure in all local educational agencies in the State; multiplied by

"(II) the number of students described in subparagraph (A) or (B) of subsection (a)(1) for such agency; minus

"(ii) the amount of payments such agency receives under subsections (b) and (d) for such year.".

(c) CURRENT YEAR DATA.—Paragraph (4) of section 8003(f) of such Act (20 U.S.C. 7703(f)) is amended to read as follows:

"(4) CURRENT YEAR DATA.—For purposes of providing assistance under this subsection the Secretary—

"(A) shall use student and revenue data from the fiscal year for which the local educational agency is applying for assistance under this subsection; and

"(B) shall derive the per pupil expenditure amount for such year for the local educational agency's comparable school districts by increasing or decreasing the per pupil expenditure data for the second fiscal year preceding the fiscal year for which the determination is made by the same percentage increase or decrease reflected between the per pupil expenditure data for the fourth fiscal year preceding the fiscal year for which the determination is made and the per pupil expenditure data for such second year.".

SEC. 388. FUNDING FOR TROOPS TO TEACHERS PROGRAM AND TROOPS TO COPS PROGRAM.

(a) FUNDING.—Of the amount authorized to be appropriated under section 431—

(1) $42,000,000 shall be available for the Troops-to-Teachers program; and

(2) $10,000,000 shall be available for the Troops-to-Cops program.

(b) DEFINITION.—In this section:

(1) The term "Troops-to-Cops program" means the program of assistance to separated members and former members of the Armed Forces to obtain employment with law enforcement agencies established, or carried out, under section 1152 of title 10, United States Code.

(2) The term "Troops-to-Teachers program" means the program of assistance to separated members of the Armed Forces to obtain certification and employment as teachers or employment as teachers' aides established under section 1151 of such title.

SEC. 389. AUTHORIZING THE AMOUNTS REQUESTED IN THE BUDGET FOR JUNIOR ROTC.

(a) There is hereby authorized to be appropriated $12,295,000 to fully fund the budget request for the Junior Reserve Officer Training Corps programs of the Army, Navy, Air Force, and Marine Corps. Such amount is in addition to the amount otherwise available for such programs under section 301.

(b) The amount authorized to be appropriated by section 101(4) is hereby reduced by $12,295,000.

SEC. 390. REPORT ON PRIVATE PERFORMANCE OF CERTAIN FUNCTIONS PERFORMED BY MILITARY AIRCRAFT.

(a) REPORT REQUIRED.—Not later than May 1, 1996, the Secretary of Defense shall submit to Congress a report on the feasibility, including the costs and benefits, of using private sources for satisfying, in whole or in part, the requirements of the Department of Defense for VIP transportation by air, airlift for other personnel and for cargo, in-flight refueling of aircraft, and performance of such other military aircraft functions as the Secretary considers appropriate to discuss in the report.

(b) CONTENT OF REPORT.—The report shall include a discussion of the following:

(1) Contracting for the performance of the functions referred to in subsection (a).

(2) Converting to private ownership and operation the Department of Defense VIP air fleets, personnel and cargo aircraft, and in-flight refueling aircraft, and other Department of Defense aircraft.

(3) The wartime requirements for the various VIP and transport fleets.

(4) The assumptions used in the cost-benefit analysis.

(5) The effect on military personnel and facilities of using private sources, as described in paragraphs (1) and (2), for the purposes described in subsection (a).

SEC. 391. ALLEGANY BALLISTICS LABORATORY.

Of the amount authorized to be appropriated under section 301(2), $2,000,000 shall be available for the Allegany Ballistics Laboratory for essential safety functions.

SEC. 392. ENCOURAGEMENT OF USE OF LEASING AUTHORITY.

(a) IN GENERAL.—(1) Chapter 137 of title 10, United States Code, is amended by inserting after section 2316 the following new section:

"§ 2317. Equipment Leasing

"The Secretary of Defense is authorized to use leasing in the acquisition of commercial vehicles when such leasing is practicable and efficient.".

(2) The table of sections at the beginning of such chapter is amended by adding at the end the following new item:

"2317. Equipment leasing.".

(b) REPORT.—Not later than 90 days after the date of enactment of this Act, the Secretary of Defense shall submit a report to the congressional defense committees setting forth changes in legislation that would be required to facilitate the use of leases by the Department of Defense in the acquisition of equipment.

(c) PILOT PROGRAM.—The Secretary of the Army may conduct a pilot program for leasing of commercial utility cargo vehicles as follows:

(1) Existing commercial utility cargo vehicles may be traded in for credit against new replacement commercial utility cargo vehicle lease costs;

(2) Quantities of commercial utility cargo vehicles to be traded in and their value to be credited shall be subject to negotiation between the parties;

(3) New commercial utility cargo vehicle lease agreements may be executed with or without options to purchase at the end of each lease period;

(4) New commercial utility cargo vehicle lease periods may not exceed five years;

(5) Such leasing pilot program shall consist of replacing no more than forty percent of the validated requirement for commercial utility cargo vehicles, but may include an option or options for the remaining validated requirement which may be executed subject to the requirements of subsection (c)(7);

(6) The Army shall enter into such pilot program only if the Secretary—

(A) awards such program in accordance with the provisions of section 2304 of title 10, United States Code;

(B) has notified the congressional defense committees of his plans to execute the pilot program;

(C) has provided a report detailing the expected savings in operating and support costs from retiring older commercial utility cargo vehicles compared to the expected costs of leasing newer commercial utility cargo vehicles; and

(D) has allowed 30 calendar days to elapse after such notification.

(7) One year after the date of execution of an initial leasing contract, the Secretary of the Army shall submit a report setting forth the status of the pilot program. Such report

shall be based upon at least six months of operating experience. The Secretary may exercise an option or options for subsequent commercial utility cargo vehicles only after he has allowed 60 calendar days to elapse after submitting this report.

(8) EXPIRATION OF AUTHORITY.—No lease of commercial utility cargo vehicles may be entered into under the pilot program after September 30, 2000.

TITLE IV—MILITARY PERSONNEL AUTHORIZATIONS

Subtitle A—Active Forces

SEC. 401. END STRENGTHS FOR ACTIVE FORCES.

(a) FISCAL YEAR 1996.—The Armed Forces are authorized strengths for active duty personnel as of September 30, 1996, as follows:

(1) The Army, 495,000, of which not more than 81,300 may be commissioned officers.

(2) The Navy, 428,340, of which not more than 58,870 may be commissioned officers.

(3) The Marine Corps, 174,000, of which not more than 17,978 may be commissioned officers.

(4) The Air Force, 388,200, of which not more than 75,928 may be commissioned officers.

(b) FISCAL YEAR 1997.—The Armed Forces are authorized strengths for active duty personnel as of September 30, 1997, as follows:

(1) The Army, 495,000, of which not more than 80,312 may be commissioned officers.

(2) The Navy, 409,740, of which not more than 56,615 may be commissioned officers.

(3) The Marine Corps, 174,000, of which not more than 17,978 may be commissioned officers.

(4) The Air Force, 385,400, of which not more than 76,494 may be commissioned officers.

SEC. 402. TEMPORARY VARIATION IN DOPMA AUTHORIZED END STRENGTH LIMITATIONS FOR ACTIVE DUTY AIR FORCE AND NAVY OFFICERS IN CERTAIN GRADES.

(a) AIR FORCE OFFICERS.—(1) In the administration of the limitation under section 523(a)(1) of title 10, United States Code, for fiscal years 1996 and 1997, the numbers applicable to officers of the Air Force serving on active duty in the grades of major, lieutenant colonel, and colonel shall be the numbers set forth for that fiscal year in paragraph (2) (rather than the numbers determined in accordance with the table in that section).

(2) The numbers referred to in paragraph (1) are as follows:

Fiscal year:	Number of officers who may be serving on active duty in the grade of:		
	Major	Lieutenant colonel	Colonel
1996	15,566	9,876	3,609
1997	15,645	9,913	3,627

(b) NAVY OFFICERS.—(1) In the administration of the limitation under section 523(a)(2) of title 10, United States Code, for fiscal years 1996 and 1997, the numbers applicable to officers of the Navy serving on active duty in the grades of lieutenant commander, commander, and captain shall be the numbers set forth for that fiscal year in paragraph (2) (rather than the numbers determined in accordance with the table in that section).

(2) The numbers referred to in paragraph (1) are as follows:

Fiscal year:	Number of officers who may be serving on active duty in the grade of:		
	Lieutenant commander	Commander	Captain
1996	11,924	7,390	3,234
1997	11,732	7,297	3,188

SEC. 403. CERTAIN GENERAL AND FLAG OFFICERS AWAITING RETIREMENT NOT TO BE COUNTED.

(a) DISTRIBUTION OF OFFICERS ON ACTIVE DUTY IN GENERAL AND FLAG OFFICER GRADES.—Section 525 of title 10, United States Code, is amended by adding at the end the following:

"(d) An officer continuing to hold the grade of general or admiral under section 601(b)(4) of this title after relief from the position of Chairman of the Joint Chiefs of Staff, Chief of Staff of the Army, Chief of Naval Operations, Chief of Staff of the Air Force, or Commandant of the Marine Corps shall not be counted for purposes of this section.".

(b) NUMBER OF OFFICERS ON ACTIVE DUTY IN GRADE OF GENERAL OR ADMIRAL.—Section 528(b) of title 10, United States Code, is amended—

(1) by inserting "(1)" after "(b)"; and

(2) by adding at the end the following:

"(2) An officer continuing to hold the grade of general or admiral under section 601(b)(4) of this title after relief from the position of Chairman of the Joint Chiefs of Staff, Chief of Staff of the Army, Chief of Naval Operations, Chief of Staff of the Air Force, or Commandant of the Marine Corps shall not be counted for purposes of this section.".

Subtitle B—Reserve Forces

SEC. 411. END STRENGTHS FOR SELECTED RESERVE.

(a) FISCAL YEAR 1996.—The Armed Forces are authorized strengths for Selected Reserve personnel of the reserve components as of September 30, 1996, as follows:

(1) The Army National Guard of the United States, 373,000.

(2) The Army Reserve, 230,000.

(3) The Naval Reserve, 98,894.

(4) The Marine Corps Reserve, 42,274.

(5) The Air National Guard of the United States, 112,707.

(6) The Air Force Reserve, 73,969.

(7) The Coast Guard Reserve, 8,000.

(b) FISCAL YEAR 1997.—The Armed Forces are authorized strengths for Selected Reserve personnel of the reserve components as of September 30, 1997, as follows:

(1) The Army National Guard of the United States, 367,000.

(2) The Army Reserve, 215,000.

(3) The Naval Reserve, 96,694.

(4) The Marine Corps Reserve, 42,682.

(5) The Air National Guard of the United States, 107,151.

(6) The Air Force Reserve, 73,160.

(7) The Coast Guard Reserve, 8,000.

(c) WAIVER AUTHORITY.—The Secretary of Defense may vary the end strength authorized by subsection (a) or subsection (b) by not more than 2 percent.

(d) ADJUSTMENTS.—The end strengths prescribed by subsection (a) or (b) for the Selected Reserve of any reserve component for a fiscal year shall be proportionately reduced by—

(1) the total authorized strength of units organized to serve as units of the Selected Reserve of such component which are on active duty (other than for training) at the end of the fiscal year, and

(2) the total number of individual members not in units organized to serve as units of the Selected Reserve of such component who are on active duty (other than for training or for unsatisfactory participation in training) without their consent at the end of the fiscal year.

Whenever such units or such individual members are released from active duty during any fiscal year, the end strength prescribed for such fiscal year for the Selected Reserve of such reserve component shall be proportionately increased by the total authorized strengths of such units and by the total number of such individual members.

SEC. 412. END STRENGTHS FOR RESERVES ON ACTIVE DUTY IN SUPPORT OF THE RESERVES.

(a) FISCAL YEAR 1996.—Within the end strengths prescribed in section 411(a), the reserve components of the Armed Forces are authorized, as of September 30, 1996, the following number of Reserves to be serving on full-time active duty or, in the case of members of the National Guard, full-time National Guard duty for the purpose of organizing, administering, recruiting, instructing, or training the reserve components:

(1) The Army National Guard of the United States, 23,390.

(2) The Army Reserve, 11,575.

(3) The Naval Reserve, 17,587.

(4) The Marine Corps Reserve, 2,559.

(5) The Air National Guard of the United States, 10,066.

(6) The Air Force Reserve, 628.

(b) FISCAL YEAR 1997.—Within the end strengths prescribed in section 411(b), the reserve components of the Armed Forces are authorized, as of September 30, 1997, the following number of Reserves to be serving on full-time active duty or, in the case of members of the National Guard, full-time National Guard duty for the purpose of organizing, administering, recruiting, instructing, or training the reserve components:

(1) The Army National Guard of the United States, 23,040.

(2) The Army Reserve, 11,550.

(3) The Naval Reserve, 17,171.

(4) The Marine Corps Reserve, 2,976.

(5) The Air National Guard of the United States, 9,824.

(6) The Air Force Reserve, 625.

SEC. 413. INCREASE IN NUMBER OF MEMBERS IN CERTAIN GRADES AUTHORIZED TO SERVE ON ACTIVE DUTY IN SUPPORT OF THE RESERVES.

(a) OFFICERS.—The table at the end of section 12011(a) of title 10, United States Code, is amended to read as follows:

"Grade	Army	Navy	Air Force	Marine Corps
Major or Lieutenant Commander	3,219	1,071	643	140
Lieutenant Colonel or Commander	1,524	520	672	90
Colonel or Navy Captain	412	188	274	30".

(b) SENIOR ENLISTED MEMBERS.—The table at the end of section 12012(a) of such title is amended to read as follows:

"Grade	Army	Navy	Air Force	Marine Corps
E–9	603	202	366	20
E–8	2,585	429	890	94".

SEC. 414. RESERVES ON ACTIVE DUTY IN SUPPORT OF COOPERATIVE THREAT REDUCTION PROGRAMS NOT TO BE COUNTED.

Section 115(d) of title 10, United States Code, is amended by adding at the end the following:

"(8) Members of the Selected Reserve of the Ready Reserve on active duty for more that 180 days to support programs described in section 1203(b) of the Cooperative Threat Reduction Act of 1993 (title XII of Public Law 103-160; 107 Stat. 1778; 22 U.S.C. 5952(b)).".

SEC. 415. RESERVES ON ACTIVE DUTY FOR MILITARY-TO-MILITARY CONTACTS AND COMPARABLE ACTIVITIES NOT TO BE COUNTED.

Section 168 of title 10, United States Code, is amended—

(1) by redesignating subsection (f) as subsection (g); and

(2) by inserting after subsection (e) the following new subsection (f):

"(f) ACTIVE DUTY END STRENGTHS.—(1) A member of a reserve component referred to in paragraph (2) shall not be counted for purposes of the following personnel strength limitations:

"(A) The end strength for active-duty personnel authorized pursuant to section 115(a)(1) of this title for the fiscal year in which the member carries out the activities referred to in paragraph (2).

"(B) The authorized daily average for members in pay grades E-8 and E-9 under section 517 of this title for the calendar year in which the member carries out such activities.

"(C) The authorized strengths for commissioned officers under section 523 of this title for the fiscal year in which the member carries out such activities.

"(2) A member of a reserve component referred to in paragraph (1) is any member on active duty under an order to active duty for 180 days or more who is engaged in activities authorized under this section.".

Subtitle C—Military Training Student Loads

SEC. 421. AUTHORIZATION OF TRAINING STUDENT LOADS.

(a) FISCAL YEAR 1996.—For fiscal year 1996, the Armed Forces are authorized average military training student loads as follows:

(1) The Army, 75,013.

(2) The Navy, 44,238.

(3) The Marine Corps, 26,095.

(4) The Air Force, 33,232.

(b) FISCAL YEAR 1997.—For fiscal year 1997, the Armed Forces are authorized average military training student loads as follows:

(1) The Army, 79,275.

(2) The Navy, 44,121.

(3) The Marine Corps, 27,255.

(4) The Air Force, 35,522.

(c) SCOPE.—The average military training student load authorized for an armed force for a fiscal year under subsection (a) or (b) applies to the active and reserve components of that armed force for that fiscal year.

(d) ADJUSTMENTS.—The average military training student load authorized for a fiscal year in subsection (a) or (b) shall be adjusted consistent with the end strengths authorized for that fiscal year in subtitles A and B. The Secretary of Defense shall prescribe the manner in which such adjustments shall be apportioned.

Subtitle D—Authorization of Appropriations

SEC. 431. AUTHORIZATION OF APPROPRIATIONS FOR MILITARY PERSONNEL.

There is hereby authorized to be appropriated to the Department of Defense for military personnel for fiscal year 1996 a total of $68,896,863,000. The authorization in the preceding sentence supersedes any other authorization of appropriations (definite or indefinite) for such purpose for fiscal year 1996.

TITLE V—MILITARY PERSONNEL POLICY

Subtitle A—Officer Personnel Policy

SEC. 501. JOINT OFFICER MANAGEMENT.

(a) CRITICAL JOINT DUTY ASSIGNMENT POSITIONS.—Section 661(d)(2)(A) of title 10, United States Code, is amended by striking out "1,000" and inserting in lieu thereof "500".

(b) ADDITIONAL QUALIFYING JOINT SERVICE.—Section 664 of such title is amended by adding at the end the following:

"(i) JOINT DUTY CREDIT FOR CERTAIN JOINT TASK FORCE ASSIGNMENTS.—(1) The Secretary of Defense, in consultation with the Chairman of the Joint Chiefs of Staff, may credit an officer with having completed a full tour of duty in a joint duty assignment upon the officer's completion of service described in paragraph (2) or may grant credit for such service for purposes of determining the cumulative service of the officer in joint duty assignments. The credit for such service may be granted without regard to the length of the service (except as provided in regulations pursuant to subparagraphs (A) and (B) of paragraph (4)) and without regard to whether the assignment in which the service was performed is a joint duty assignment as defined in regulations pursuant to section 668 of this title.

"(2) Service performed by an officer in a temporary assignment on a joint task force or a multinational force headquarters staff may be considered for credit under paragraph (1) if—

"(A) the Secretary of Defense determines that the service in that assignment provided significant experience in joint matters;

"(B) any portion of the service in that assignment was performed on or after the date of the enactment of the National Defense Authorization Act for Fiscal Year 1996; and

"(C) the officer is recommended for such credit by the Chief of Staff of the Army (for an officer in the Army), the Chief of Naval Operations (for an officer in the Navy), the Chief of Staff of the Air Force (for an officer in the Air Force), or the Commandant of the Marine Corps (for an officer in the Marine Corps).

"(3) Credit shall be granted under paragraph (1) on a case-by-case basis.

"(4) The Secretary of Defense shall prescribe uniform criteria for determining whether to grant an officer credit under paragraph (1). The criteria shall include the following:

"(A) For an officer to be credited as having completed a full tour of duty in a joint duty assignment, the officer accumulated at least 24 months of service in a temporary assignment referred to in paragraph (2).

"(B) For an officer to be credited with service in a joint duty assignment for purposes of determining cumulative service in joint duty assignments, the officer accumulated at least 30 consecutive days of service or 60 days of total service in a temporary assignment referred to in paragraph (2).

"(C) The service was performed in support of a mission that was directed by the President or was assigned by the President to United States forces in the joint task force or multinational force involved.

"(D) The joint task force or multinational force involved was constituted or designated by the Secretary of Defense, by a commander of a combatant command or of another force, or by a multinational or United Nations command authority.

"(E) The joint task force or multinational force involved conducted military combat or combat-related operations or military operations other than war in a unified action under joint, multinational, or United Nations command and control.

"(5) Officers for whom joint duty credit is granted pursuant to this subsection shall not be taken into account for the purposes of section 661(d)(1) of this title, subsections (a)(3) and (b) of section 662 of this title, section 664(a) of this title, or paragraph (7), (8), (9), (11), or (12) of section 667 of this title.

"(6) In the case of an officer credited with having completed a full tour of duty in a joint duty assignment pursuant to this subsection, the Secretary of Defense may waive the requirement in paragraph (1)(B) of section 661(c) of this title that the tour of duty in a joint duty assignment be performed after the officer completes a program of education referred to in paragraph (1)(A) of that section.".

(c) INFORMATION IN ANNUAL REPORT.—Section 667 of such title is amended—

(1) by redesignating paragraph (18) as paragraph (19); and

(2) by inserting after paragraph (17) the following new paragraph (18):

"(18) The number of officers granted credit for service in joint duty assignments under section 664(i) of this title and—

"(A) of those officers—

"(i) the number of officers credited with having completed a tour of duty in a joint duty assignment; and

"(ii) the number of officers granted credit for purposes of determining cumulative service in joint duty assignments; and

"(B) the identity of each operation for which an officer has been granted credit pursuant to section 664(i) of this title and a brief description of the mission of the operation.".

(d) GENERAL AND FLAG OFFICER EXEMPTION FROM WAIVER LIMITS.—Section 661(c)(3)(D) of such title is amended by inserting ", other than for general or flag officers," in the third sentence after "during any fiscal year".

(e) LENGTH OF SECOND JOINT TOUR.—Section 664 of such title is amended—

(1) in subsection (e)(2), by inserting after subparagraph (B) the following:

"(C) Service described in subsection (f)(6), except that no more than 10 percent of all joint duty assignments shown on the list published pursuant to section 668(b)(2)(A) of this title may be so excluded in any year."; and

(2) in subsection (f)—

(A) by striking out "or" at the end of paragraph (4);

(B) by striking out the period at the end of paragraph (5) and inserting in lieu thereof "; or"; and

(C) by adding at the end the following:

"(6) a second joint duty assignment that is less than the period required under subsection (a), but not less than 2 years, without regard to whether a waiver was granted for such assignment under subsection (b).".

SEC. 502. REVISION OF SERVICE OBLIGATION FOR GRADUATES OF THE SERVICE ACADEMIES.

(a) MILITARY ACADEMY.—Section 4348(a)(2)(B) of such title is amended by striking out "six years" and inserting in lieu thereof "five years".

(b) NAVAL ACADEMY.—Section 6959(a)(2)(B) of such title is amended by striking out "six years" and inserting in lieu thereof "five years".

(c) AIR FORCE ACADEMY.—Section 9348(a)(2)(B) of such title is amended by striking out "six years" and inserting in lieu thereof "five years".

(d) REQUIREMENT FOR REVIEW AND REPORT.—Not later than April 1, 1996, the Secretary of Defense shall—

(1) review the effects that each of various periods of obligated active duty service for

graduates of the United States Military Academy, the United States Naval Academy, and the United States Air Force Academy would have on the number and quality of the eligible and qualified applicants seeking appointment to such academies; and

(2) submit to the Committee on Armed Services of the Senate and the Committee on National Security of the House of Representatives a report on the Secretary's findings together with any recommended legislation regarding the minimum periods of obligated active duty service for graduates of the United States Military Academy, the United States Naval Academy, and the United States Air Force Academy.

(e) EFFECTIVE DATE.—(1) The amendments made by this section shall apply to persons who are first admitted to military service academies after December 31, 1991.

(2) Section 511(e) of the National Defense Authorization Act for Fiscal Years 1990 and 1991 (Public Law 101-189; 103 Stat. 1439; 10 U.S.C. 2114 note) is amended—

(A) by striking out "amendments made by this section" and inserting in lieu thereof "amendment made by subsection (a)"; and

(B) by striking out "or one of the service academies".

SEC. 503. QUALIFICATIONS FOR APPOINTMENT AS SURGEON GENERAL OF AN ARMED FORCE.

(a) SURGEON GENERAL OF THE ARMY.—Section 3036 of title 10, United States Code, is amended—

(1) in subsection (b), by inserting after the third sentence the following: "The Surgeon General shall be appointed as prescribed in subsection (f)."; and

(2) by adding at the end the following new subsection (f):

"(f) The President shall appoint the Surgeon General from among commissioned officers in any corps of the Army Medical Department who are educationally and professionally qualified to furnish health care to other persons, including doctors of medicine, dentistry, and osteopathy, nurses, and clinical psychologists.".

(b) SURGEON GENERAL OF THE NAVY.—Section 5137 of title 10, United States Code, is amended—

(1) in the first sentence of subsection (a), by striking out "in the Medical Corps" and inserting in lieu thereof "who are educationally and professionally qualified to furnish health care to other persons, including doctors of medicine, dentistry, and osteopathy, nurses, and clinical psychologists"; and

(2) in subsection (b), by striking out "in the Medical Corps" and inserting in lieu thereof "who is qualified to be the Chief of the Bureau of Medicine and Surgery".

(c) SURGEON GENERAL OF THE AIR FORCE.—The first sentence of section 8036 of title 10, United States Code, is amended by striking out "designated as medical officers under section 8067(a) of this title" and inserting in lieu thereof "educationally and professionally qualified to furnish health care to other persons, including doctors of medicine, dentistry, and osteopathy, nurses, and clinical psychologists".

SEC. 504. DEPUTY JUDGE ADVOCATE GENERAL OF THE AIR FORCE.

(a) TENURE AND GRADE OF DEPUTY JUDGE ADVOCATE GENERAL.—Section 8037(d)(1) of such title is amended—

(1) by striking out "two years" in the second sentence and inserting in lieu thereof "four years", and

(2) by striking out the last sentence and inserting in lieu thereof the following: "An officer appointed as Deputy Judge Advocate General who holds a lower regular grade shall be appointed in the regular grade of major general.".

(b) SAVINGS PROVISION.—The amendments made by this section shall not apply to a person serving pursuant to appointment in the position of Deputy Judge Advocate General of the Air Force while such person is serving the term for which the person was appointed to such position before the date of the enactment of this Act and any extension of such term.

SEC. 505. RETIRING GENERAL AND FLAG OFFICERS: APPLICABILITY OF UNIFORM CRITERIA AND PROCEDURES FOR RETIRING IN HIGHEST GRADE IN WHICH SERVED.

(a) APPLICABILITY OF TIME-IN-GRADE REQUIREMENTS.—Section 1370 of title 10, United States Code, is amended—

(1) in subsection (a)(2)(A), by striking out "and below lieutenant general or vice admiral"; and

(2) in the first sentence of subsection (d)(2)(B), as added by section 1641 of the Reserve Officer Personnel Management Act (title XVI of Public Law 103-337; 108 Stat. 2968), by striking out "and below lieutenant general or vice admiral".

(b) RETIREMENT IN HIGHEST GRADE UPON CERTIFICATION OF SATISFACTORY SERVICE.—Section 1370(c) of title 10, United States Code, is amended—

(1) by striking out "Upon retirement an officer" and inserting in lieu thereof "An officer"; and

(2) by striking out "may, in the discretion" and all that follows and inserting in lieu thereof "may be retired in the higher grade under subsection (a) only after the Secretary of Defense certifies in writing to the President and the Senate that the officer served on active duty satisfactorily in that grade. The 3-year time-in-grade requirement in paragraph (2)(A) of subsection (a) may not be reduced or waived under such subsection in the case of such an officer while the officer is under investigation for alleged misconduct or while disposition of an adverse personnel action is pending against the officer for alleged misconduct.".

(c) CONFORMING AMENDMENTS.—Sections 3962(a), 5034, and 8962(a) of title 10, United States Code, are repealed.

(d) TECHNICAL AND CLERICAL AMENDMENTS.—(1) Sections 3962(b) and 8962(b) of such title are amended by striking out "(b) Upon" and inserting in lieu thereof "Upon".

(2) The table of sections at the beginning of chapter 505 of such title is amended by striking out the item relating to section 5034.

(e) EFFECTIVE DATE FOR AMENDMENTS TO PROVISION TAKING EFFECT IN 1996.—The amendment made by subsection (a)(2) shall take effect on October 1, 1996, immediately after subsection (d) of section 1370 of title 10, United States Code, takes effect under section 1691(b)(1) of the Reserve Officer Personnel Management Act (108 Stat. 3026).

SEC. 506. EXTENSION OF CERTAIN RESERVE OFFICER MANAGEMENT AUTHORITIES.

(a) GRADE DETERMINATION AUTHORITY FOR CERTAIN RESERVE MEDICAL OFFICERS.—Section 3359(b) and 8359(b) of title 10, United States Code, are each amended by striking out "September 30, 1995" and inserting in lieu thereof "September 30, 1996".

(b) PROMOTION AUTHORITY FOR CERTAIN RESERVE OFFICERS SERVING ON ACTIVE DUTY.—Sections 3380(d) and 8380(d) of title 10, United States Code, are each amended by striking out "September 30, 1995" and inserting in lieu thereof "September 30, 1996".

(c) YEARS OF SERVICE FOR MANDATORY TRANSFER TO THE RETIRED RESERVE.—Section 1016(d) of the Department of Defense Authorization Act, 1984 (10 U.S.C. 3360) is amended by striking out "September 30, 1995" and inserting in lieu thereof "September 30, 1996".

SEC. 507. RESTRICTIONS ON WEARING INSIGNIA FOR HIGHER GRADE BEFORE PROMOTION.

(a) ACTIVE-DUTY LIST.—(1) Subchapter II of chapter 36 of title 10, United States Code, is amended by inserting after section 624 the following:

"§ 624a. Restrictions on frocking

"(a) RESTRICTIONS.—An officer may not be frocked to a grade unless—

"(1) the Senate has confirmed by advice and consent a nomination of the officer for promotion to that grade; and

"(2) the officer is serving in, or has been ordered to, a position for which that grade is authorized.

"(b) BENEFITS NOT TO ACCRUE.—(1) An officer frocked to a grade may not, on the basis of the frocking—

"(A) be paid the rate of pay provided for an officer in that grade having the same number of years of service as the frocked officer; or

"(B) assume any legal authority associated with that grade.

"(2) The period for which an officer is frocked to a grade may not be taken into account for any of the following purposes:

"(A) Seniority in that grade.

"(B) Time of service in that grade.

"(c) NUMBERS OF ACTIVE-DUTY LIST OFFICERS FROCKED TO GRADE O-7.—The number of officers on the active-duty list who are authorized by frocking to wear the insignia for the grade of brigadier general or, in the Navy, rear admiral (lower half) may not exceed 35.

"(d) NUMBERS OF ACTIVE-DUTY LIST OFFICERS FROCKED TO GRADES O-4, O-5, AND O-6.—The number of officers of an armed force on the active-duty list who are authorized by frocking to wear the insignia for a grade to which a limitation on total number applies under section 523(a) of this title for a fiscal year may not exceed one percent of the total number provided for the officers in that grade in that armed force in the administration of the limitation under such section 523(a) for such fiscal year.

"(e) DEFINITION.—In this section, the term 'frock', with respect to an officer, means to authorize the officer to wear the insignia of a higher grade before being promoted to that grade.".

(2) The table of sections at the beginning of subchapter II of chapter 36 of such title is amended by inserting after the item relating to section 624 the following:

"624a. Restrictions on frocking.".

(b) TEMPORARY VARIATION OF LIMITATIONS ON NUMBERS OF FROCKED OFFICERS.—(1) In the administration of section 624a(c) of title 10, United States Code (as added by subsection (a)), for fiscal years 1996 and 1997, the maximum number applicable to officers on the active-duty list who are authorized by frocking to wear the insignia for the grade of brigadier general or, in the Navy, rear admiral (lower half) is as follows:

(A) During fiscal year 1996, 75 officers.

(B) During fiscal year 1997, 55 officers.

(2) In the administration of section 624a(d) of title 10, United States Code (as added by subsection (a)), for fiscal year 1996, the percent limitation applied under that section shall be two percent instead of one percent.

(c) DEFINITION.—In this section, the term 'frock', with respect to an officer, means to authorize the officer to wear the insignia of a higher grade before being promoted to that grade.

SEC. 508. DIRECTOR OF ADMISSIONS, UNITED STATES MILITARY ACADEMY: RETIREMENT FOR YEARS OF SERVICE.

(a) AUTHORITY TO DIRECT RETIREMENT.—Section 3920 of title 10, United States Code, is amended to read as follows:

"§ 3920. More than thirty years: permanent professors and the Director of Admissions of United States Military Academy

"(a) AUTHORITY TO DIRECT RETIREMENT.—The Secretary of the Army may retire any of the personnel of the United States Military Academy described in subsection (b) who has more than 30 years of service as a commissioned officer.

"(b) APPLICABILITY.—The authority under subsection (a) may be exercised in the case of the following personnel:

"(1) A permanent professor.

"(2) The Director of Admissions.".

(b) CLERICAL AMENDMENT.—The item relating to such section in the table of sections at the beginning of chapter 367 of such title is amended to read as follows:

"3920. More than thirty years: permanent professors and the Director of Admissions of United States Military Academy.".

Subtitle B—Matters Relating to Reserve Components

SEC. 511. MOBILIZATION INCOME INSURANCE PROGRAM FOR MEMBERS OF READY RESERVE.

(a) ESTABLISHMENT OF PROGRAM.—(1) Subtitle E of title 10, United States Code, is amended by inserting after chapter 1213 the following new chapter:

"CHAPTER 1214—READY RESERVE INCOME INSURANCE

"Sec.
"12521. Definitions.
"12522. Establishment of insurance program.
"12523. Risk insured.
"12524. Enrollment and election of benefits.
"12525. Benefit amounts.
"12526. Premiums.
"12527. Payment of premiums.
"12528. Department of Defense Ready Reserve Income Insurance Fund.
"12529. Board of Actuaries.
"12530. Payment of benefits.
"12531. Purchase of insurance.
"12532. Termination for nonpayment of premiums; forfeiture.

"§ 12521. Definitions

"In this chapter:

"(1) The term 'insurance program' means the Department of Defense Ready Reserve Income Insurance Program established under section 12522 of this title.

"(2) The term 'covered service' means active duty performed by a member of a reserve component under an order to active duty for a period of more than 30 days which specifies that the member's service—

"(A) is in support of an operational mission for which members of the reserve components have been ordered to active duty without their consent; or

"(B) is in support of forces activated during a period of war declared by Congress or a period of national emergency declared by the President or Congress.

"(3) The term 'insured member' means a member of the Ready Reserve who is enrolled for coverage under the insurance program in accordance with section 12524 of this title.

"(4) The term 'Secretary' means the Secretary of Defense.

"(5) The term 'Department' means the Department of Defense.

"(6) The term 'Board of Actuaries' means the Department of Defense Education Benefits Board of Actuaries referred to in section 2006(e)(1) of this title.

"(7) The term 'Fund' means the Department of Defense Ready Reserve Income Insurance Fund established by section 12528(a) of this title.

"§ 12522. Establishment of insurance program

"(a) ESTABLISHMENT.—The Secretary shall establish for members of the Ready Reserve an insurance program to be known as the 'Department of Defense Ready Reserve Income Insurance Program'.

"(b) ADMINISTRATION.—The insurance program shall be administered by the Secretary. The Secretary may prescribe in regulations such rules, procedures, and policies as the Secretary considers necessary or appropriate to carry out the insurance program.

"§ 12523. Risk insured

"(a) IN GENERAL.—The insurance program shall insure members of the Ready Reserve against the risk of being ordered into covered service.

"(b) ENTITLEMENT TO BENEFITS.—(1) An insured member ordered into covered service shall be entitled to payment of a benefit for each month (and fraction thereof) of covered service that exceeds 30 days of covered service, except that no member may be paid under the insurance program for more than 12 months of covered service served during any period of 18 consecutive months.

"(2) Payment shall be based solely on the insured status of a member and on the period of covered service served by the member. Proof of loss of income or of expenses incurred as a result of covered service may not be required.

"§ 12524. Enrollment and election of benefits

"(a) ENROLLMENT.—(1) Except as provided in subsection (f), upon first becoming a member of the Ready Reserve, a member shall be automatically enrolled for coverage under the insurance program. An automatic enrollment of a member shall be void if within 30 days after first becoming a member of the Ready Reserve the member declines insurance under the program in accordance with the regulations prescribed by the Secretary.

"(2) Promptly after the insurance program is established, the Secretary shall offer to members of the reserve components who are then members of the Ready Reserve (other than members ineligible under subsection (f)) an opportunity to enroll for coverage under the insurance program. A member who fails to enroll within 30 days after being offered the opportunity shall be considered as having declined to be insured under the program.

"(3) A member of the Ready Reserve ineligible to enroll under subsection (f) shall be afforded an opportunity to enroll upon being released from active duty if the member has not previously had the opportunity to be enrolled under paragraph (1) or (2). A member who fails to enroll within 30 days after being afforded that opportunity shall be considered as having declined to be insured under the program.

"(b) ELECTION OF BENEFIT AMOUNT.—The amount of a member's monthly benefit under an enrollment shall be the basic benefit under subsection (a) of section 12525 of this title unless the member elects a different benefit under subsection (b) of such section within 30 days after first becoming a member of the Ready Reserve or within 30 days after being offered the opportunity to enroll, as the case may be.

"(c) ELECTIONS IRREVOCABLE.—(1) An election to decline insurance pursuant to paragraph (1) or (2) of subsection (a) is irrevocable.

"(2) Subject to subsection (d), the amount of coverage may not be changed after enrollment.

"(d) ELECTION TO TERMINATE.—A member may terminate an enrollment at any time.

"(e) INFORMATION TO BE FURNISHED.—The Secretary shall ensure that members referred to in subsection (a) are given a written explanation of the insurance program and are advised that they have the right to decline to be insured and, if not declined, to elect coverage for a reduced benefit or an enhanced benefit under subsection (b).

"(f) MEMBERS INELIGIBLE TO ENROLL.—Members of the Ready Reserve serving on active duty (or full-time National Guard duty) are not eligible to enroll for coverage under the insurance program. The Secretary may define any additional category of members of the Ready Reserve to be excluded from eligibility to purchase insurance under this chapter.

"§ 12525. Benefit amounts

"(a) BASIC BENEFIT.—The basic benefit for an insured member under the insurance program is $1,000 per month (as adjusted under subsection (d)).

"(b) REDUCED AND ENHANCED BENEFITS.—Under the regulations prescribed by the Secretary, a person enrolled for coverage under the insurance program may elect—

"(1) a reduced coverage benefit equal to one-half the amount of the basic benefit; or

"(2) an enhanced benefit in the amount of $1,500, $2,000, $2,500, $3,000, $3,500, $4,000, $4,500, or $5,000 per month (as adjusted under subsection (d)).

"(c) AMOUNT FOR PARTIAL MONTH.—The amount of insurance payable to an insured member for any period of covered service that is less than one month shall be determined by multiplying 1/30 of the monthly benefit rate for the member by the number of days of the covered service served by the member during such period.

"(d) ADJUSTMENT OF AMOUNTS.—(1) The Secretary shall determine annually the effect of inflation on benefits and shall adjust the amounts set forth in subsections (a) and (b)(2) to maintain the constant dollar value of the benefit.

"(2) If the amount of a benefit as adjusted under paragraph (1) is not evenly divisible by $10, the amount shall be rounded to the nearest multiple of $10, except that an amount evenly divisible by $5 but not by $10 shall be rounded to the next lower amount that is evenly divisible by $10.

"§ 12526. Premiums

"(a) ESTABLISHMENT OF RATES.—(1) The Secretary, in consultation with the Board of Actuaries, shall prescribe the premium rates for insurance under the insurance program.

"(2) The Secretary shall prescribe a fixed premium rate for each $1,000 of monthly insurance benefit. The premium amount shall be equal to the share of the cost attributable to insuring the member and shall be the same for all members of the Ready Reserve who are insured under the insurance program for the same benefit amount. The Secretary shall prescribe the rate on the basis of the best available estimate of risk and financial exposure, levels of subscription by members, and other relevant factors.

"(b) LEVEL PREMIUMS.—The premium rate prescribed for the first year of insurance coverage of an insured member shall be continued without change for subsequent years of insurance coverage, except that the Secretary, after consultation with the Board of Actuaries, may adjust the premium rate in order to fund inflation-adjusted benefit increases on an actuarially sound basis.

"§ 12527. Payment of premiums

"(a) METHODS OF PAYMENT.—(1) The monthly premium for coverage of a member under the insurance program shall be deducted and withheld from the insured member's basic pay for inactive duty training each month.

"(2) An insured member who does not receive pay on a monthly basis shall pay the Secretary directly the premium amount applicable for the level of benefits for which the member is insured.

"(b) ADVANCE PAY FOR PREMIUM.—The Secretary concerned may advance to an insured member the amount equal to the first insurance premium payment due under this chapter. The advance may be paid out of appropriations for military pay. An advance to a member shall be collected from the member either by deducting and withholding the amount from basic pay payable for the member or by collecting it from the member directly. No disbursing or certifying officer shall be responsible for any loss resulting from an advance under this subsection.

"(c) PREMIUMS TO BE DEPOSITED IN FUND.—Premium amounts deducted and withheld from the basic pay of insured members and premium amounts paid directly to the Secretary shall be credited to the Fund.

"§ 12528. Department of Defense Ready Reserve Income Insurance Fund

"(a) ESTABLISHMENT.—There is established on the books of the Treasury a fund to be known as the 'Department of Defense Ready Reserve Income Insurance Fund', which shall be administered by the Secretary of the Treasury. The Fund shall be used for the accumulation of funds in order to finance the liabilities of the insurance program on an actuarially sound basis.

"(b) ASSETS OF FUND.—There shall be deposited into the Fund the following:

"(1) Premiums paid under section 12527 of this title.

"(2) Any amount appropriated to the Fund.

"(3) Any return on investment of the assets of the Fund.

"(c) AVAILABILITY.—Amounts in the Fund shall be available for paying insurance benefits under the insurance program.

"(d) INVESTMENT OF ASSETS OF FUND.—The Secretary of the Treasury shall invest such portion of the Fund as is not in the judgment of the Secretary of Defense required to meet current liabilities. Such investments shall be in public debt securities with maturities suitable to the needs of the Fund, as determined by the Secretary of Defense, and bearing interest at rates determined by the Secretary of the Treasury, taking into consideration current market yields on outstanding marketable obligations of the United States of comparable maturities. The income on such investments shall be credited to the Fund.

"(e) ANNUAL ACCOUNTING.—At the beginning of each fiscal year, the Secretary, in consultation with the Board of Actuaries and the Secretary of the Treasury, shall determine the following:

"(1) The projected amount of the premiums to be collected, investment earnings to be received, and any transfers or appropriations to be made for the Fund for that fiscal year.

"(2) The amount for that fiscal year of any cumulative unfunded liability (including any negative amount or any gain to the Fund) resulting from payments of benefits.

"(3) The amount for that fiscal year (including any negative amount) of any cumulative actuarial gain or loss to the Fund.

"§ 12529. Board of Actuaries

"(a) ACTUARIAL RESPONSIBILITY.—The Board of Actuaries shall have the actuarial responsibility for the insurance program.

"(b) VALUATIONS AND PREMIUM RECOMMENDATIONS.—The Board of Actuaries shall carry out periodic actuarial valuations of the benefits under the insurance program and determine a premium rate methodology for the Secretary to use in setting premium rates for the insurance program. The Board shall conduct the first valuation and determine a premium rate methodology not later than six months after the insurance program is established.

"(c) EFFECTS OF CHANGED BENEFITS.—If at the time of any actuarial valuation under subsection (b) there has been a change in benefits under the insurance program that has been made since the last such valuation and such change in benefits increases or decreases the present value of amounts payable from the Fund, the Board of Actuaries shall determine a premium rate methodology, and recommend to the Secretary a premium schedule, for the liquidation of any liability (or actuarial gain to the Fund) resulting from such change and any previous such changes so that the present value of the sum of the scheduled premium payments (or reduction in payments that would otherwise be made) equals the cumulative increase (or decrease) in the present value of such benefits.

"(d) ACTUARIAL GAINS OR LOSSES.—If at the time of any such valuation the Board of Actuaries determines that there has been an actuarial gain or loss to the Fund as a result of changes in actuarial assumptions since the last valuation or as a result of any differences, between actual and expected experience since the last valuation, the Board shall recommend to the Secretary a premium rate schedule for the amortization of the cumulative gain or loss to the Fund resulting from such changes in assumptions and any previous such changes in assumptions or from the differences in actual and expected experience, respectively, through an increase or decrease in the payments that would otherwise be made to the Fund.

"(e) INSUFFICIENT ASSETS.—If at any time liabilities of the Fund exceed assets of the Fund as a result of members of the Ready Reserve being ordered to active duty as described in section 12521(2) of this title, and funds are unavailable to pay benefits completely, the Secretary shall request the President to submit to Congress a request for a special appropriation to cover the unfunded liability. If appropriations are not made to cover an unfunded liability in any fiscal year, the Secretary shall reduce the amount of the benefits paid under the insurance program to a total amount that does not exceed the assets of the Fund expected to accrue by the end of such fiscal year. Benefits that cannot be paid because of such a reduction shall be deferred and may be paid only after and to the extent that additional funds become available.

"(f) DEFINITION OF PRESENT VALUE.—The Board of Actuaries shall define the term 'present value' for purposes of this subsection.

"§ 12530. Payment of benefits

"(a) COMMENCEMENT OF PAYMENT.—An insured member who serves in excess of 30 days of covered service shall be paid the amount to which such member is entitled on a monthly basis beginning not later than one month after the 30th day of covered service.

"(b) METHOD OF PAYMENT.—The Secretary shall prescribe in the regulations the manner in which payments shall be made to the member or to a person designated in accordance with subsection (c).

"(c) DESIGNATED RECIPIENTS.—(1) A member may designate in writing another person (including a spouse, parent, or other person with an insurable interest, as determined in accordance with the regulations prescribed by the Secretary) to receive payments of insurance benefits under the insurance program.

"(2) A member may direct that payments of insurance benefits for a person designated under paragraph (1) be deposited with a bank or other financial institution to the credit of the designated person.

"(d) RECIPIENTS IN EVENT OF DEATH OF INSURED MEMBER.—Any insurance payable under the insurance program on account of a deceased member's period of covered service shall be paid, upon the establishment of a valid claim, to the beneficiary or beneficiaries which the deceased member designated in writing. If no such designation has been made, the amount shall be payable in accordance with the laws of the State of the member's domicile.

"§ 12531. Purchase of insurance

"(a) PURCHASE AUTHORIZED.—The Secretary may, instead of or in addition to underwriting the insurance program through the Fund, purchase from one or more insurance companies a policy or policies of group insurance in order to provide the benefits required under this chapter. The Secretary may waive any requirement for full and open competition in order to purchase an insurance policy under this subsection.

"(b) ELIGIBLE INSURERS.—In order to be eligible to sell insurance to the Secretary for purposes of subsection (a), an insurance company shall—

"(1) be licensed to issue insurance in each of the 50 States and in the District of Columbia; and

"(2) as of the most recent December 31 for which information is available to the Secretary, have in effect at least one percent of the total amount of insurance that all such insurance companies have in effect in the United States.

"(c) ADMINISTRATIVE PROVISIONS.—(1) An insurance company that issues a policy for purposes of subsection (a) shall establish an administrative office at a place and under a name designated by the Secretary.

"(2) For the purposes of carrying out this chapter, the Secretary may use the facilities and services of any insurance company issuing any policy for purposes of subsection (a), may designate one such company as the representative of the other companies for such purposes, and may contract to pay a reasonable fee to the designated company for its services.

"(d) REINSURANCE.—The Secretary shall arrange with each insurance company issuing any policy for purposes of subsection (a) to reinsure, under conditions approved by the Secretary, portions of the total amount of the insurance under such policy or policies with such other insurance companies (which meet qualifying criteria prescribed by the Secretary) as may elect to participate in such reinsurance.

"(e) TERMINATION.—The Secretary may at any time terminate any policy purchased under this section.

"§ 12532. Termination for nonpayment of premiums; forfeiture

"(a) TERMINATION FOR NONPAYMENT.—The coverage of a member under the insurance program shall terminate without prior notice upon a failure of the member to make

required monthly payments of premiums for two consecutive months. The Secretary may provide in the regulations for reinstatement of insurance coverage terminated under this subsection.

"(b) FORFEITURE.—Any person convicted of mutiny, treason, spying, or desertion, or who refuses to perform service in the armed forces or refuses to wear the uniform of any of the armed forces shall forfeit all rights to insurance under this chapter.".

(2) The tables of chapters at the beginning of subtitle E, and at the beginning of part II of subtitle E, of title 10, United States Code, are amended by inserting after the item relating to chapter 1213 the following new item:

"1214. Ready Reserve Income Insurance ..... 12521".

(b) EFFECTIVE DATE.—The insurance program provided for in chapter 1214 of title 10, United States Code, as added by subsection (a), and the requirement for deductions and contributions for that program shall take effect on September 30, 1996, or on any earlier date declared by the Secretary and published in the Federal Register.

SEC. 512. ELIGIBILITY OF DENTISTS TO RECEIVE ASSISTANCE UNDER THE FINANCIAL ASSISTANCE PROGRAM FOR HEALTH CARE PROFESSIONALS IN RESERVE COMPONENTS.

Section 16201(b) of title 10, United States Code, is amended—

(1) by striking out "(b) PHYSICIANS IN CRITICAL SPECIALTIES.—" and inserting in lieu thereof "(b) PHYSICIANS AND DENTISTS IN CRITICAL SPECIALTIES.—";

(2) in paragraph (1)—

(A) by inserting "or dental school" in subparagraph (A) after "medical school";

(B) by inserting "or as a dental officer" in subparagraph (B) after "medical officer"; and

(C) by striking out "physicians in a medical specialty designated" and inserting in lieu thereof "physicians or dentists in a medical specialty or dental specialty, respectively, that is designated"; and

(3) in paragraph (2)(B), by inserting "or dental officer" after "medical officer".

SEC. 513. LEAVE FOR MEMBERS OF RESERVE COMPONENTS PERFORMING PUBLIC SAFETY DUTY.

(a) ELECTION OF LEAVE TO BE CHARGED.—Subsection (b) of section 6323 of title 5, United States Code, is amended by adding at the end the following: "Upon the request of an employee, the period for which an employee is absent to perform service described in paragraph (2) may be charged to the employee's accrued annual leave or to compensatory time available to the employee instead of being charged as leave to which the employee is entitled under this subsection. The period of absence may not be charged to sick leave.".

(b) PAY FOR PERIOD OF ABSENCE.—Section 5519 of such title is amended by striking out "entitled to leave" and inserting in lieu thereof "granted military leave".

Subtitle C—Uniform Code of Military Justice

SEC. 521. REFERENCES TO UNIFORM CODE OF MILITARY JUSTICE.

Except as otherwise expressly provided, whenever in this subtitle an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of chapter 47 of title 10, United States Code (the Uniform Code of Military Justice).

SEC. 522. DEFINITIONS.

Section 801 (article 1) is amended by inserting after paragraph (14) the following new paragraphs:

"(15) The term 'classified information' means any information or material that has been determined by an official of the United States pursuant to law, an Executive order, or regulation to require protection against unauthorized disclosure for reasons of national security, and any restricted data, as defined in section 11(y) of the Atomic Energy Act of 1954 (42 U.S.C. 2014(y)).

"(16) The term 'national security' means the national defense and foreign relations of the United States.".

SEC. 523. ARTICLE 32 INVESTIGATIONS.

Section 832 (article 32) is amended—

(1) by redesignating subsection (d) as subsection (e); and

(2) by inserting after subsection (c) the following new subsection (d):

"(d) If evidence adduced in an investigation under this article indicates that the accused committed an uncharged offense, the investigating officer is authorized to investigate the subject matter of such offense without the accused having first been charged with the offense. If the accused was present at such investigation, was informed of the nature of each uncharged offense investigated, and was afforded the opportunities for representation, cross-examination, and presentation prescribed in subsection (b), no further investigation of such offense or offenses is necessary under this article.".

SEC. 524. REFUSAL TO TESTIFY BEFORE COURT-MARTIAL.

Section 847(b) (article 47(b)) is amended—

(1) by inserting "indictment or" in the first sentence after "shall be tried on"; and

(2) in the second sentence, by striking out "shall be" and all that follows and inserting in lieu thereof "shall be fined or imprisoned, or both, at the court's discretion.".

SEC. 525. COMMITMENT OF ACCUSED TO TREATMENT FACILITY BY REASON OF LACK OF MENTAL CAPACITY OR MENTAL RESPONSIBILITY.

(a) APPLICABLE PROCEDURES.—(1) Chapter 47 is amended by inserting after section 850a (article 50a) the following:

"§ 850b. Art. 50b. Lack of mental capacity or mental responsibility: commitment of accused for examination and treatment

"(a) PERSONS INCOMPETENT TO STAND TRIAL.—(1) In the case of a person determined under this chapter to be presently suffering from a mental disease or defect rendering the person mentally incompetent to the extent that the person is unable to understand the nature of the proceedings against that person or to conduct or cooperate intelligently in the defense of the case, the general court-martial convening authority for that person shall commit the person to the custody of the Attorney General.

"(2) The Attorney General shall take action in accordance with section 4241(d) of title 18.

"(3) If at the end of the period for hospitalization provided for in section 4241(d) of title 18, it is determined that the committed person's mental condition has not so improved as to permit the trial to proceed, action shall be taken in accordance with section 4246 of such title.

"(4)(A) When the director of a facility in which a person is hospitalized pursuant to paragraph (2) determines that the person has recovered to such an extent that the person is able to understand the nature of the proceedings against the person and to conduct or cooperate intelligently in the defense of the case, the director shall promptly transmit a notification of that determination to the Attorney General and to the general court-martial convening authority for the person. The director shall send a copy of the notification to the person's counsel.

"(B) Upon receipt of a notification, the general court-martial convening authority shall promptly take custody of the person unless the person covered by the notification is no longer subject to this chapter. If the person is no longer subject to this chapter, the Attorney General shall take any action within the authority of the Attorney General that the Attorney General considers appropriate regarding the person.

"(C) The director of the facility may retain custody of the person for not more than 30 days after transmitting the notifications required by subparagraph (A).

"(5) In the application of section 4246 of title 18 to a case under this subsection, references to the court that ordered the commitment of a person, and to the clerk of such court, shall be deemed to refer to the general court-martial convening authority for that person. However, if the person is no longer subject to this chapter at a time relevant to the application of such section to the person, the United States district court for the district where the person is hospitalized or otherwise may be found shall be considered as the court that ordered the commitment of the person.

"(b) PERSONS FOUND NOT GUILTY BY REASON OF LACK OF MENTAL RESPONSIBILITY.—(1) If a person is found by a court-martial not guilty only by reason of lack of mental responsibility, the person shall be committed to a suitable facility until the person is eligible for release in accordance with this section.

"(2) The court-martial shall conduct a hearing on the mental condition in accordance with subsection (c) of section 4243 of title 18. Subsections (b) and (d) of that section shall apply with respect to the hearing.

"(3) A report of the results of the hearing shall be made to the general court-martial convening authority for the person.

"(4) If the court-martial fails to find by the standard specified in subsection (d) of section 4243 of title 18 that the person's release would not create a substantial risk of bodily injury to another person or serious damage of property of another due to a present mental disease or defect—

"(A) the general court-martial convening authority may commit the person to the custody of the Attorney General; and

"(B) the Attorney General shall take action in accordance with subsection (e) of section 4243 of title 18.

"(5) Subsections (f), (g), and (h) of section 4243 of title 18 shall apply in the case of a person hospitalized pursuant to paragraph (4)(B), except that the United States district court for the district where the person is hospitalized shall be considered as the court that ordered the person's commitment.

"(c) GENERAL PROVISIONS.—(1) Except as otherwise provided in this subsection and subsection (d)(1), the provisions of section 4247 of title 18 apply in the administration of this section.

"(2) In the application of section 4247(d) of title 18 to hearings conducted by a court-martial under this section or by (or by order of) a general court-martial convening authority under this section, the reference in that section to section 3006A of such title does not apply.

"(d) APPLICABILITY.—(1) The provisions of chapter 313 of title 18 referred to in this section apply according to the provisions of this

section notwithstanding section 4247(j) of title 18.

"(2) If the status of a person as described in section 802 of this title (article 2) terminates while the person is, pursuant to this section, in the custody of the Attorney General, hospitalized, or on conditional release under a prescribed regimen of medical, psychiatric, or psychological care or treatment, the provisions of this section establishing requirements and procedures regarding a person no longer subject to this chapter shall continue to apply to that person notwithstanding the change of status.".

(2) The table of sections at the beginning of subchapter VII of such chapter is amended by inserting after the item relating to section 850a (article 50a) the following:

"850b. 50b. Lack of mental capacity or mental responsibility: commitment of accused for examination and treatment.".

(b) CONFORMING AMENDMENT.—Section 802 of title 10, United States Code (article 2 of the Uniform Code of Military Justice), is amended by adding at the end the following:

"(e) The provisions of this section are subject to section 850b(d)(2) of this title (article 50b(d)(2)).".

(c) EFFECTIVE DATE.—Section 850b of title 10, United States Code (article 50b of the Uniform Code of Military Justice), as added by subsection (a), shall take effect 180 days after the date of the enactment of this Act and shall apply with respect to charges referred to courts-martial on or after that effective date.

SEC. 526. FORFEITURE OF PAY AND ALLOWANCES AND REDUCTION IN GRADE.

(a) EFFECTIVE DATE OF PUNISHMENTS.—Section 857(a) (article 57(a)) is amended to read as follows:

"(a)(1) Any forfeiture of pay, forfeiture of allowances, or reduction in grade included in a sentence of a court-martial takes effect on the earlier of—

"(A) the date that is 14 days after the date on which the sentence is adjudged; or

"(B) the date on which the sentence is approved by the convening authority.

"(2) On application by an accused, the convening authority may defer any forfeiture of pay, forfeiture of allowances, or reduction in grade that would otherwise become effective under paragraph (1)(A) until the date on which the sentence is approved by the convening authority. The deferment may be rescinded at any time by the convening authority.

"(3) A forfeiture of pay or allowances shall be collected from pay accruing on and after the date on which the sentence takes effect under paragraph (1). Periods during which a sentence to forfeiture of pay or forfeiture of allowances is suspended or deferred shall be excluded in computing the duration of the forfeiture.

"(4) In this subsection, the term 'convening authority', with respect to a sentence of a court-martial, means any person authorized to act on the sentence under section 860 of this title (article 60).".

(b) EFFECT OF PUNITIVE SEPARATION OR CONFINEMENT FOR ONE YEAR OR MORE.—(1) Subchapter VIII is amended by inserting after section 858a (article 58a) the following new section (article):

"§ 858b. Art. 58b. Sentences: forfeiture of pay and allowances

"(a) A sentence adjudged by a court-martial that includes confinement for one year or more, death, dishonorable discharge, bad-conduct discharge, or dismissal shall result in the forfeiture of all pay and allowances due that member during any period of confinement or parole. The forfeiture required by this section shall take effect on the date determined under section 857(a) of this title (article 57(a)) and may be deferred in accordance with that section.

"(b) In a case involving an accused who has dependents, the convening authority or other person acting under section 860 of this title (article 60) may waive any or all of the forfeitures of pay and allowances required by subsection (a) for a period not to exceed six months. Any amount of pay or allowances that, except for a waiver under this subsection, would be forfeited shall be paid, as the convening authority or other person taking action directs, to the dependents of the accused.

"(c) If the sentence of a member who forfeits pay and allowances under subsection (a) is set aside or disapproved or, as finally approved, does not provide for a punishment referred to in subsection (a), the member shall be paid the pay and allowances which the member would have been paid, except for the forfeiture, for the period during which the forfeiture was in effect.".

(2) CLERICAL AMENDMENT.—The table of sections at the beginning of subchapter VIII of such chapter is amended by adding at the end the following new item:

"858b. 58b. Sentences: forfeiture of pay and allowances.".

(c) APPLICABILITY.—The amendments made by this section shall apply to a case in which a sentence is adjudged by a court-martial on or after the first day of the first month that begins at least 30 days after the date of the enactment of this Act.

SEC. 527. DEFERMENT OF CONFINEMENT.

Section 857 (article 57) is amended by striking out subsection (e) and inserting in lieu thereof the following:

"(e)(1) When an accused in the custody of a State or foreign country is returned temporarily to military authorities for trial by court-martial and is later returned to that State or foreign country under the authority of a mutual agreement or treaty, the convening authority of the court-martial may defer the service of the sentence to confinement without the consent of the accused. The deferment shall terminate when the accused is released permanently to military authorities by the State or foreign country having custody of the accused.

"(2) In this subsection, the term 'State' includes the District of Columbia and any commonwealth, territory, or possession of the United States.

"(f) While a review of a case under section 867(a)(2) of this title (article 67(a)(2)) is pending, the Secretary concerned or, when designated by the Secretary, an Under Secretary, an Assistant Secretary, the Judge Advocate General, or a commanding officer may defer further service of a sentence to confinement which has been ordered executed in such case.".

SEC. 528. SUBMISSION OF MATTERS TO THE CONVENING AUTHORITY FOR CONSIDERATION.

Section 860(b)(1) (article 60(b)(1)) is amended by inserting after the first sentence the following: "Any such submission shall be in writing.".

SEC. 529. PROCEEDINGS IN REVISION.

Section 860(e)(2) (article 60(e)(2)) is amended by striking out the first sentence and inserting in lieu thereof the following: "A proceeding in revision may be ordered before authentication of the record of trial in order to correct a clerical mistake in a judgment, order, or other part of the record or any error in the record arising from oversight or omission.".

SEC. 530. APPEAL BY THE UNITED STATES.

Section 862(a)(1) (article 62(a)(1)) is amended to read as follows:

"(a)(1)(A) In a trial by court-martial in which a military judge presides and in which a punitive discharge may be adjudged, the United States may appeal the following:

"(i) An order or ruling of the military judge which terminates the proceedings with respect to a charge or specification.

"(ii) An order or ruling which excludes evidence that is substantial proof of a fact material in the proceeding.

"(iii) An order or ruling which directs the disclosure of classified information.

"(iv) An order or ruling which imposes sanctions for nondisclosure of classified information.

"(v) A refusal of the military judge to issue a protective order sought by the United States to prevent the disclosure of classified information.

"(vi) A refusal by the military judge to enforce an order described in clause (v) that has previously been issued by appropriate authority.

"(B) The United States may not appeal an order or ruling that is or that amounts to, a finding of not guilty with respect to the charge or specification.".

SEC. 531. FLIGHT FROM APPREHENSION.

(a) IN GENERAL.—Section 895 (article 95) is amended to read as follows:

"§ 895. Art. 95. Resistance, flight, breach of arrest, and escape

"Any person subject to this chapter who—

"(1) resists apprehension;

"(2) flees from apprehension;

"(3) breaks arrest; or

"(4) escapes from custody or confinement;

shall be punished as a court-martial may direct.".

(b) CLERICAL AMENDMENT.—The item relating to section 895 (article 95) in the table of sections at the beginning of subchapter X is amended to read as follows:

"895. Art. 95. Resistance, flight, breach of arrest, and escape.".

SEC. 532. CARNAL KNOWLEDGE.

(a) GENDER NEUTRALITY.—Subsection (b) of section 920 (article 120) is amended to read as follows:

"(b) Any person subject to this chapter who, under circumstances not amounting to rape, commits an act of sexual intercourse with a person—

"(1) who is not that person's spouse; and

"(2) who has not attained the age of sixteen years;

is guilty of carnal knowledge and shall be punished as a court-martial may direct.".

(b) MISTAKE OF FACT.—Such section (article) is further amended by adding at the end the following new subsection:

"(d)(1) In a prosecution under subsection (b), it is an affirmative defense that—

"(A) the person with whom the accused committed the act of sexual intercourse had at the time of the alleged offense attained the age of twelve years; and

"(B) the accused reasonably believed that that person had at the time of the alleged offense attained the age of sixteen years.

"(2) The accused has the burden of proving a defense under paragraph (1) by a preponderance of the evidence.".

SEC. 533. TIME AFTER ACCESSION FOR INITIAL INSTRUCTION IN THE UNIFORM CODE OF MILITARY JUSTICE.

Section 937(a)(1) (article 137(a)(1)) is amended by striking out "within six days"

and inserting in lieu thereof "within fourteen days".

SEC. 534. TECHNICAL AMENDMENT.

Section 866(f) (article 66(f)) is amended by striking out "Courts of Military Review" both places it appears and inserting in lieu thereof "Courts of Criminal Appeals".

SEC. 535. PERMANENT AUTHORITY CONCERNING TEMPORARY VACANCIES ON THE COURT OF APPEALS FOR THE ARMED FORCES.

Section 1301 of the National Defense Authorization Act for Fiscal Years 1990 and 1991 (Public Law 101-189; 103 Stat. 1569; 10 U.S.C. 942 note) is amended by striking out subsection (i).

SEC. 536. ADVISORY PANEL ON UCMJ JURISDICTION OVER CIVILIANS ACCOMPANYING THE ARMED FORCES IN TIME OF ARMED CONFLICT.

(a) ESTABLISHMENT.—Not later than December 15, 1996, the Secretary of Defense and the Attorney General shall jointly establish an advisory panel to review and make recommendations on jurisdiction over civilians accompanying the Armed Forces in time of armed conflict.

(b) MEMBERSHIP.—The panel shall be composed of at least 5 individuals, including experts in military law, international law, and federal civilian criminal law. In making appointments to the panel, the Secretary and the Attorney General shall ensure that the members of the panel reflect diverse experiences in the conduct of prosecution and defense functions.

(c) DUTIES.—The panel shall—

(1) review historical experiences and current practices concerning the employment, training, discipline, and functions of civilians accompanying the Armed Forces in the field;

(2) make specific recommendations (in accordance with subsection (d)) concerning—

(A) establishing court-martial jurisdiction over civilians accompanying the Armed Forces in the field during time of armed conflict not involving a war declared by Congress;

(B) revisions to the jurisdiction of the Article III courts over such persons; and

(C) establishment of Article I courts to exercise jurisdiction over such persons; and

(3) make such additional recommendations (in accordance with subsection (d)) as the panel considers appropriate as a result of the review.

(d) REPORT.—(1) Not later than December 15, 1996, the advisory panel shall transmit a report on the findings and recommendations of the panel to the Secretary of Defense and the Attorney General.

(2) Not later than January 15, 1997, the Secretary of Defense and the Attorney General shall jointly transmit the report of the advisory panel to Congress. The Secretary and the Attorney General may include in the transmittal any joint comments on the report that they consider appropriate, and either such official may include in the transmittal any separate comments on the report that such official considers appropriate.

(e) DEFINITIONS.—In this section:

(1) The term "Article I court" means a court established under Article I of the Constitution.

(2) The term "Article III court" means a court established under Article III of the Constitution.

(f) TERMINATION OF PANEL.—The panel shall terminate 30 days after the date of submission of the report to the Secretary of Defense and the Attorney General under subsection (d).

Subtitle D—Decorations and Awards

SEC. 541. AWARD OF PURPLE HEART TO CERTAIN FORMER PRISONERS OF WAR.

(a) AUTHORITY TO MAKE AWARD.—The President may award the Purple Heart to a person who, while serving in the Armed Forces of the United States before April 25, 1962—

(1) was taken prisoner or held captive—

(A) in an action against an enemy of the United States;

(B) in military operations involving conflict with an opposing foreign force;

(C) during service with friendly forces engaged in an armed conflict against an opposing armed force in which the United States was not a belligerent party;

(D) as the result of an action of any such enemy or opposing armed force; or

(E) as the result of an act of any foreign hostile force; and

(2) was wounded while being taken prisoner or held captive.

(b) STANDARDS.—An award of the Purple Heart may be made under subsection (a) only in accordance with the standards in effect on the date of the enactment of this Act for the award of the Purple Heart to a member of the Armed Forces who, on or after April 25, 1962, has been taken prisoner and held captive under circumstances described in that subsection.

(c) EXCEPTION FOR AIDING THE ENEMY.—An award of a Purple Heart may not be made under this section to any person convicted by a court of competent jurisdiction of rendering assistance to any enemy of the United States.

(d) COVERED WOUNDS.—A wound determined by the Secretary of Veterans Affairs as being a service-connected injury arising from being taken prisoner or held captive under circumstances described in subsection (a) satisfies the condition set forth in paragraph (2) of that subsection.

(e) RELATIONSHIP TO OTHER AUTHORITY TO AWARD THE PURPLE HEART.—The authority under this section is in addition to any other authority of the President to award the Purple Heart.

SEC. 542. MERITORIOUS AND VALOROUS SERVICE DURING VIETNAM ERA: REVIEW AND AWARDS.

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

(1) The Ia Drang Valley (Pleiku) campaign, carried out by the Armed Forces of the United States in the Ia Drang Valley of Vietnam from October 23, 1965, to November 26, 1965, is illustrative of the many battles which pitted forces of the United States against North Vietnamese Army regulars and Viet Cong in vicious fighting in which many members of the Armed Forces displayed extraordinary heroism, sacrifice, and bravery which has not yet been officially recognized through award of appropriate decorations.

(2) Accounts of these battles published since the war ended authoritatively document repeated acts of extraordinary heroism, sacrifice, and bravery on the part of many members of the Armed Forces who were engaged in these battles, many of whom have never been officially recognized for those acts.

(3) In some of the battles United States military units suffered substantial losses, in some cases a majority of the strength of the units.

(4) The incidence of heavy casualties throughout the war inhibited the timely collection of comprehensive and detailed information to support recommendations for awards for the acts of heroism, sacrifice, and bravery performed.

(5) Requests to the Secretaries of the military departments for review of award recommendations for those acts have been denied because of restrictions in law and regulations that require timely filing of recommendations and documented justification.

(6) Acts of heroism, sacrifice, and bravery performed in combat by members of the Armed Forces of the United States deserve appropriate and timely recognition by the people of the United States.

(7) It is appropriate to recognize military personnel for acts of extraordinary heroism, sacrifice, or bravery that are belatedly, but properly, documented by persons who witnessed those acts.

(b) WAIVER OF RESTRICTIONS ON AWARDS.—(1) Notwithstanding any other provision of law, the Secretary of Defense or the Secretary of the military department concerned may award or upgrade a decoration to any person for an act, an achievement, or service that the person performed in a campaign while serving on active duty during the Vietnam era.

(2) Paragraph (1) applies to any decoration (including any device in lieu of a decoration) that, during or after the Vietnam era and before the date of the enactment of this Act, was authorized by law or under regulations of the Department of Defense or the military department concerned to be awarded to a person for an act, an achievement, or service performed by that person while serving on active duty.

(c) REVIEW OF AWARD RECOMMENDATIONS.—(1) The Secretary of each military department shall review all recommendations for awards for acts, achievements, or service described in subsection (b)(1) that have been received by the Secretary during the period of the review.

(2) The Secretaries shall begin the review within 30 days after the date of the enactment of this Act and shall complete the review within one year after such date.

(3) The Secretary may use the same process for carrying out the review as the Secretary uses for reviewing other recommendations for awarding decorations to members of the armed force or armed forces under the Secretary's jurisdiction for acts, achievements, or service.

(4)(A) Upon completing the review, the Secretary shall submit a report on the review to the Committee on Armed Services of the Senate and the Committee on National Security of the House of Representatives.

(B) The report shall contain the following information on each recommendation for award reviewed:

(i) A summary of the recommendation.

(ii) The findings resulting from the review.

(iii) The final action taken on the recommendation.

(d) DEFINITIONS.—In this section:

(1) The term "Vietnam era" has the meaning given that term in section 101(29) of title 38, United States Code.

(2) The term "active duty" has the meaning given such term in section 101(d)(1) of title 10, United States Code.

SEC. 543. MILITARY INTELLIGENCE PERSONNEL PREVENTED BY SECRECY FROM BEING CONSIDERED FOR DECORATIONS AND AWARDS.

(a) WAIVER ON RESTRICTIONS OF AWARDS.—(1) Notwithstanding any other provision of law, the President, the Secretary of Defense, or the Secretary of the military department concerned may award a decoration to any person for an act, achievement, or service that the person performed in carrying out military intelligence duties during the period January 1, 1940, through December 31, 1990.

(2) Paragraph (1) applies to any decoration (including any device in lieu of a decoration) that, during or after the period described in paragraph (1) and before the date of the enactment of this Act, was authorized by law or under the regulations of the Department of Defense or the military department concerned to be awarded to a person for an act, achievement, or service performed by that person while serving on active duty.

(b) REVIEW OF AWARD RECOMMENDATIONS.—(1) The Secretary of each military department shall review all recommendations for awards of decorations for acts, achievements, or service described in subsection (a)(1) that have been received by the Secretary during the period of the review.

(2) The Secretary shall begin the review within 30 days after the date of the enactment of this Act and shall complete the review within one year after such date.

(3) The Secretary may use the same process for carrying out the review as the Secretary uses for reviewing other recommendations for awarding decorations to members of the armed force or armed forces under the Secretary's jurisdiction for acts, achievements, or service.

(4) The Secretary may reject a recommendation if the Secretary determines that there is a justifiable basis for concluding that the recommendation is specious.

(5) The Secretary shall take reasonable actions to publicize widely the opportunity to recommend awards of decorations under this section.

(6)(A) Upon completing the review, the Secretary shall submit a report on the review to the Committee on Armed Services of the Senate and the Committee on National Security of the House of Representatives.

(B) The report shall contain the following information on each recommendation for an award reviewed:

(i) A summary of the recommendation.

(ii) The findings resulting from the review.

(iii) The final action taken on the recommendation.

(iv) Administrative or legislative recommendations to improve award procedures with respect to military intelligence personnel.

(c) DEFINITION.—In this section, the term "active duty" has the meaning given such term in section 101(d)(1) of title 10, United States Code.

SEC. 544. REVIEW REGARDING AWARDS OF DISTINGUISHED-SERVICE CROSS TO ASIAN-AMERICANS AND PACIFIC ISLANDERS FOR CERTAIN WORLD WAR II SERVICE.

(a) REVIEW REQUIRED.—The Secretary of the Army shall—

(1) review the records relating to the award of the Distinguished-Service Cross to Asian-Americans and Native American Pacific Islanders for service as members of the Army during World War II in order to determine whether the award should be upgraded to the Medal of Honor; and

(2) submit to the President a recommendation that the President award a Medal of Honor to each such person for whom the Secretary determines an upgrade to be appropriate.

(b) WAIVER OF TIME LIMITATIONS.—The President is authorized to award a Medal of Honor to any person referred to in subsection (a) in accordance with a recommendation of the Secretary of the Army submitted under that subsection. The following restrictions do not apply in the case of any such person:

(1) Sections 3744 and 8744 of title 10, United States Code.

(2) Any regulation or other administrative restriction on—

(A) the time for awarding a Medal of Honor; or

(B) the awarding of a Medal of Honor for service for which a Distinguished-Service Cross has been awarded.

(c) DEFINITIONS.—In this section:

(1) The term "Native American Pacific Islander" means a Native Hawaiian and any other Native American Pacific Islander within the meaning of the Native American Programs Act of 1974 (42 U.S.C. 2991 et seq.).

(2) The term "World War II" has the meaning given that term in section 101(8) of title 38, United States Code.

Subtitle E—Other Matters

SEC. 551. DETERMINATION OF WHEREABOUTS AND STATUS OF MISSING PERSONS.

(a) PURPOSE.—The purpose of this section is to ensure that any member of the Armed Forces is accounted for by the United States (by the return of such person alive, by the return of the remains of such person, or by the decision that credible evidence exists to support another determination of the status of such person) and, as a general rule, is not declared dead solely because of the passage of time.

(b) IN GENERAL.—(1) Part II of subtitle A of title 10, United States Code, is amended by inserting after chapter 75 the following new chapter:

"CHAPTER 76—MISSING PERSONS

"Sec.
"1501. System for accounting for missing persons.
"1502. Missing persons: initial report.
"1503. Actions of Secretary concerned; initial board inquiry.
"1504. Subsequent board of inquiry.
"1505. Further review.
"1506. Personnel files.
"1507. Recommendation of status of death.
"1508. Return alive of person declared missing or dead.
"1509. Effect on State law.
"1510. Definitions.

"§ 1501. System for accounting for missing persons

"(a) OFFICE FOR MISSING PERSONNEL.—(1) The Secretary of Defense shall establish within the Office of the Secretary of Defense an office to have responsibility for Department of Defense policy relating to missing persons. Subject to the authority, direction, and control of the Secretary of Defense, the responsibilities of the office shall include—

"(A) policy, control, and oversight within the Department of Defense of the entire process for investigation and recovery related to missing persons; and

"(B) coordination for the Department of Defense with other departments and agencies of the United States on all matters concerning missing persons.

"(2) In carrying out the responsibilities of the office established under this subsection, the head of the office shall coordinate the efforts of that office with those of other departments and agencies and other elements of the Department of Defense for such purposes and shall be responsible for the coordination for such purposes within the Department of Defense among the military departments, the Joint Staff, and the commanders of the combatant commands.

"(3) The office shall establish policies, which shall apply uniformly throughout the Department of Defense, for personnel recovery.

"(4) The office shall establish procedures to be followed by Department of Defense boards of inquiry, and by officials reviewing the reports of such boards, under this chapter.

"(b) SEARCH AND RESCUE.—Notwithstanding subsection (a), responsibility for search and rescue policies within the Department of Defense shall be established by the Assistant Secretary of Defense for Special Operations and Low Intensity Conflict.

"(c) UNIFORM DOD PROCEDURES.—(1) The Secretary of Defense shall prescribe procedures, to apply uniformly throughout the Department of Defense, for—

"(A) the determination of the status of persons described in subsection (e); and

"(B) for the systematic, comprehensive, and timely collection, analysis, review, dissemination, and periodic update of information related to such persons.

"(2) Such procedures may provide for the delegation by the Secretary of Defense of any responsibility of the Secretary under this chapter to the Secretary of a military department.

"(3) Such procedures shall be prescribed in a single directive applicable to all elements of the Department of Defense, other than the elements carrying out activities relating to search and rescue.

"(4) As part of such procedures, the Secretary may provide for the extension, on a case by-case basis, of any time limit specified in section 1503 or 1504 of this title. Any such extension may not be for a period in excess of the period with respect to which the extension is provided. Subsequent extensions may be provided on the same basis.

"(d) COAST GUARD.—(1) The Secretary of Transportation shall designate an officer of the Department of Transportation to have responsibility within the Department of Transportation for matters relating to missing persons who are Coast Guard personnel.

"(2) The Secretary of Transportation shall prescribe procedures for the determination of the status of persons described in subsection (e) who are personnel of the Coast Guard and for the collection, analysis, review, and update of information on such persons. To the maximum extent practicable, the procedures prescribed under this paragraph shall be similar to the procedures prescribed by the Secretary of Defense under subsection (c).

"(e) COVERED PERSONS.—Section 1502 of this title applies in the case of any member of the armed forces on active duty who becomes involuntarily absent as a result of a hostile action, or under circumstances suggesting that the involuntary absence is a result of a hostile action, and whose status is undetermined or who is unaccounted for.

"(f) PRIMARY NEXT OF KIN.—The individual who is primary next of kin of any person prescribed in subsection (e) may for purposes of this chapter designate another individual to act on behalf of that individual as primary next of kin. The Secretary concerned shall treat an individual so designated as if the individual designated were the primary next of kin for purposes of this chapter. A designation under this subsection may be revoked at any time by the person who made the designation.

"(g) TERMINATION OF APPLICABILITY OF PROCEDURES WHEN MISSING PERSON IS ACCOUNTED FOR.—The provisions of this chapter relating to boards of inquiry and to the actions by the Secretary concerned on the reports of those boards shall cease to apply in the case of a missing person upon the person becoming accounted for or otherwise being determined to be in a status other than missing.

"§ 1502. Missing persons: initial report

"(a) PRELIMINARY ASSESSMENT AND RECOMMENDATION BY COMMANDER.—After receiving information that the whereabouts or status of a person described in section 1501(e) of this title is uncertain and that the absence of the person may be involuntary, the commander of the unit, facility, or area to or in which the person is assigned shall make a preliminary assessment of the circumstances. If, as a result of that assessment, the commander concludes that the person is missing, the commander shall—

"(1) recommend that the person be placed in a missing status; and

"(2) transmit that recommendation to the Secretary of Defense or the Secretary having jurisdiction over the missing person in accordance with procedures prescribed under section 1501 of this title.

"(b) FORWARDING OF RECORDS.—The commander making the initial assessment shall (in accordance with procedures prescribed under section 1501 of this title) safeguard and forward for official use any information relating to the whereabouts or status of a missing person that result from the preliminary assessment or from actions taken to locate the person.

"§ 1503. Actions of Secretary concerned; initial board inquiry

"(a) DETERMINATION BY SECRETARY.—(1) Upon receiving a recommendation on the status of a person under section 1502(a)(2) of this title, the Secretary receiving the recommendation shall review the recommendation.

"(2) After reviewing the recommendation on the status of a person, the Secretary shall—

"(A) make a determination whether the person shall be declared missing; or

"(B) if the Secretary determines that a status other than missing may be warranted for the person, appoint a board under this section to carry out an inquiry into the whereabouts or status of the person.

"(b) INQUIRIES INVOLVING MORE THAN ONE MISSING PERSON.—If it appears to the Secretary who appoints a board under this section that the absence or missing status of two or more persons is factually related, the Secretary may appoint a single board under this section to conduct the inquiry into the whereabouts or status of such persons.

"(c) COMPOSITION.—(1) A board appointed under this section to inquire into the whereabouts or status of a person shall consist of at least one military officer who has experience with and understanding of military operations or activities similar to the operation or activity in which the person disappeared.

"(2) An individual may be appointed as a member of a board under this section only if the individual has a security clearance that affords the individual access to all information relating to the whereabouts and status of the missing persons covered by the inquiry.

"(3) The Secretary who appoints a board under this subsection shall, for purposes of providing legal counsel to the board, assign to the board a judge advocate, or appoint to the board an attorney, who has expertise in the law relating to missing persons, the determination of death of such persons, and the rights of family members and dependents of such persons.

"(d) DUTIES OF BOARD.—A board appointed to conduct an inquiry into the whereabouts or status of a missing person under this section shall—

"(1) collect, develop, and investigate all facts and evidence relating to the disappearance, whereabouts, or status of the person;

"(2) collect appropriate documentation of the facts and evidence covered by the investigation;

"(3) analyze the facts and evidence, make findings based on that analysis, and draw conclusions as to the current whereabouts and status of the person; and

"(4) with respect to each person covered by the inquiry, recommend to the Secretary who appointed the board that—

"(A) the person be placed in a missing status; or

"(B) the person be declared to have deserted, to be absent without leave, or to be dead.

"(e) BOARD PROCEEDINGS.—During the proceedings of an inquiry under this section, a board shall—

"(1) collect, record, and safeguard all facts, documents, statements, photographs, tapes, messages, maps, sketches, reports, and other information (whether classified or unclassified) relating to the whereabouts or status of each person covered by the inquiry;

"(2) gather information relating to actions taken to find the person, including any evidence of the whereabouts or status of the person arising from such actions; and

"(3) maintain a record of its proceedings.

"(f) ACCESS TO PROCEEDINGS.—The proceedings of a board during an inquiry under this section shall be closed to the public (including, with respect to the person covered by the inquiry, the primary next of kin, other members of the immediate family, and any other previously designated person of the person).

"(g) RECOMMENDATION ON STATUS OF MISSING PERSONS.—(1) Upon completion of its inquiry, a board appointed under this section shall make a recommendation to the Secretary who appointed the board as to the appropriate determination of the current whereabouts or status of each person whose whereabouts and status were covered by the inquiry.

"(2)(A) A board may not recommend under paragraph (1) that a person be declared dead unless the board determines that the evidence before it established conclusive proof of the death of the person.

"(B) In this paragraph, the term 'conclusive proof of death' means credible evidence establishing that death is the only credible explanation for the absence of the person.

"(h) REPORT.—(1) A board appointed under this section shall submit to the Secretary who appointed the board a report on the inquiry carried out by the board. The report shall include—

"(A) a discussion of the facts and evidence considered by the board in the inquiry;

"(B) the recommendation of the board under subsection (g) with respect to each person covered by the report; and

"(C) disclosure of whether classified documents and information were reviewed by the board or were otherwise used by the board in forming recommendations under subparagraph (B).

"(2) A board shall submit a report under this subsection with respect to the inquiry carried out by the board not later than 30 days after the date of the appointment of the board to carry out the inquiry.

"(3) A report submitted under this subsection with respect to a missing person may not be made public until one year after the date on which the report is submitted, and not without the approval of the primary next of kin of the person.

"(i) DETERMINATION BY SECRETARY.—(1) Not later than 30 days after the receipt of a report from a board under subsection (j), the Secretary receiving the report shall review the report.

"(2) In reviewing a report under paragraph (1) the Secretary shall determine whether or not the report is complete and free of administrative error. If the Secretary determines that the report is incomplete, or that the report is not free of administrative error, the Secretary may return the report to the board for further action on the report by the board.

"(3) Upon a determination by the Secretary that a report reviewed under this subsection is complete and free of administrative error, the Secretary shall make a determination concerning the status of each person covered by the report, including whether the person shall—

"(A) be declared missing;

"(B) be declared to have deserted;

"(C) be declared to be absent without leave; or

"(D) be declared to be dead.

"(j) REPORT TO FAMILY MEMBERS AND OTHER INTERESTED PERSONS.—Not later than 30 days after the date on which the Secretary concerned makes a determination of the status of a person under subsection (a)(2) or (i), the Secretary shall take reasonable actions to—

"(1) provide to the primary next of kin, the other members of the immediate family, and any other previously designated person of the person—

"(A) an unclassified summary of the unit commander's report with respect to the person under section 1502(a) of this title; and

"(B) if a board was appointed to carry out an inquiry into the person under this section, the report of the board (including the names of the members of the board) under subsection (h); and

"(2) inform each individual referred to in paragraph (1) that the United States will conduct a subsequent inquiry into the whereabouts or status of the person on or about one year after the date of the first official notice of the disappearance of the person, unless information becomes available sooner that may result in a change in status of the person.

"(k) TREATMENT OF DETERMINATION.—Any determination of the status of a missing person under subsection (a)(2) or (i) shall be treated as the determination of the status of the person by all departments and agencies of the United States.

"§ 1504. Subsequent board of inquiry

"(a) ADDITIONAL BOARD.—If information that may result in a change of status of a person covered by a determination under subsection (a)(2) or (i) of section 1503 of this title becomes available within one year after the date of the transmission of a report with respect to the person under section 1502(a)(2) of this title, the Secretary concerned shall appoint a board under this section to conduct an inquiry into the information.

"(b) DATE OF APPOINTMENT.—The Secretary concerned shall appoint a board under this section to conduct an inquiry into the whereabouts and status of a missing person on or about one year after the date of the transmission of a report concerning the person under section 1502(a)(2) of this title.

"(c) COMBINED INQUIRIES.—If it appears to the Secretary concerned that the absence or status of two or more persons is factually related, the Secretary may appoint one board under this section to conduct the inquiry into the whereabouts or status of such persons.

"(d) COMPOSITION.—(1) Subject to paragraphs (2) and (3), a board appointed under this section shall consist of not less than three officers having the grade of major or lieutenant commander or above.

"(2) The Secretary concerned shall designate one member of a board appointed under this section as president of the board. The president of the board shall have a security clearance that affords the president access to all information relating to the whereabouts and status of each person covered by the inquiry.

"(3) One member of each board appointed under this subsection shall be an individual who—

"(A) has a occupational specialty similar to that of one or more of the persons covered by the inquiry; and

"(B) has an understanding of and expertise in the type of official activities that one or more such persons were engaged in at the time such person or persons disappeared.

"(4) The Secretary who appoints a board under this subsection shall, for purposes of providing legal counsel to the board, assign to the board a judge advocate, or appoint to the board an attorney, who has expertise in the law relating to missing persons, the determination of death of such persons, and the rights of family members and dependents of such persons.

"(e) DUTIES OF BOARD.—A board appointed under this section to conduct an inquiry into the whereabouts or status of a person shall—

"(1) review the report with respect to the person transmitted under section 1502(a)(2) of this title, and the report, if any, submitted under subsection (h) of section 1503 of this title by the board appointed to conduct inquiry into the status of the person under such section 1503;

"(2) collect and evaluate any document, fact, or other evidence with respect to the whereabouts or status of the person that has become available since the determination of the status of the person under section 1503 of this title;

"(3) draw conclusions as to the whereabouts or status of the person;

"(4) determine on the basis of the activities under paragraphs (1) and (2) whether the status of the person should be continued or changed; and

"(5) submit to the Secretary concerned a report describing the findings and conclusions of the board, together with a recommendation for a determination by the Secretary concerning the whereabouts or status of the person.

"(f) ATTENDANCE OF FAMILY MEMBERS AND CERTAIN OTHER INTERESTED PERSONS AT PROCEEDINGS.—(1) With respect to any person covered by a inquiry under this section, the primary next of kin, other members of the immediate family, and any other previously designated person of the person may attend the proceedings of the board during the inquiry.

"(2) The Secretary concerned shall take reasonable actions to notify each individual referred to in paragraph (1) of the opportunity to attend the proceedings of a board. Such notice shall be provided not less than 60 days before the first meeting of the board.

"(3) An individual who receives notice under paragraph (2) shall notify the Secretary of the intent, if any, of that individual to attend the proceedings of the board not later than 21 days after the date on which the individual receives the notice.

"(4) Each individual who notifies the Secretary under paragraph (3) of the individual's intent to attend the proceedings of the board—

"(A) in the case of a individual who is the primary next of kin or other member of the immediate family of a missing person whose status is a subject of the inquiry and whose receipt of the pay or allowances (including allotments) of the person could be reduced or terminated as a result of a revision in the status of the person, may attend the proceedings of the board with private counsel;

"(B) shall have access to the personnel file of the missing person, to unclassified reports, if any, of the board appointed under section 1503 of this title to conduct the inquiry into the whereabouts and status of the person, and to any other unclassified information or documents relating to the whereabouts and status of the person;

"(C) shall be afforded the opportunity to present information at the proceedings of the board that such individual considers to be relevant to those proceedings; and

"(D) subject to paragraph (5), shall be given the opportunity to submit in writing an objection to any recommendation of the board under subsection (h) as to the status of the missing person.

"(5)(A) Individuals who wish to file objections under paragraph (4)(D) to any recommendation of the board shall—

"(i) submit a letter of intent to the president of the board not later than 2 days after the date on which the recommendations are made; and

"(ii) submit to the president of the board the objections in writing not later than 15 days after the date on which the recommendations are made.

"(B) The president of a board shall include any objections to a recommendation of the board that are submitted to the president of the board under subparagraph (A) in the report of the board containing the recommendation under subsection (h).

"(6) An individual referred to in paragraph (1) who attends the proceedings of a board under this subsection shall not be entitled to reimbursement by the United States for any costs (including travel, lodging, meals, local transportation, legal fees, transcription costs, witness expenses, and other expenses) incurred by that individual in attending such proceedings.

"(g) AVAILABILITY OF INFORMATION TO BOARDS.—(1) In conducting proceedings in an inquiry under this section, a board may secure directly from any department or agency of the United States any information that the board considers necessary in order to conduct the proceedings.

"(2) Upon written request from the president of a board, the head of a department or agency of the United States shall release information covered by the request to the board. In releasing such information, the head of the department or agency shall—

"(A) declassify to an appropriate degree classified information; or

"(B) release the information in a manner not requiring the removal of markings indicating the classified nature of the information.

"(3)(A) If a request for information under paragraph (2) covers classified information that cannot be declassified, cannot be removed before release from the information covered by the request, or cannot be summarized in a manner that prevents the release of classified information, the classified information shall be made available only to the president of the board making the request.

"(B) The president of a board shall close to persons who do not have appropriate security clearances the proceeding of the board at which classified information is discussed. Participants at a proceeding of a board at which classified information is discussed shall comply with all applicable laws and regulations relating to the disclosure of classified information. The Secretary concerned shall assist the president of a board in ensuring that classified information is not compromised through board proceedings.

"(h) RECOMMENDATION ON STATUS.—(1) Upon completion of an inquiry under this subsection, a board shall make a recommendation as to the current whereabouts or status of each missing person covered by the inquiry.

"(2) A board may not recommend under paragraph (1) that a person be declared dead unless—

"(A) proof of death is established by the board; or

"(B) in making the recommendation, the board complies with section 1507 of this title.

"(i) REPORT.—A board appointed under this section shall submit to the Secretary concerned a report on the inquiry carried out by the board, together with the evidence considered by the board during the inquiry. The report may include a classified annex.

"(j) ACTIONS BY SECRETARY CONCERNED.—(1) Not later than 30 days after the receipt of a report from a board under subsection (i), the Secretary shall review—

"(A) the report; and

"(B) the objections, if any, to the report submitted to the president of the board under subsection (f)(5).

"(2) In reviewing a report under paragraph (1) (including the objections described in subparagraph (B) of that paragraph), the Secretary concerned shall determine whether or not the report is complete and free of administrative error. If the Secretary determines that the report is incomplete, or that the report is not free of administrative error, the Secretary may return the report to the board for further action on the report by the board.

"(3) Upon a determination by the Secretary that a report reviewed under this subsection is complete and free of administrative error, the Secretary shall make a determination concerning the status of each person covered by the report.

"(k) REPORT TO FAMILY MEMBERS AND OTHER INTERESTED PERSONS.—Not later than 60 days after the date on which the Secretary concerned makes a determination with respect to a missing person under subsection (j), the Secretary shall—

"(1) provide an unclassified summary of the report reviewed by the Secretary in making the determination to the primary next of kin, the other members of the immediate family, and any other previously designated person of the person; and

"(2) in the case of a person who continues to be in a missing status, inform each individual referred to in paragraph (1) that the United States will conduct subsequent inquiries into the whereabouts or status of the person upon obtaining credible information that may result in a change in the status of the person.

"(l) TREATMENT OF DETERMINATION.—Any determination of the status of a missing person under subsection (j) shall supersede the determination of the status of the person under section 1503 of this title and shall be treated as the determination of the status of the person by all departments and agencies of the United States.

"§ 1505. Further review

"(a) SUBSEQUENT REVIEW.—(1) The Secretary concerned shall conduct subsequent inquiries into the whereabouts or status of

any person determined by the Secretary under section 1504 of this title to be in a missing status.

"(2) The Secretary concerned shall appoint a board to conduct an inquiry with respect to a person under this subsection upon obtaining credible information that may result in a change of status of the person.

"(b) CONDUCT OF PROCEEDINGS.—The appointment of, and activities before, a board appointed under this section shall be governed by the provisions of section 1504 of this title with respect to a board appointed under that section.

"§ 1506. Personnel files

"(a) INFORMATION IN FILES.—Except as provided in subsections (b), (c), and (d), the Secretary of the department having jurisdiction over a missing person at the time of the person's disappearance shall, to the maximum extent practicable, ensure that the personnel file of the person contains all information in the possession of the United States relating to the disappearance and whereabouts or status of the person.

"(b) CLASSIFIED INFORMATION.—(1) The Secretary concerned may withhold classified information from a personnel file under this section.

"(2) If the Secretary concerned withholds classified information from a personnel file, the Secretary shall ensure that the file contains the following:

"(A) A notice that the withheld information exists.

"(B) A notice of the date of the most recent review of the classification of the withheld information.

"(c) PROTECTION OF PRIVACY.—The Secretary concerned shall maintain personnel files under this section, and shall permit disclosure of or access to such files, in accordance with the provisions of section 552a of title 5 and with other applicable laws and regulations pertaining to the privacy of the persons covered by the files.

"(d) PRIVILEGED INFORMATION.—The Secretary concerned shall withhold reports obtained as privileged information from the personnel files under this section. If the Secretary withholds a report from a personnel file under this subsection, the Secretary shall ensure that the file contains a notice that the withheld information exists.

"(e) WRONGFUL WITHHOLDING.—Except as otherwise provided by law, any person who knowingly and willfully withholds from the personnel file of a missing person any information relating to the disappearance or whereabouts or status of a missing person shall be fined as provided in title 18 or imprisoned not more than one year, or both.

"(f) AVAILABILITY OF INFORMATION.—The Secretary concerned shall, upon request, make available the contents of the personnel file of a missing person to the primary next of kin, the other members of the immediate family, or any other previously designated person of the person.

"§ 1507. Recommendation of status of death

"(a) REQUIREMENTS RELATING TO RECOMMENDATION.—A board appointed under section 1504 or 1505 of this title may not recommend that a person be declared dead unless—

"(1) credible evidence exists to suggest that the person is dead;

"(2) the United States possesses no credible evidence that suggests that the person is alive;

"(3) representatives of the United States have made a complete search of the area where the person was last seen (unless, after making a good faith effort to obtain access to such area, such representatives are not granted such access); and

"(4) representatives of the United States have examined the records of the government or entity having control over the area where the person was last seen (unless, after making a good faith effort to obtain access to such records, such representatives are not granted such access).

"(b) SUBMITTAL OF INFORMATION ON DEATH.—If a board appointed under section 1504 or 1505 of this title makes a recommendation that a missing person be declared dead, the board shall, to the maximum extent practicable, include in the report of the board with respect to the person under such section the following:

"(1) A detailed description of the location where the death occurred.

"(2) A statement of the date on which the death occurred.

"(3) A description of the location of the body, if recovered.

"(4) If the body has been recovered and is not identifiable through visual means, a certification by a practitioner of an appropriate forensic science that the body recovered is that of the missing person.

"§ 1508. Return alive of person declared missing or dead

"(a) PAY AND ALLOWANCES.—Any person (except for a person subsequently determined to have been absent without leave or a deserter) in a missing status or declared dead under the Missing Persons Act of 1942 (56 Stat. 143) or chapter 10 of title 37 or by a board appointed under this chapter who is found alive and returned to the control of the United States shall be paid for the full time of the absence of the person while given that status or declared dead under the law and regulations relating to the pay and allowances of persons returning from a missing status.

"(b) EFFECT ON GRATUITIES PAID AS A RESULT OF STATUS.—Subsection (a) shall not be interpreted to invalidate or otherwise affect the receipt by any person of a death gratuity or other payment from the United States on behalf of a person referred to in subsection (a) before the date of the enactment of this chapter.

"§ 1509. Effect on State law

"Nothing in this chapter shall be construed to invalidate or limit the power of any State court or administrative entity, or the power of any court or administrative entity of any political subdivision thereof, to find or declare a person dead for purposes of such State or political subdivision.

"§ 1510. Definitions

"In this chapter:

"(1) The term 'missing person' means a member of the armed forces on active duty who is in a missing status.

"(2) The term 'missing status' means the status of a missing person who is determined to be absent in a category of—

"(A) missing;

"(B) missing in action;

"(C) interned in a foreign country;

"(D) captured;

"(E) beleaguered;

"(F) besieged; or

"(G) detained.

"(3) The term 'accounted for', with respect to a person in a missing status, means that—

"(A) the person is returned to United States control alive;

"(B) the remains of the person are identified by competent authority; or

"(C) credible evidence exists to support another determination of the person's status.

"(4) The term 'primary next of kin', in the case of a missing person, means the individual authorized to direct disposition of the remains of the person under section 1482(c) of this title.

"(5) The term 'member of the immediate family', in the case of a missing person, means the following:

"(A) The spouse of the person.

"(B) A natural child, adopted child, step child, or illegitimate child (if acknowledged by the person or parenthood has been established by a court of competent jurisdiction) of the person, except that if such child has not attained the age of 18 years, the term means a surviving parent or legal guardian of such child.

"(C) A biological parent of the person, unless legal custody of the person by the parent has been previously terminated by reason of a court decree or otherwise under law and not restored.

"(D) A brother or sister of the person, if such brother or sister has attained the age of 18 years.

"(E) Any other blood relative or adoptive relative of the person, if such relative was given sole legal custody of the person by a court decree or otherwise under law before the person attained the age of 18 years and such custody was not subsequently terminated before that time.

"(6) The term 'previously designated person', in the case of a missing person, means an individual designated by the person under section 655 of this title for purposes of this chapter.

"(7) The term 'classified information' means any information determined as such under applicable laws and regulations of the United States.

"(8) The term 'State' includes the District of Columbia, the Commonwealth of Puerto Rico, and any territory or possession of the United States.

"(9) The term 'Secretary concerned' includes the Secretary of Transportation with respect to the Coast Guard when it is not operating as a service in the Department of the Navy.

"(10) The term 'armed forces' includes Coast Guard personnel operating in conjunction with, in support of, or under the command of a unified combatant command (as that term is used in section 6 of this title).".

(2) The tables of chapters at the beginning of subtitle A, and at the beginning of part II of subtitle A, of title 10, United States Code, are amended by inserting after the item relating to chapter 75 the following new item:

"76. Missing Persons ..... 1501".

(c) CONFORMING AMENDMENTS.—Chapter 10 of title 37, United States Code, is amended as follows:

(1) Section 555 is amended—

(A) in subsection (a), by striking out "when a member" and inserting in lieu thereof "except as provided in subsection (d), when a member"; and

(B) by adding at the end the following new subsection:

"(d) This section does not apply in a case to which section 1502 of title 10 applies.".

(2) Section 552 is amended—

(A) in subsection (a), by striking out "for all purposes," in the second sentence of the matter following paragraph (2) and all that follows through the end of the sentence and inserting in lieu thereof "for all purposes.";

(B) in subsection (b), by inserting "or under chapter 76 of title 10" before the period at the end; and

(C) in subsection (e), by inserting "or under chapter 76 of title 10" after "section

555 of this title" after "section 555 of this title".

(3) Section 553 is amended—

(A) in subsection (f), by striking out "the date the Secretary concerned receives evidence that" and inserting in lieu thereof "the date on which, in a case covered by section 555 of this title, the Secretary concerned receives evidence, or, in a case covered by chapter 76 of title 10, the Secretary concerned determines pursuant to that chapter that"; and

(B) in subsection (g), by inserting "or under chapter 76 of title 10" after section 555 of this title".

(4) Section 556 is amended—

(A) in subsection (a), by inserting after paragraph (7) the following: "Paragraphs (1), (5), (6), and (7) shall only apply with respect to a case to which section 555 of this title applies.";

(B) in subsection (b), by inserting ", in a case to which section 555 of this title applies," after "When the Secretary concerned"; and

(C) In subsection (h)—

(i) in the first sentence, by striking out "status" and inserting in lieu thereof "pay"; and

(ii) in the second sentence, by inserting "in a case to which section 555 of this title applies" after "under this section".

(d) DESIGNATION OF INDIVIDUALS HAVING INTEREST IN STATUS OF SERVICE MEMBERS.—(1) Chapter 37 of title 10, United States Code, is amended by adding at the end the following new section:

"§ 655. Designation of persons having interest in status of a missing member

"(a) The Secretary concerned shall, upon the enlistment or appointment of a person in the armed forces, require that the person specify in writing the person or persons, if any, other than that person's primary next of kin or immediate family, to whom information on the whereabouts or status of the member shall be provided if such whereabouts or status are investigated under chapter 76 of this title. The Secretary shall periodically, and whenever the member is deployed as part of a contingency operation or in other circumstances specified by the Secretary, require that such designation be reconfirmed, or modified, by the member.

"(b) The Secretary concerned shall, upon the request of a member, permit the member to revise the person or persons specified by the member under subsection (a) at any time. Any such revision shall be in writing.".

(2) The table of sections at the beginning of such chapter is amended by adding at the end the following new item:

"655. Designation of persons having interest in status of a missing member.".

(e) ACCOUNTING FOR CIVILIAN EMPLOYEE AND CONTRACTORS OF THE UNITED STATES.—(1) The Secretary of State shall carry out a comprehensive study of the Missing Persons Act of 1942 (56 Stat. 143), and any other laws and regulations establishing procedures for the accounting for of civilian employees of the United States or contractors of the United States who serve with or accompany the Armed Forces in the field. The purpose of the study is to determine the means, if any, by which such procedures may be improved.

(2) The Secretary of State shall carry out the study required under paragraph (1) in consultation with the Secretary of Defense, the Secretary of Transportation, the Director of Central Intelligence, and the heads of such other departments and agencies of the Federal Government as the President shall designate for that purpose.

(3) In carrying out the study, the Secretary of State shall examine the procedures undertaken when a civilian employee referred to in paragraph (1) becomes involuntarily absent as a result of a hostile action, or under circumstances suggesting that the involuntary absence is a result of a hostile action, and whose status is undetermined or who is unaccounted for, including procedures for—

(A) search and rescue for the employee;

(B) determining the status of the employee;

(C) reviewing and changing the status of the employee;

(D) determining the rights and benefits accorded to the family of the employee; and

(E) maintaining and providing appropriate access to the records of the employee and the investigation into the status of the employee.

(4) Not later than one year after the date of the enactment of this Act, the Secretary of State shall submit to the Committee on Armed Services of the Senate and the Committee on National Security of the House of Representatives a report on the study carried out by the Secretary under this subsection. The report shall include the recommendations, if any, of the Secretary for legislation to improve the procedures covered by the study.

SEC. 552. SERVICE NOT CREDITABLE FOR PERIODS OF UNAVAILABILITY OR INCAPACITY DUE TO MISCONDUCT.

(a) ENLISTED SERVICE CREDIT.—Section 972 of title 10, United States Code, is amended—

(1) by striking out paragraphs (3) and (4) and inserting in lieu thereof the following:

"(3) is confined by military or civilian authorities for more than one day in connection with a trial, whether before, during, or after the trial; or"; and

(2) by redesignating paragraph (5) paragraph (4).

(b) OFFICER SERVICE CREDIT.—Chapter 49 of title 10, United States Code, is amended by inserting after section 972 the following new section:

"§ 972a. Officers: service not creditable

"(a) IN GENERAL.—Except as provided in subsection (b), an officer of an armed force may not receive credit for service in the armed forces for any purpose for a period for which the officer—

"(1) deserts;

"(2) is absent from the officer's organization, station, or duty for more than one day without proper authority, as determined by competent authority;

"(3) is confined by military or civilian authorities for more than one day in connection with a trial, whether before, during, or after the trial; or

"(4) is unable for more than one day, as determined by competent authority, to perform the officer's duties because of intemperate use of drugs or alcoholic liquor, or because of disease or injury resulting from the officer's misconduct.

"(b) INAPPLICABILITY TO COMPUTATION OF BASIC PAY.—Subsection (a) does not apply to a determination of the amount of basic pay of the officer under section 205 of title 37.".

(c) ARMY COMPUTATION OF YEARS OF SERVICE.—Section 3926 of title 10, United States Code, is amended by adding at the end the following new subsection:

"(e) A period for which service credit is denied under section 972a(a) of this title may not be counted for purposes of computing years of service under this section.".

(d) NAVY COMPUTATION OF YEARS OF SERVICE.—Chapter 571 of title 10, United States Code, is amended by inserting after section 6327 the following new section:

"§ 6328. Computation of years of service: service not creditable

"(a) ENLISTED MEMBERS.—Years of service computed under this chapter may not include a period of unavailability or incapacity to perform duties that is required under section 972 of this title to be made up by performance of service for an additional period.

"(b) OFFICERS.—A period for which service credit is denied under section 972a(a) of this title may not be counted for purposes of computing years of service under this chapter.".

(e) AIR FORCE COMPUTATION OF YEARS OF SERVICE.—Section 8926 of title 10, United States Code, is amended by adding at the end the following new subsection:

"(d) A period for which service credit is denied under section 972a(a) of this title may not be counted for purposes of computing years of service under this section.".

(f) CLERICAL AMENDMENTS.—(1) The table of sections at the beginning of chapter 49 of title 10, United States Code, is amended by inserting after the item relating to section 972 the following:

"972a. Officers: service not creditable.".

(2) The table of sections at the beginning of chapter 571 of title 10, United States Code, is amended by inserting after the item relating to section 6327 the following new item:

"6328. Computation of years of service: service not creditable.".

(g) EFFECTIVE DATE AND APPLICABILITY.—The amendments made by this section shall take effect on October 1, 1995, and shall apply to occurrences on or after that date of unavailability or incapacity to perform duties as described in section 972 or 972a of title 10, United States Code, as the case may be.

SEC. 553. SEPARATION IN CASES INVOLVING EXTENDED CONFINEMENT.

(a) SEPARATION.—(1)(A) Chapter 59 of title 10, United States Code, is amended by adding at the end the following:

"§ 1178. Persons under confinement for one year or more

"Except as otherwise provided in regulations prescribed by the Secretary of Defense, a person sentenced by a court-martial to a period of confinement for one year or more may be separated from the person's armed force at any time after the sentence to confinement has become final under chapter 47 of this title and the person has served in confinement for a period of one year.".

(B) The table of sections at the beginning of chapter 59 of such title is amended by inserting at the end thereof the following new item:

"1178. Persons under confinement for one year or more.".

(2)(A) Chapter 1221 of title 10, United States Code, is amended by adding at the end the following:

"§ 12687. Persons under confinement for one year or more

"Except as otherwise provided in regulations prescribed by the Secretary of Defense, a Reserve sentenced by a court-martial to a period of confinement for one year or more may be separated from the person's armed force at any time after the sentence to confinement has become final under chapter 47 of this title and the person has served in confinement for a period of one year.".

(B) The table of sections at the beginning of chapter 1221 of such title is amended by inserting at the end thereof the following new item:

"12687. Persons under confinement for one year or more.".

(b) DROP FROM ROLLS.—(1) Section 1161(b) of title 10, United States Code, is amended by striking out "or (2)" and inserting in lieu thereof "(2) who may be separated under section 1178 of this title by reason of a sentence to confinement adjudged by a court-martial, or (3)".

(2) Section 12684 of such title is amended—

(A) by striking out "or" at the end of paragraph (1);

(B) by redesignating paragraph (2) as paragraph (3); and

(C) by inserting after paragraph (1) the following new paragraph (2):

"(2) who may be separated under section 12687 of this title by reason of a sentence to confinement adjudged by a court-martial; or".

SEC. 554. DURATION OF FIELD TRAINING OR PRACTICE CRUISE REQUIRED UNDER THE SENIOR RESERVE OFFICERS' TRAINING CORPS PROGRAM.

Section 2104(b)(6)(A)(ii) of title 10, United States Code, is amended by striking out "not less than six weeks' duration" and inserting in lieu thereof "a duration".

SEC. 555. CORRECTION OF MILITARY RECORDS.

(a) REVIEW OF PROCEDURES.—The Secretary of each military department shall review the system and procedures used by the Secretary in the exercise of authority under section 1552 of title 10, United States Code, in order to identify potential improvements that could be made in the process for correcting military records to ensure fairness, equity, and, consistent with appropriate service to applicants, maximum efficiency.

(b) ISSUES REVIEWED.—In conducting the review, the Secretary shall consider the following issues:

(1) The composition of the board for correction of military records and of the support staff for the board.

(2) Timeliness of final action.

(3) Independence of deliberations by the civilian board for the correction of military records.

(4) The authority of the Secretary to modify the recommendations of the board.

(5) Burden of proof and other evidentiary standards.

(6) Alternative methods for correcting military records.

(c) REPORT.—(1) Not later than April 1, 1996, the Secretary of each military department shall submit a report on the results of the Secretary's review under this section to the Secretary of Defense. The report shall contain the recommendations of the Secretary of the military department for improving the process for correcting military records in order to achieve the objectives referred to in subsection (a).

(2) The Secretary of Defense shall immediately transmit a copy of the report to the Committee on Armed Services of the Senate and the Committee on National Security of the House of Representatives.

SEC. 556. LIMITATION ON REDUCTIONS IN MEDICAL PERSONNEL.

(a) LIMITATION ON REDUCTIONS.—Unless the Secretary of Defense makes the certification described in subsection (b) for a fiscal year, the Secretary may not reduce the number of medical personnel of the Department of Defense—

(1) in fiscal year 1996, to a number that is less than—

(A) 95 percent of the number of such personnel at the end of fiscal year 1994; or

(B) 90 percent of the number of such personnel at the end of fiscal year 1993; and

(2) in any fiscal year beginning after September 30, 1996, to a number that is less than—

(A) 95 percent of the number of such personnel at the end of the immediately preceding fiscal year; or

(B) 90 percent of the number of such personnel at the end of the third fiscal year preceding the fiscal year.

(b) CERTIFICATION.—The Secretary may make a reduction described in subsection (a) if the Secretary certifies to Congress that—

(1) the number of medical personnel of the Department that in being reduced in excess to the current and projected needs of the military departments; and

(2) such reduction will not result in an increase in the cost of health care services provided under the Civilian Health and Medical Program of the Uniformed Services.

(c) REPORT ON PLANNED REDUCTIONS.—Not later than March 1, 1996, the Assistant Secretary of Defense having responsibility for health affairs, in consultation with the Surgeon General of the Army, the Surgeon General of the Navy, and the Surgeon General of the Air Force, shall submit to the congressional defense committees a plan for the reduction of the number of medical personnel of the Department of Defense over the 5-year period beginning on October 1, 1996.

(d) REPEAL OF OBSOLETE PROVISIONS OF LAW.—(1) Section 711 of the National Defense Authorization Act for Fiscal Year 1991 (10 U.S.C. 115 note) is repealed.

(2) Section 718 of the National Defense Authorization Act for Fiscal Years 1992 and 1993 (Public Law 102-190; 105 Stat. 1404; 10 U.S.C. 115 note) is amended by striking out subsection (b).

(3) Section 518 of the National Defense Authorization Act for Fiscal Year 1993 (Public Law 102-484; 106 Stat. 2407) is repealed.

(e) DEFINITION.—For purposes of this section, the term "medical personnel" has the meaning given such term in section 115a(g)(2) of title 10, United States Code, except that such term includes civilian personnel of the Department of Defense assigned to military medical facilities.

SEC. 557. REPEAL OF REQUIREMENT FOR ATHLETIC DIRECTOR AND NONAPPROPRIATED FUND ACCOUNT FOR THE ATHLETICS PROGRAMS AT THE SERVICE ACADEMIES.

(a) UNITED STATES MILITARY ACADEMY.—(1) Section 4357 of title 10, United States Code, is repealed.

(2) The table of sections at the beginning of chapter 403 of such title is amended by striking out the item relating to section 4357.

(b) UNITED STATES NAVAL ACADEMY.—Section 556 of the National Defense Authorization Act for Fiscal Year 1995 (Public Law 103-337; 108 Stat. 2774) is amended by striking out subsections (b), (d), and (e).

(c) UNITED STATES AIR FORCE ACADEMY.—(1) Section 9356 of title 10, United States Code, is repealed.

(2) The table of sections at the beginning of chapter 903 of such title is amended by striking out the item relating to section 9356.

SEC. 558. PROHIBITION ON USE OF FUNDS FOR SERVICE ACADEMY PREPARATORY SCHOOL TEST PROGRAM.

Notwithstanding any other provision of law, none of the funds authorized to be appropriated by this Act, or otherwise made available, to the Department of Defense may be obligated to carry out a test program for determining the cost effectiveness of transferring to the private sector the mission of operating one or more preparatory schools for the United States Military Academy, the United States Naval Academy, and the United States Air Force Academy.

SEC. 559. CENTRALIZED JUDICIAL REVIEW OF DEPARTMENT OF DEFENSE PERSONNEL ACTIONS.

(a) ESTABLISHMENT.—The Secretary of Defense and the Attorney General shall jointly establish an advisory panel on centralized review of Department of Defense administrative personnel actions.

(b) MEMBERSHIP.—(1) The panel shall be composed of five members appointed as follows:

(A) One member appointed by the Chief Justice of the United States.

(B) Three members appointed by the Secretary of Defense.

(C) One member appointed by the Attorney General.

(2) The Secretary of Defense shall designate one of the members appointed under paragraph (1)(B) to serve as chairman of the panel.

(3) All members shall be appointed not later than 30 days after the date of the enactment of this Act.

(4) The panel shall meet at the call of the chairman. The panel shall hold its first meeting not later than 30 days after the date on which all members have been appointed.

(c) DUTIES.—The panel shall review, and provide findings and recommendations in accordance with subsection (d) regarding, the following matters:

(1) Whether the existing practices with regard to judicial review of administrative personnel actions of the Department of Defense are appropriate and adequate.

(2) Whether a centralized judicial review of administrative personnel actions should be established.

(3) Whether the United States Court of Appeals for the Armed Forces should conduct such reviews.

(d) REPORT.—(1) Not later than December 15, 1996, the panel shall submit a report on the findings and recommendations of the panel to the Secretary of Defense and the Attorney General.

(2) Not later than January 1, 1997, the Secretary of Defense and the Attorney General shall jointly transmit the panel's report to Congress. The Secretary and the Attorney General may include in the transmittal any joint comments on the report that they consider appropriate, and either such official may include in the transmittal any separate comments on the report that such official considers appropriate.

(e) TERMINATION OF PANEL.—The panel shall terminate 30 days after the date of submission of the report to the Secretary of Defense and the Attorney General under subsection (d).

SEC. 560. DELAY IN REORGANIZATION OF ARMY ROTC REGIONAL HEADQUARTERS STRUCTURE.

(a) DELAY.—The Secretary of the Army may not take any action to reorganize the regional headquarters and basic camp structure of the Reserve Officers Training Corps program of the Army until six months after the date on which the report required by subsection (d) is submitted.

(b) COST-BENEFIT ANALYSIS.—The Secretary of the Army shall conduct a comparative cost-benefit analysis of various options for the reorganization of the regional headquarters and basic camp structure of the Army ROTC program. As part of such analysis, the Secretary shall measure each reorganization option considered against a common set of criteria.

(c) SELECTION OF REORGANIZATION OPTION FOR IMPLEMENTATION.—Based on the findings resulting from the cost-benefit analysis under subsection (b) and such other factors

as the Secretary considers appropriate, the Secretary shall select one reorganization option for implementation. The Secretary may select an option for implementation only if the Secretary finds that the cost-benefit analysis and other factors considered clearly demonstrate that such option, better than any other option considered—

(1) provides the structure to meet projected mission requirements;

(2) achieves the most significant personnel and cost savings;

(3) uses existing basic and advanced camp facilities to the maximum extent possible;

(4) minimizes additional military construction costs; and

(5) makes maximum use of the reserve components to support basic and advanced camp operations, thereby minimizing the effect of those operations on active duty units.

(d) REPORT.—Not later than 60 days after the date of the enactment of this Act, the Secretary of the Army shall submit to the Committee on Armed Services of the Senate and the Committee on National Security of the House of Representatives a report describing the reorganization option selected under subsection (c). The report shall include the results of the cost-benefit analysis under subsection (b) and a detailed rationale for the reorganization option selected.

TITLE VI—COMPENSATION AND OTHER PERSONNEL BENEFITS

Subtitle A—Pay and Allowances

SEC. 601. MILITARY PAY RAISE FOR FISCAL YEAR 1996.

(a) WAIVER OF SECTION 1009 ADJUSTMENT.—Any adjustment required by section 1009 of title 37, United States Code, in elements of compensation of members of the uniformed services to become effective during fiscal year 1996 shall not be made.

(b) INCREASE IN BASIC PAY AND BAS.—Effective on January 1, 1996, the rates of basic pay and basic allowance for subsistence of members of the uniformed services are increased by 2.4 percent.

(c) INCREASE IN BAQ.—Effective on January 1, 1996, the rates of basic allowance for quarters of members of the uniformed services are increased by 5.2 percent.

SEC. 602. ELECTION OF BASIC ALLOWANCE FOR QUARTERS INSTEAD OF ASSIGNMENT TO INADEQUATE QUARTERS.

(a) ELECTION AUTHORIZED.—Section 403(b) of title 37, United States Code, is amended—

(1) by inserting "(1)" after "(b)";

(2) by designating the second sentence as paragraph (2) and, as so designated, by striking out "However, subject" and inserting in lieu thereof "Subject"; and

(3) by adding at the end the following:

"(3) A member without dependents who is in pay grade E-6 and who is assigned to quarters of the United States that do not meet the minimum adequacy standards established by the Department of Defense for members in such pay grade, or to a housing facility under the jurisdiction of a uniformed service that does not meet such standards, may elect not to occupy such quarters or facility and instead to receive the basic allowance for quarters prescribed for his pay grade by this section.".

(b) EFFECTIVE DATE.—The amendments made by this section shall take effect on July 1, 1996.

SEC. 603. PAYMENT OF BASIC ALLOWANCE FOR QUARTERS TO MEMBERS OF THE UNIFORMED SERVICES IN PAY GRADE E-6 WHO ARE ASSIGNED TO SEA DUTY.

(a) PAYMENT AUTHORIZED.—Section 403(c)(2) of title 37, United States Code, is amended—

(1) in the first sentence, by striking out "E-7" and inserting in lieu thereof "E-6"; and

(2) in the second sentence, by striking out "E-6" and inserting in lieu thereof "E-5".

(b) EFFECTIVE DATE.—The amendments made by this section shall take effect on July 1, 1996.

SEC. 604. LIMITATION ON REDUCTION OF VARIABLE HOUSING ALLOWANCE FOR CERTAIN MEMBERS.

(a) LIMITATION ON REDUCTION IN VHA.—Subsection (c)(3) of section 403a of title 37, United States Code, is amended by adding at the end the following new sentence: "However, on and after January 1, 1996, the monthly amount of a variable housing allowance under this section for a member of a uniformed service with respect to an area may not be reduced so long as the member retains uninterrupted eligibility to receive a variable housing allowance within that area and the member's certified housing costs are not reduced, as indicated by certifications provided by the member under subsection (b)(4).".

(b) EFFECT ON TOTAL AMOUNT AVAILABLE FOR VHA.—Subsection (d)(3) of such section is amended by inserting after the first sentence the following new sentence: "In addition, the total amount determined under paragraph (1) shall be adjusted to ensure that sufficient amounts are available to allow payment of any additional amounts of variable housing allowance necessary as a result of the requirements of the second sentence of subsection (c)(3).".

(c) REPORT ON IMPLEMENTATION.—Not later than June 1, 1996, the Secretary of Defense shall submit to Congress a report describing the procedures to be used to implement the amendments made by this section and the costs of such amendments.

SEC. 605. CLARIFICATION OF LIMITATION ON ELIGIBILITY FOR FAMILY SEPARATION ALLOWANCE.

Section 427(b)(4) of title 37, United States Code, is amended by inserting "paragraph (1)(A) of" after "not entitled to an allowance under" in the first sentence.

Subtitle B—Bonuses and Special and Incentive Pays

SEC. 611. EXTENSION OF CERTAIN BONUSES FOR RESERVE FORCES.

(a) SELECTED RESERVE REENLISTMENT BONUS.—Section 308b(f) of title 37, United States Code, is amended by striking out "September 30, 1996" and inserting in lieu thereof "September 30, 1997".

(b) SELECTED RESERVE ENLISTMENT BONUS.—Section 308c(e) of title 37, United States Code, is amended by striking out "September 30, 1996" and inserting in lieu thereof "September 30, 1997".

(c) SELECTED RESERVE AFFILIATION BONUS.—Section 308e(e) of title 37, United States Code, is amended by striking out "September 30, 1996" and inserting in lieu thereof "September 30, 1997".

(d) READY RESERVE ENLISTMENT AND REENLISTMENT BONUS.—Section 308h(g) of title 37, United States Code, is amended by striking out "September 30, 1996" and inserting in lieu thereof "September 30, 1997".

(e) PRIOR SERVICE ENLISTMENT BONUS.—Section 308i(i) of title 37, United States Code, is amended by striking out "September 30, 1996" and inserting in lieu thereof "September 30, 1997".

SEC. 612. EXTENSION OF CERTAIN BONUSES AND SPECIAL PAY FOR NURSE OFFICER CANDIDATES, REGISTERED NURSES, AND NURSE ANESTHETISTS.

(a) NURSE OFFICER CANDIDATE ACCESSION PROGRAM.—Section 2130a(a)(1) of title 10, United States Code, is amended by striking out "September 30, 1996" and inserting in lieu thereof "September 30, 1997".

(b) ACCESSION BONUS FOR REGISTERED NURSES.—Section 302d(a)(1) of title 37, United States Code, is amended by striking out "September 30, 1996" and inserting in lieu thereof "September 30, 1997".

(c) INCENTIVE SPECIAL PAY FOR NURSE ANESTHETISTS.—Section 302e(a)(1) of title 37, United States Code, is amended by striking out "September 30, 1996" and inserting in lieu thereof "September 30, 1997".

SEC. 613. EXTENSION OF AUTHORITY RELATING TO PAYMENT OF OTHER BONUSES AND SPECIAL PAYS.

(a) AVIATION OFFICER RETENTION BONUS.—Section 301b(a) of title 37, United States Code, is amended by striking out "September 30, 1996," and inserting in lieu thereof "September 30, 1997".

(b) REENLISTMENT BONUS FOR ACTIVE MEMBERS.—Section 308(g) of title 37, United States Code, is amended by striking out "September 30, 1996" and inserting in lieu thereof "September 30, 1997".

(c) ENLISTMENT BONUSES FOR CRITICAL SKILLS.—Sections 308a(c) and 308f(c) of title 37, United States Code, are each amended by striking out "September 30, 1996" and inserting in lieu thereof "September 30, 1997".

(d) SPECIAL PAY FOR ENLISTED MEMBERS OF THE SELECTED RESERVE ASSIGNED TO CERTAIN HIGH PRIORITY UNITS.—Section 308d(c) of title 37, United States Code, is amended by striking out "September 30, 1996" and inserting in lieu thereof "September 30, 1997".

(e) REPAYMENT OF EDUCATION LOANS FOR CERTAIN HEALTH PROFESSIONALS WHO SERVE IN THE SELECTED RESERVE.—Section 16302(d) of title 10, United States Code, is amended by striking out "October 1, 1996" and inserting in lieu thereof "October 1, 1997".

(f) SPECIAL PAY FOR CRITICALLY SHORT WARTIME HEALTH SPECIALISTS IN THE SELECTED RESERVES.—Section 613(d) of the National Defense Authorization Act, Fiscal Year 1989 (37 U.S.C. 302 note) is amended by striking out "September 30, 1996" and inserting in lieu thereof "September 30, 1997".

(g) SPECIAL PAY FOR NUCLEAR QUALIFIED OFFICERS EXTENDING PERIOD OF ACTIVE SERVICE.—Section 312(e) of title 37, United States Code, is amended by striking out "September 30, 1996" and inserting in lieu thereof "September 30, 1997".

(h) NUCLEAR CAREER ACCESSION BONUS.—Section 312b(c) of title 37, United States Code, is amended by striking out "September 30, 1996" and inserting in lieu thereof "September 30, 1997".

(i) NUCLEAR CAREER ANNUAL INCENTIVE BONUS.—Section 312c(d) of title 37, United States Code, is amended by striking out "October 1, 1996" and inserting in lieu thereof "October 1, 1997".

SEC. 614. HAZARDOUS DUTY INCENTIVE PAY FOR WARRANT OFFICERS AND ENLISTED MEMBERS SERVING AS AIR WEAPONS CONTROLLERS.

Section 301 of title 37, United States Code, is amended—

(1) in subsection (a)(11), by striking out "an officer (other than a warrant officer)" and inserting in lieu thereof "a member of a uniformed service"; and

(2) in subsection (c)(2)—

(A) by striking out "an officer" each place it appears and inserting in lieu thereof "a member";

(B) in subparagraph (A), by striking out the table and inserting in lieu thereof the following:

"Pay grade	Years of service as an air weapons controller						
	2 or less	Over 2	Over 3	Over 4	Over 6	Over 8	Over 10
"O–7 and above	$200	$200	$200	$200	$200	$200	$200
"O–6	225	250	300	325	350	350	350
"O–5	200	250	300	325	350	350	350
"O–4	175	225	275	300	350	350	350
"O–3	125	156	188	206	350	350	350
"O–2	125	156	188	206	250	300	300
"O–1	125	156	188	206	250	250	250
"W–4	200	225	275	300	325	325	325
"W–3	175	225	275	300	325	325	325
"W–2	150	200	250	275	325	325	325
"W–1	100	125	150	175	325	325	325
"E–9	200	225	250	275	300	300	300
"E–8	200	225	250	275	300	300	300
"E–7	175	200	225	250	275	275	275
"E–6	156	175	200	225	250	250	250
"E–5	125	156	175	188	200	200	200
"E–4 and below	125	156	175	188	200	200	200

	Over 12	Over 14	Over 16	Over 18	Over 20	Over 22	Over 24	Over 25
"O–7 and above	$200	$200	$200	$200	$200	$200	$200	$110
"O–6	350	350	350	350	300	250	250	225
"O–5	350	350	350	350	300	250	250	225
"O–4	350	350	350	350	300	250	250	225
"O–3	350	350	350	300	275	250	225	200
"O–2	300	300	300	275	245	210	200	180
"O–1	250	250	250	245	210	200	180	150
"W–4	325	325	325	325	276	250	225	200
"W–3	325	325	325	325	325	250	225	200
"W–2	325	325	325	325	275	250	225	200
"W–1	325	325	325	325	275	250	225	200
"E–9	300	300	300	300	275	230	200	200
"E–8	300	300	300	300	265	230	200	200
"E–7	300	300	300	300	265	230	200	200
"E–6	300	300	300	300	265	230	200	200
"E–5	250	250	250	250	225	200	175	150
"E–4 and below	200	200	200	200	175	150	125	125";

and

(C) in subparagraph (B), by striking out "the officer" each place it appears and inserting in lieu thereof "the member".

SEC. 615. AVIATION CAREER INCENTIVE PAY.

(a) YEARS OF OPERATIONAL FLYING DUTIES REQUIRED.—Paragraph (4) of section 301a(a) of title 37, United States Code, is amended in the first sentence by striking out "9" and inserting in lieu thereof "8".

(b) EXERCISE OF WAIVER AUTHORITY.—Paragraph (5) of such section is amended by inserting after the second sentence the following new sentence: "The Secretary concerned may not delegate the authority in the preceding sentence to permit the payment of incentive pay under this subsection.".

SEC. 616. CLARIFICATION OF AUTHORITY TO PROVIDE SPECIAL PAY FOR NURSES.

Section 302c(d)(1) of title 37, United States Code, is amended—

(1) by striking out "or an officer" and inserting in lieu thereof "an officer"; and

(2) by inserting before the semicolon the following: ", an officer of the Nurse Corps of the Army or Navy, or an officer of the Air Force designated as a nurse".

SEC. 617. CONTINUOUS ENTITLEMENT TO CAREER SEA PAY FOR CREW MEMBERS OF SHIPS DESIGNATED AS TENDERS.

Section 305a(d)(1) of title 37, United States Code, is amended by striking out subparagraph (A) and inserting in lieu thereof the following:

"(A) while permanently or temporarily assigned to a ship, ship-based staff, or ship-based aviation unit and—

"(i) while serving on a ship the primary mission of which is accomplished while under way;

"(ii) while serving as a member of the off-crew of a two-crewed submarine; or

"(iii) while serving as a member of a tender-class ship (with the hull classification of submarine or destroyer); or".

SEC. 618. INCREASE IN MAXIMUM RATE OF SPECIAL DUTY ASSIGNMENT PAY FOR ENLISTED MEMBERS SERVING AS RECRUITERS.

(a) SPECIAL MAXIMUM RATE FOR RECRUITERS.—Section 307(a) of title 37, United States Code, is amended by adding at the end the following new sentence: "In the case of a member who is serving as a military recruiter and is eligible for special duty assignment pay under this subsection by reason of such duty, the Secretary concerned may increase the monthly rate of special duty assignment pay for the member to not more than $375.".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on January 1, 1996.

Subtitle C—Travel and Transportation Allowances

SEC. 621. CALCULATION ON BASIS OF MILEAGE TABLES OF SECRETARY OF DEFENSE: REPEAL OF REQUIREMENT.

Section 404(d)(1)(A) of title 37, United States Code, is amended by striking out ", based on distances established over the shortest usually traveled route, under mileage tables prepared under the direction of the Secretary of Defense".

SEC. 622. DEPARTURE ALLOWANCES.

(a) ELIGIBILITY WHEN EVACUATION AUTHORIZED BUT NOT ORDERED.—Section 405a(a) of title 37, United States Code, is amended by striking out "ordered" each place it appears and inserting in lieu thereof "authorized or ordered".

(b) EFFECTIVE DATE AND APPLICABILITY.—The amendment made by subsection (a) shall take effect on October 1, 1995, and shall apply to persons authorized or ordered to depart as described in section 405a(a) of title 37, United States Code, on or after such date.

SEC. 623. DISLOCATION ALLOWANCE FOR MOVES RESULTING FROM A BASE CLOSURE OR REALIGNMENT.

Section 407(a) of title 37, United States Code, is amended by—

(1) by striking out "or" at the end of paragraph (3);

(2) by striking out the period at the end of paragraph (4) and inserting in lieu thereof "; or"; and

(3) by adding at the end the following:

"(5) the member is ordered to move in connection with the closure or realignment of a military installation and, as a result, the member's dependents actually move or, in the case of a member without dependents, the member actually moves.".

SEC. 624. TRANSPORTATION OF NONDEPENDENT CHILD FROM SPONSOR'S STATION OVERSEAS AFTER LOSS OF DEPENDENT STATUS WHILE OVERSEAS.

Section 406(h)(1) of title 37, United States Code, is amended by striking out the last sentence and inserting in lieu thereof the following new sentence: "If a member receives for an unmarried child of the member transportation in kind to the member's station outside the United States or in Hawaii or Alaska, reimbursement therefor, or a monetary allowance in place thereof and, while the member is serving at that station, the child ceases to be a dependent of the member by reason of ceasing to satisfy an age requirement in section 401(a)(2) of this title or ceasing to be enrolled in an institution of higher education as described in subparagraph (C) of such section, the child shall be treated as a dependent of the member for purposes of this subsection.".

Subtitle D—Commissaries and Nonappropriated Fund Instrumentalities

SEC. 631. USE OF COMMISSARY STORES BY MEMBERS OF THE READY RESERVE.

(a) PERIOD OF USE.—Section 1063 of title 10, United States Code, is amended—

(1) in subsection (a)(1)—

(A) by inserting "for a period of one year on the same basis as members on active duty" before the period at the end of the first sentence; and

(B) by striking out the second sentence;

(2) by striking out subsection (b); and

(3) by redesignating subsection (c) as subsection (b).

(b) CONFORMING AND CLERICAL AMENDMENTS.—(1) The heading for such section is amended to read as follows:

"§ 1063. Commissary stores: use by members of the Ready Reserve".

(2) The item relating to such section in the table of sections at the beginning of chapter 54 of title 10, United State Code, is amended to read as follows:

"1063. Commissary stores: use by members of the Ready Reserve.".

SEC. 632. USE OF COMMISSARY STORES BY RETIRED RESERVES UNDER AGE 60 AND THEIR SURVIVORS.

(a) ELIGIBILITY.—Section 1064 of title 10, United States Code, is amended to read as follows:

"§ 1064. Commissary stores: use by retired Reserves under age 60 and their survivors

"(a) RETIRED RESERVES UNDER AGE 60.—Members of the reserve components under 60 years of age who, but for age, would be eligible for retired pay under chapter 1223 of this title (or under chapter 67 of this title as in effect before December 1, 1994) shall be authorized to use commissary stores of the Department of Defense on the same basis as members and former members of the armed forces who have retired entitled to retired or retainer pay under chapter 367, 571, or 867 of this title.

"(b) SURVIVORS.—If a person authorized to use commissary stores under subsection (a) dies before attaining 60 years of age, the surviving dependents of the deceased person shall be authorized to use commissary stores of the Department of Defense on the same basis as the surviving dependents of persons who die after being retired entitled to retired or retainer pay under chapter 367, 571, or 867 of this title.

"(c) USE SUBJECT TO REGULATIONS.—Use of commissary stores under this section is subject to regulations prescribed by the Secretary of Defense.".

(b) CLERICAL AMENDMENT.—The item relating to such section in the table of sections at the beginning of chapter 54 of title 10, United States Code, is amended to read as follows:

"1064. Commissary stores: use by retired Reserves under age 60 and their survivors.".

SEC. 633. USE OF MORALE, WELFARE, AND RECREATION FACILITIES BY MEMBERS OF RESERVE COMPONENTS AND DEPENDENTS: CLARIFICATION OF ENTITLEMENT.

Section 1065 of title 10, United States Code, is amended to read as follows:

"§ 1065. Use of certain morale, welfare, and recreation facilities by members of reserve components and dependents

"(a) MEMBERS OF THE SELECTED RESERVE.—Members of the Selected Reserve in good standing (as determined by the Secretary concerned) shall be permitted to use MWR retail facilities on the same basis as members on active duty.

"(b) MEMBERS OF READY RESERVE NOT IN SELECTED RESERVE.—Subject to such regulations as the Secretary of Defense may prescribe, members of the Ready Reserve (other than members of the Selected Reserve) may be permitted to use MWR retail facilities on the same basis as members serving on active duty.

"(c) RETIREES UNDER AGE 60.—Members of the reserve components under 60 years of age who, but for age, would be eligible for retired pay under chapter 1223 of this title (or under chapter 67 of this title as in effect before December 1, 1994) shall be permitted to use MWR retail facilities on the same basis as members and former members of the armed forces who have retired entitled to retired or retainer pay under chapter 367, 571, or 867 of this title.

"(d) DEPENDENTS.—(1) Dependents of members referred to in subsection (a) shall be permitted to use MWR retail facilities on the same basis as dependents of members on active duty.

"(2) Dependents of members referred to in subsection (c) shall be permitted to use MWR retail facilities on the same basis as dependents of members and former members of the armed forces who have retired entitled to retired or retainer pay under chapter 367, 571, or 867 of this title.

"(e) MWR RETAIL FACILITY DEFINED.—In this section, the term 'MWR retail facilities' means exchange stores and other revenue generating facilities operated by nonappropriated fund activities of the Department of Defense for the morale, welfare, and recreation of members of the armed forces.".

Subtitle E—Other Matters

SEC. 641. COST-OF-LIVING INCREASES FOR RETIRED PAY.

(a) MODIFICATION OF DELAYS.—Clause (ii) of section 1401a(b)(2)(B) of title 10, United States Code, is amended—

(1) by striking out "1994, 1995, 1996, or 1997" and inserting in lieu thereof "1994 or 1995"; and

(2) by striking out "September" and inserting in lieu thereof "March".

(b) CONFORMING AMENDMENT.—The captions for such section 1401a(2)(B) and for clause (ii) of such section are amended by striking out "THROUGH 1998" and inserting in lieu thereof "THROUGH 1996".

(c) REPEAL OF SUPERSEDED PROVISION.—Section 8114A of Public Law 103-335 (108 Stat. 2648) is repealed.

SEC. 642. ELIGIBILITY FOR RETIRED PAY FOR NON-REGULAR SERVICE DENIED FOR MEMBERS RECEIVING CERTAIN SENTENCES IN COURTS-MARTIAL.

Section 12731 of title 10, United States Code, is amended—

(1) by redesignating subsections (d), (e), and (f) as subsections (e), (f), and (g), respectively; and

(2) by inserting after subsection (c) the following new subsection:

"(d) A person who is convicted of an offense under the Uniform Code of Military Justice (chapter 47 of this title), and whose executed sentence includes death, a dishonorable discharge, a bad conduct discharge, or (in the case of an officer) a dismissal is not eligible for retired pay under this chapter.".

SEC. 643. RECOUPMENT OF ADMINISTRATIVE EXPENSES IN GARNISHMENT ACTIONS.

(a) IN GENERAL.—Subsection (j) of section 5520a of title 5, United States Code, is amended by striking out paragraph (2) and inserting in lieu thereof the following new paragraph (2):

"(2) Such regulations shall provide that an agency's administrative costs in executing legal process to which the agency is subject under this section shall be deducted from the amount withheld from the pay of the employee concerned pursuant to the legal process.".

(b) INVOLUNTARY ALLOTMENTS OF PAY OF MEMBERS OF THE UNIFORMED SERVICES.—Subsection (k) of such section is amended—

(1) by redesignating paragraph (3) as paragraph (4); and

(2) by inserting after paragraph (2) the following new paragraph (3):

"(3) Regulations under this subsection may also provide that the administrative costs in establishing and maintaining an involuntary allotment be deducted from the amount withheld from the pay of the member of the uniformed services concerned pursuant to such regulations.".

(c) DISPOSITION OF AMOUNTS WITHHELD FOR ADMINISTRATIVE EXPENSES.—Such section is further amended by adding at the end the following:

"(l) The amount of an agency's administrative costs deducted under regulations prescribed pursuant to subsection (j)(2) or (k)(2) shall be credited to the appropriation, fund, or account from which such administrative costs were paid.".

SEC. 644. AUTOMATIC MAXIMUM COVERAGE UNDER SERVICEMEN'S GROUP LIFE INSURANCE.

Section 1967 of title 38, United States Code, is amended—

(1) in subsections (a) and (c), by striking out "$100,000" each place it appears and inserting in lieu thereof in each instance "$200,000";

(2) by striking out subsection (e); and

(3) by redesignating subsection (f) as subsection (e).

SEC. 645. TERMINATION OF SERVICEMEN'S GROUP LIFE INSURANCE FOR MEMBERS OF THE READY RESERVE WHO FAIL TO PAY PREMIUMS.

Section 1968(a)(4) of title 38, United States Code, is amended—

(1) by striking out the period at the end of subparagraph (C) and inserting in lieu thereof a semicolon; and

(2) by adding at the end the following:

"except that, if the member fails to make a direct remittance of a premium for the insurance to the Secretary when required to do so, the insurance shall cease with respect to the member 120 days after the date on which the Secretary transmits a notification of the termination by mail addressed to the member at the member's last known address, unless the Secretary accepts from the member full payment of the premiums in arrears within such 120-day period.".

SEC. 646. REPORT ON EXTENDING TO JUNIOR NONCOMMISSIONED OFFICERS PRIVILEGES PROVIDED FOR SENIOR NONCOMMISSIONED OFFICERS.

(a) REPORT REQUIRED.—Not later than February 1, 1996, the Secretary of Defense shall submit to Congress a report containing the determinations of the Secretary regarding whether, in order to improve the working conditions of noncommissioned officers in pay grades E-5 and E-6, any of the privileges afforded noncommissioned officers in any of the pay grades above E-6 should be extended to noncommissioned officers in pay grades E-5 and E-6.

(b) SPECIFIC RECOMMENDATION REGARDING ELECTION OF BAS.—The Secretary shall include in the report a determination on whether noncommissioned officers in pay grades E-5 and E-6 should be afforded the same privilege as noncommissioned officers in pay grades above E-6 to elect to mess separately and receive the basic allowance for subsistence.

(c) ADDITIONAL MATTERS.—The report shall also contain a discussion of the following matters:

(1) The potential costs of extending additional privileges to noncommissioned officers in pay grades E-5 and E-6.

(2) The effects on readiness that would result from extending the additional privileges.

(3) The options for extending the privileges on an incremental basis over an extended period.

(d) RECOMMENDED LEGISLATION.—The Secretary shall include in the report any recommended legislation that the Secretary considers necessary in order to authorize extension of a privilege as determined appropriate under subsection (a).

SEC. 647. PAYMENT TO SURVIVORS OF DECEASED MEMBERS OF THE UNIFORMED SERVICES FOR ALL LEAVE ACCRUED.

(a) INAPPLICABILITY OF 60-DAY LIMITATION.—Section 501(d) of title 37, United States Code, is amended—

(1) in paragraph (1), by striking out the third sentence; and

(2) by striking out paragraph (2) and inserting in lieu thereof the following:

"(2) The limitations in the second sentence of subsection (b)(3), subsection (f), and the second sentence of subsection (g) shall not apply with respect to a payment made under this subsection.".

(b) CONFORMING AMENDMENT.—Section 501(f) of such title is amended by striking out ", (d)," in the first sentence.

SEC. 648. ANNUITIES FOR CERTAIN MILITARY SURVIVING SPOUSES.

(a) STUDY REQUIRED.—(1) The Secretary of Defense shall conduct a study to determine the quantitative results (described in subsection (b)) of enactment and exercise of authority for the Secretary of the military department concerned to pay an annuity to the qualified surviving spouse of each member of the Armed Forces who—

(A) died before March 21, 1974, and was entitled to retired or retainer pay on the date of death; or

(B) was a member of a reserve component of the Armed Forces during the period beginning on September 21, 1972, and ending on October 1, 1978, and at the time of his death would have been entitled to retired pay under chapter 67 of title 10, United States Code (as in effect before December 1, 1994), but for the fact that he was under 60 years of age.

(2) A qualified surviving spouse for purposes of paragraph (1) is a surviving spouse who has not remarried and who is not eligible for an annuity under section 4 of Public Law 92-425 (10 U.S.C. 1448 note).

(b) REQUIRED DETERMINATIONS.—By means of the study required under subsection (a), the Secretary shall determine the following matters:

(1) The number of unremarried surviving spouses of deceased members and deceased former members of the Armed Forces referred to in subparagraph (A) of subsection (a)(1) who would be eligible for an annuity under authority described in such subsection.

(2) The number of unremarried surviving spouses of deceased members and deceased former members of reserve components of the Armed Forces referred to in subparagraph (B) of subsection (a)(1) who would be eligible for an annuity under authority described in such subsection.

(3) The number of persons in each group of unremarried former spouses described in paragraphs (1) and (2) who are receiving a widow's insurance benefit or a widower's insurance benefit under title II of the Social Security Act on the basis of employment of a deceased member or deceased former member referred to in subsection (a)(1).

(c) REPORT.—(1) Not later than March 1, 1996, the Secretary of Defense shall submit to the Committee on Armed Services of the Senate and the Committee on National Security of the House of Representatives a report on the results of the study.

(2) The Secretary shall include in the report a recommendation on the amount of the annuity that should be authorized to be paid under any authority described in subsection (a)(1) together with a recommendation on whether the annuity should be adjusted annually to offset increases in the cost of living.

SEC. 649. TRANSITIONAL COMPENSATION FOR DEPENDENTS OF MEMBERS OF THE ARMED FORCES SEPARATED FOR DEPENDENT ABUSE.

(a) CLARIFICATION OF ENTITLEMENT.—Section 1059(d) of title 10, United States Code, is amended by striking out "of a separation from active duty as" in the first sentence.

(b) EFFECTIVE DATE FOR PROGRAM AUTHORITY.—Section 554(b)(1) of the National Defense Authorization Act for Fiscal Year 1994 (107 Stat. 1666; 10 U.S.C. 1059 note) is amended by striking out "the date of the enactment of this Act—" and inserting in lieu thereof "April 1, 1994—".

TITLE VII—HEALTH CARE

Subtitle A—Health Care Services

SEC. 701. MEDICAL CARE FOR SURVIVING DEPENDENTS OF RETIRED RESERVES WHO DIE BEFORE AGE 60.

Section 1076(b) of title 10, United States Code, is amended—

(1) in clause (2)—

(A) by striking out "death (A) would" and inserting in lieu thereof "death would"; and

(B) by striking out ", and (B) had elected to participate in the Survivor Benefit Plan established under subchapter II of chapter 73 of this title"; and

(2) in the second sentence, by striking out "without regard to subclause (B) of such clause".

SEC. 702. DENTAL INSURANCE FOR MEMBERS OF THE SELECTED RESERVE.

(a) PROGRAM AUTHORIZATION.—(1) Chapter 55 of title 10, United States Code, is amended by inserting after section 1076a the following new section:

"§ 1076b. Selected Reserve dental insurance

"(a) AUTHORITY TO ESTABLISH PLAN.—The Secretary of Defense shall establish a dental insurance plan for members of the Selected Reserve of the Ready Reserve. The plan shall provide for voluntary enrollment and for premium sharing between the Department of Defense and the members enrolled in the plan. The plan shall be administered under regulations prescribed by the Secretary of Defense.

"(b) PREMIUM SHARING.—(1) A member enrolling in the dental insurance plan shall pay a share of the premium charged for the insurance coverage. The member's share may not exceed $25 per month.

"(2) The Secretary of Defense may reduce the monthly premium required to be paid by enlisted members under paragraph (1) if the Secretary determines that the reduction is appropriate in order to assist enlisted members to participate in the dental insurance plan.

"(3) A member's share of the premium for coverage by the dental insurance plan shall be deducted and withheld from the basic pay payable to the member for inactive duty training and from the basic pay payable to the member for active duty.

"(4) The Secretary of Defense shall pay the portion of the premium charged for coverage of a member under the dental insurance plan that exceeds the amount paid by the member.

"(c) BENEFITS AVAILABLE UNDER THE PLAN.—The dental insurance plan shall provide benefits for basic dental care and treatment, including diagnostic services, preventative services, basic restorative services, and emergency oral examinations.

"(d) TERMINATION OF COVERAGE.—The coverage of a member by the dental insurance plan shall terminate on the last day of the month in which the member is discharged, transfers to the Individual Ready Reserve, Standby Reserve, or Retired Reserve, or is ordered to active duty for a period of more than 30 days.".

(2) The table of sections at the beginning of such chapter is amended by inserting after the item relating to section 1076a the following:

"1076b. Selected Reserve dental insurance.".

(b) AUTHORIZATION OF APPROPRIATIONS.—Of the funds authorized to be appropriated under section 301(16), $9,000,000 shall be available to pay the Department of Defense share of the premium required for members covered by the dental insurance plan established pursuant to section 1076b of title 10, United States Code, as added by subsection (a).

SEC. 703. MODIFICATION OF REQUIREMENTS REGARDING ROUTINE PHYSICAL EXAMINATIONS AND IMMUNIZATIONS UNDER CHAMPUS.

Section 1079(a) of title 10, United States Code, is amended by striking out paragraph (2) and inserting in lieu thereof the following new paragraph:

"(2) consistent with such regulations as the Secretary of Defense may prescribe regarding the content of health promotion and disease prevention visits, the schedule of pap smears and mammograms, and the types and schedule of immunizations—

"(A) for dependents under six years of age, both health promotion and disease prevention visits and immunizations may be provided; and

"(B) for dependents six years of age or older, health promotion and disease prevention visits may be provided in connection with immunizations or with diagnostic or preventive pap smears and mammograms;".

SEC. 704. PERMANENT AUTHORITY TO CARRY OUT SPECIALIZED TREATMENT FACILITY PROGRAM.

Section 1105 of title 10, United States Code, is amended by striking out subsection (h).

SEC. 705. WAIVER OF MEDICARE PART B LATE ENROLLMENT PENALTY AND ESTABLISHMENT OF SPECIAL ENROLLMENT PERIOD FOR CERTAIN MILITARY RETIREES AND DEPENDENTS.

Section 1837 of the Social Security Act (42 U.S.C. 1395p) is amended by adding at the end the following new subsection:

"(j)(1) The Secretary shall make special provisions for the enrollment of an individual who is a covered beneficiary under chapter 55 of title 10, United States Code, and who is affected adversely by the closure of a military medical treatment facility of the Department of Defense pursuant to a closure or realignment of a military installation.

"(2) The special enrollment provisions required by paragraph (1) shall be established in regulations issued by the Secretary. The regulations shall—

"(A) identify individuals covered by paragraph (1) in accordance with regulations providing for such identification that are prescribed by the Secretary of Defense;

"(B) provide for a special enrollment period of at least 90 days to be scheduled at some time proximate to the date on which the military medical treatment facility involved is scheduled to be closed; and

"(C) provide that, with respect to individuals who enroll pursuant to paragraph (1), the increase in premiums under section

1839(b) due to late enrollment under this part shall not apply.

"(3) For purposes of this subsection—

"(A) the term 'covered beneficiary' has the meaning given such term in section 1072(5) of title 10, United States Code;

"(B) the term 'military medical treatment facility' means a facility of a uniformed service referred to in section 1074(a) of title 10, United States Code, in which health care is provided; and

"(C) the terms 'military installation' and 'realignment' have the meanings given such terms—

"(i) in section 209 of the Defense Authorization Amendments and Base Closure and Realignment Act (10 U.S.C. 2687 note), in the case of a closure or realignment under title II of such Act;

"(ii) in section 2910 of the Defense Base Closure and Realignment Act of 1990 (title XXIX of Public Law 101-510; 10 U.S.C. 2687 note), in the case of a closure or realignment under such Act; or

"(iii) in subsection (e) of section 2687 of title 10, United States Code, in the case of a closure or realignment under such section.".

Subtitle B—TRICARE Program

SEC. 711. DEFINITION OF TRICARE PROGRAM AND OTHER TERMS.

In this subtitle:

(1) The term "TRICARE program" means the managed health care program that is established by the Secretary of Defense under the authority of chapter 55 of title 10, United States Code, principally section 1097 of such title, and includes the competitive selection of contractors to financially underwrite the delivery of health care services under the Civilian Health and Medical Program of the Uniformed Services.

(2) The term "covered beneficiary" means a beneficiary under chapter 55 of title 10, United States Code, including a beneficiary under section 1074(a) of such title.

(3) The term "Uniformed Services Treatment Facility" means a facility deemed to be a facility of the uniformed services by virtue of section 911(a) of the Military Construction Authorization Act, 1982 (42 U.S.C. 248c(a)).

(4) The term "administering Secretaries" has the meaning given such term in section 1072(3) of title 10, United States Code.

SEC. 712. PROVISION OF TRICARE UNIFORM BENEFITS BY UNIFORMED SERVICES TREATMENT FACILITIES.

(a) REQUIREMENT.—Subject to subsection (b), upon the implementation of the TRICARE program in the catchment area served by a Uniformed Services Treatment Facility, the facility shall provide to the covered beneficiaries enrolled in a health care plan of such facility the same health care benefits (subject to the same conditions and limitations) as are available to covered beneficiaries in that area under the TRICARE program.

(b) EFFECT ON CURRENT ENROLLEES.—(1) A covered beneficiary who has been continuously enrolled on and after October 1, 1995, in a health care plan offered by a Uniformed Services Treatment Facility pursuant to a contract between the Secretary of Defense and the facility may elect to continue to receive health care benefits in accordance with the plan instead of benefits in accordance with subsection (a).

(2) The Uniform Services Treatment Facility concerned shall continue to provide benefits to a covered beneficiary in accordance with an election of benefits by that beneficiary under paragraph (1). The requirement to do so shall terminate on the effective date of any contract between the Secretary of Defense and the facility that—

(A) is entered into on or after the date of the election; and

(B) requires the health care plan offered by the facility for covered beneficiaries to provide health care benefits in accordance with subsection (a).

SEC. 713. SENSE OF SENATE ON ACCESS OF MEDICARE ELIGIBLE BENEFICIARIES OF CHAMPUS TO HEALTH CARE UNDER TRICARE.

It is the sense of the Senate—

(1) that the Secretary of Defense should develop a program to ensure that covered beneficiaries who are eligible for medicare under title XVIII of the Social Security Act (42 U.S.C. 1395 et seq.) and who reside in a region in which the TRICARE program has been implemented have adequate access to health care services after the implementation of the TRICARE program in that region; and

(2) to support strongly, as a means of ensuring such access, the reimbursement of the Department of Defense by the Secretary of Health and Human Services for health care services provided such beneficiaries at the medical treatment facilities of the Department of Defense.

SEC. 714. PILOT PROGRAM OF INDIVIDUALIZED RESIDENTIAL MENTAL HEALTH SERVICES.

(a) PROGRAM REQUIRED.—During fiscal year 1996, the Secretary of Defense, in consultation with the other administering Secretaries, shall carry out a pilot program for providing wraparound services to covered beneficiaries who are children in need of mental health services. The Secretary shall carry out the pilot program in one region in which the TRICARE program has been implemented as of the beginning of such fiscal year.

(b) WRAPAROUND SERVICES DEFINED.—For purposes of this section, wraparound services are individualized mental health services that a provider provides, principally in a residential setting but also with follow-up services, in return for payment on a case rate basis. For payment of the case rate for a patient, the provider incurs the risk that it will be necessary for the provider to provide the patient with additional mental health services intermittently or on a longer term basis after completion of the services provided on a residential basis under a treatment plan.

(c) PILOT PROGRAM AGREEMENT.—Under the pilot program the Secretary of Defense shall enter into an agreement with a provider of mental health services that requires the provider—

(1) to provide wraparound services to covered beneficiaries referred to in subsection (a);

(2) to continue to provide such services to each beneficiary as needed during the period of the agreement even if the patient relocates outside the TRICARE program region involved (but inside the United States) during that period; and

(3) to accept as payment for such services an amount not in excess of the amount of the standard CHAMPUS residential treatment clinic benefit payable with respect to the covered beneficiary concerned (as determined in accordance with section 8.1 of chapter 3 of volume II of the CHAMPUS policy manual).

(d) REPORT.—Not later than March 1, 1997, the Secretary of Defense shall submit to the Committee on Armed Services of the Senate and the Committee on National Security of the House of Representatives a report on the program carried out under this section. The report shall contain—

(1) an assessment of the effectiveness of the program; and

(2) the Secretary's views regarding whether the program should be implemented in all regions where the TRICARE program is carried out.

Subtitle C—Uniformed Services Treatment Facilities

SEC. 721. DELAY OF TERMINATION OF STATUS OF CERTAIN FACILITIES AS UNIFORMED SERVICES TREATMENT FACILITIES.

Section 1252(e) of the Department of Defense Authorization Act, 1984 (42 U.S.C. 248d(e)) is amended by striking out "December 31, 1996" in the first sentence and inserting in lieu thereof "September 30, 1997".

SEC. 722. APPLICABILITY OF FEDERAL ACQUISITION REGULATION TO PARTICIPATION AGREEMENTS WITH UNIFORMED SERVICES TREATMENT FACILITIES.

Section 718(c) of the National Defense Authorization Act for Fiscal Year 1991 (Public Law 101-510; 104 Stat. 1587) is amended—

(1) in the second sentence of paragraph (1), by striking out "A participation agreement" and inserting in lieu thereof "Except as provided in paragraph (4), a participation agreement";

(2) by redesignating paragraph (4) as paragraph (5); and

(3) by inserting after paragraph (3) the following new paragraph:

"(4) APPLICABILITY OF FEDERAL ACQUISITION REGULATION.—On and after the date of enactment of the National Defense Authorization Act for Fiscal Year 1996, the Federal Acquisition Regulation issued pursuant to section 25(c) of the Office of Federal Procurement Policy Act (41 U.S.C. 421(c)) shall apply to any action to modify an existing participation agreement and to any action by the Secretary of Defense and a Uniformed Services Treatment Facility to enter into a new participation agreement.".

SEC. 723. APPLICABILITY OF CHAMPUS PAYMENT RULES IN CERTAIN CASES.

Section 1074 of title 10, United States Code, is amended by adding at the end the following:

"(d)(1) The Secretary of Defense, after consultation with the other administering Secretaries, may by regulation require a private CHAMPUS provider to apply the CHAMPUS payment rules (subject to any modifications considered appropriate by the Secretary) in imposing charges for health care that the provider provides outside the catchment area of a Uniformed Services Treatment Facility to a member of the uniformed services who is enrolled in a health care plan of the Uniformed Services Treatment Facility.

"(2) In this subsection:

"(A) The term 'private CHAMPUS provider' means a private facility or health care provider that is a health care provider under the Civilian Health and Medical Program of the Uniformed Services.

"(B) The term 'CHAMPUS payment rules' means the payment rules referred to in subsection (c).

"(C) The term 'Uniformed Services Treatment Facility' means a facility deemed to be a facility of the uniformed services under section 911(a) of the Military Construction Authorization Act, 1982 (42 U.S.C. 248c(a)).".

Subtitle D—Other Changes to Existing Laws Regarding Health Care Management

SEC. 731. INVESTMENT INCENTIVE FOR MANAGED HEALTH CARE IN MEDICAL TREATMENT FACILITIES.

(a) AVAILABILITY OF 3 PERCENT OF APPROPRIATIONS FOR TWO FISCAL YEARS.—Chapter

55 of title 10, United States Code, is amended by inserting after section 1071 the following new section:

"§ 1071a. Availability of appropriations

"Of the total amount authorized to be appropriated for a fiscal year for programs and activities carried out under this chapter, the amount equal to three percent of such total amount is authorized to be appropriated to remain available until the end of the following fiscal year.".

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of chapter 55 of title 10, United States Code, is amended by inserting after the item relating to section 1071 the following:

"1071a. Availability of appropriations.".

SEC. 732. REVISION AND CODIFICATION OF LIMITATIONS ON PHYSICIAN PAYMENTS UNDER CHAMPUS.

(a) IN GENERAL.—Section 1079(h) of title 10, United States Code, is amended to read as follows:

"(h)(1) Subject to paragraph (2), payment for a charge for services by an individual health care professional (or other noninstitutional health care provider) for which a claim is submitted under a plan contracted for under subsection (a) shall be limited to the lesser of—

"(A) the amount equivalent to the 80th percentile of billed charges, as determined by the Secretary of Defense in consultation with the other administering Secretaries, for similar services in the same locality during a 12-month base period that the Secretary shall define and may adjust as frequently as the Secretary considers appropriate; or

"(B) the amount payable for charges for such services (or similar services) under title XVIII of the Social Security Act (42 U.S.C. 1395 et seq.) as determined in accordance with the reimbursement rules applicable to payments for medical and other health services under that title.

"(2) The amount to be paid to an individual health care professional (or other noninstitutional health care provider) shall be determined under regulations prescribed by the Secretary of Defense in consultation with the other administering Secretaries. Such regulations—

"(A) may provide for such exceptions from the limitation on payments set forth in paragraph (1) as the Secretary determines necessary to ensure that covered beneficiaries have adequate access to health care services, including payment of amounts greater than the amounts otherwise payable under that paragraph when enrollees in managed care programs obtain covered emergency services from nonparticipating providers; and

"(B) shall establish limitations (similar to those established under title XVIII of the Social Security Act) on beneficiary liability for charges of an individual health care professional (or other noninstitutional health care provider).".

(b) TRANSITION.—In prescribing regulations under paragraph (2) of section 1079(h) of title 10, United States Code, as amended by subsection (a), the Secretary of Defense shall provide—

(1) for a period of transition between the payment methodology in effect under section 1079(h) of such title, as such section was in effect on the day before the date of the enactment of this Act, and the payment methodology under section 1079(h) of such title, as so amended; and

(2) that the amount payable under such section 1079(h), as so amended, for a charge for a service under a claim submitted during the period may not be less than 85 percent of the maximum amount that was payable under such section 1079(h), in effect on the day before the date of the enactment of this Act, for charges for the same service during the 1-year period (or a period of other duration that the Secretary considers appropriate) ending on the day before such date.

SEC. 733. PERSONAL SERVICES CONTRACTS FOR MEDICAL TREATMENT FACILITIES OF THE COAST GUARD.

(a) CONTRACTING AUTHORITY.—Section 1091(a) of title 10, United States Code, is amended—

(1) by inserting after "Secretary of Defense" the following: ", with respect to medical treatment facilities of the Department of Defense, and the Secretary of Transportation, with respect to medical treatment facilities of the Coast Guard when the Coast Guard is not operating as a service in the Navy,"; and

(2) by striking out "medical treatment facilities of the Department of Defense" and inserting in lieu thereof "such facilities".

(b) RATIFICATION OF EXISTING CONTRACTS.—Any exercise of authority under section 1091 of title 10, United States Code, to enter into a personal services contract on behalf of the Coast Guard before the effective date of the amendments made by subsection (a) is hereby ratified.

(c) EFFECTIVE DATE.—The amendments made by subsection (a) shall take effect on the earlier of the date of the enactment of this Act or October 1, 1995.

SEC. 734. DISCLOSURE OF INFORMATION IN MEDICARE AND MEDICAID COVERAGE DATA BANK TO IMPROVE COLLECTION FROM RESPONSIBLE PARTIES FOR HEALTH CARE SERVICES FURNISHED UNDER CHAMPUS.

(a) PURPOSE OF DATA BANK.—Subsection (a) of section 1144 of the Social Security Act (42 U.S.C. 1320b-14) is amended—

(1) by striking out "and" at the end of the paragraph (1);

(2) by striking out the period at the end of paragraph (2) and inserting in lieu thereof ", and"; and

(3) by adding at the end the following:

"(3) assist in the identification of, and collection from, third parties responsible for the reimbursement of the costs incurred by the United States for health care services furnished to individuals who are covered beneficiaries under chapter 55 of title 10, United States Code, upon request by the administering Secretaries.".

(b) AUTHORITY TO DISCLOSE INFORMATION.—Subsection (b)(2) of such section is amended—

(1) by striking out "and" at the end of subparagraph (A);

(2) by striking out the period at the end of subparagraph (B) and inserting in lieu thereof ", and"; and

(3) by adding at the end the following:

"(C) (subject to the restriction in subsection (c)(7) of this section) to disclose any other information in the Data Bank to the administering Secretaries for purposes described in subsection (a)(3) of this section.".

(c) DEFINITION.—Subsection (f) of such section is amended by adding at the end the following:

"(5) ADMINISTERING SECRETARIES.—The term 'administering Secretaries' shall have the meaning given to such term by section 1072(3) of title 10, United States Code.".

Subtitle E—Other Matters

SEC. 741. TRISERVICE NURSING RESEARCH.

(a) PROGRAM AUTHORIZED.—Chapter 104 of title 10, United States Code, is amended by adding at the end the following:

"§ 2116. Research on the furnishing of care and services by nurses of the armed forces

"(a) PROGRAM AUTHORIZED.—The Board of Regents of the University may establish at the University a program of research on the furnishing of care and services by nurses in the Armed Forces (hereafter in this section referred to as 'military nursing research'). A program carried out under this section shall be known as the 'TriService Nursing Research Program'.

"(b) TRISERVICE RESEARCH GROUP.—(1) The TriService Nursing Research Program shall be administered by a TriService Nursing Research Group composed of Army, Navy, and Air Force nurses who are involved in military nursing research and are designated by the Secretary concerned to serve as members of the group.

"(2) The TriService Nursing Research Group shall—

"(A) develop for the Department of Defense recommended guidelines for requesting, reviewing, and funding proposed military nursing research projects; and

"(B) make available to Army, Navy, and Air Force nurses and Department of Defense officials concerned with military nursing research—

"(i) information about nursing research projects that are being developed or carried out in the Army, Navy, and Air Force; and

"(ii) expertise and information beneficial to the encouragement of meaningful nursing research.

"(c) RESEARCH TOPICS.—For purposes of this section, military nursing research includes research on the following issues:

"(1) Issues regarding how to improve the results of nursing care and services provided in the armed forces in time of peace.

"(2) Issues regarding how to improve the results of nursing care and services provided in the armed forces in time of war.

"(3) Issues regarding how to prevent complications associated with battle injuries.

"(4) Issues regarding how to prevent complications associated with the transporting of patients in the military medical evacuation system.

"(5) Issues regarding how to improve methods of training nursing personnel.

"(6) Clinical nursing issues, including such issues as prevention and treatment of child abuse and spouse abuse.

"(7) Women's health issues.

"(8) Wellness issues.

"(9) Preventive medicine issues.

"(10) Home care management issues.

"(11) Case management issues.".

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of chapter 104 of such title is amended by adding at the end the following:

"2116. Research on the furnishing of care and services by nurses of the armed forces.".

SEC. 742. FISHER HOUSE TRUST FUNDS.

(a) ESTABLISHMENT.—(1) Chapter 131 of title 10, United States Code, is amended by adding at the end the following:

"§ 2221. Fisher House trust funds

"(a) ESTABLISHMENT.—The following trust funds are established on the books of the Treasury:

"(1) The Fisher House Trust Fund, Department of the Army.

"(2) The Fisher House Trust Fund, Department of the Air Force.

"(b) INVESTMENT.—Funds in the trust funds may be invested in securities of the United States. Earnings and gains realized from the investment of funds in a trust fund shall be credited to the trust fund.

"(c) USE OF FUNDS.—(1) Amounts in the Fisher House Trust Fund, Department of the Army, that are attributable to earnings or gains realized from investments shall be available for operation and maintenance of Fisher houses that are located in proximity to medical treatment facilities of the Army.

"(2) Amounts in the Fisher House Trust Fund, Department of the Air Force, that are attributable to earnings or gains realized from investments shall be available for operation and maintenance of Fisher houses that are located in proximity to medical treatment facilities of the Air Force.

"(3) The use of funds under this section is subject to the requirements of section 1321(b)(2) of title 31.

"(d) FISHER HOUSES DEFINED.—For purposes of this section, Fisher houses are housing facilities that are located in proximity to medical treatment facilities of the Army or Air Force and are available for residential use on a temporary basis by patients at such facilities, members of the family of such patients, and others providing the equivalent of familial support for such patients.".

(2) The table of sections at the beginning of such chapter is amended by adding at the end the following:

"2221. Fisher House trust funds.".

(b) CORPUS OF TRUST FUNDS.—(1) The Secretary of the Treasury shall—

(A) close the accounts established with the funds that were required by section 8019 of Public Law 102-172 (105 Stat. 1175) and section 9023 of Public Law 102-396 (106 Stat. 1905) to be transferred to an appropriated trust fund; and

(B) transfer the amounts in such accounts to the Fisher House Trust Fund, Department of the Army, established by subsection (a)(1) of section 2221 of title 10, United States Code, as added by subsection (a).

(2) The Secretary of the Air Force shall transfer to the Fisher House Trust Fund, Department of the Air Force, established by subsection (a)(2) of section 2221 of title 10, United States Code (as added by section (a)), all amounts in the accounts for Air Force installations and other facilities that, as of the date of the enactment of this Act, are available for operation and maintenance of Fisher houses (as defined in subsection (c) of such section 2221).

(c) CONFORMING AMENDMENTS.—Section 1321 of title 31, United States Code, is amended—

(1) by adding at the end of subsection (a) the following:

"(92) Fisher House Trust Fund, Department of the Army.

"(93) Fisher House Trust Fund, Department of the Air Force."; and

(2) in subsection (b)—

(A) by inserting "(1)" after "(b)";

(B) in the second sentence, by striking out "Amounts accruing to these funds (except to the trust fund 'Armed Forces Retirement Home Trust Fund')" and inserting in lieu thereof "Except as provided in paragraph (2), amounts accruing to these funds";

(C) by striking out the third sentence; and

(D) by adding at the end the following:

"(2) Expenditures from the following trust funds shall be made only under annual appropriations and only if the appropriations are specifically authorized by law:

"(A) Armed Forces Retirement Home Trust Fund.

"(B) Fisher House Trust Fund, Department of the Army.

"(C) Fisher House Trust Fund, Department of the Air Force.".

(d) REPEAL OF SUPERSEDED PROVISIONS.—The following provisions of law are repealed:

(1) Section 8019 of Public Law 102-172 (105 Stat. 1175).

(2) Section 9023 of Public Law 102-396 (106 Stat. 1905).

(3) Section 8019 of Public Law 103-139 (107 Stat. 1441).

(4) Section 8017 of Public Law 103-335 (108 Stat. 2620; 10 U.S.C. 1074 note).

SEC. 743. APPLICABILITY OF LIMITATION ON PRICES OF PHARMACEUTICALS PROCURED FOR COAST GUARD.

Section 8126(b) of title 38, United States Code, is amended by adding at the end the following:

"(4) The Coast Guard.".

SEC. 744. REPORT ON EFFECT OF CLOSURE OF FITZSIMONS ARMY MEDICAL CENTER, COLORADO, ON PROVISION OF CARE TO MILITARY PERSONNEL AND DEPENDENTS EXPERIENCING HEALTH DIFFICULTIES ASSOCIATED WITH PERSIAN GULF SYNDROME.

Not later than 90 days after the date of the enactment of this Act, the Secretary of Defense shall submit to Congress a report that—

(1) assesses the effects of the closure of Fitzsimons Army Medical Center, Colorado, on the capability of the Department of Defense to provide appropriate and adequate health care to members and former members of the Armed Forces and their dependents who suffer from undiagnosed illnesses (or combination of illnesses) as a result of service in the Armed Forces in the Southwest Asia theater of operations during the Persian Gulf War; and

(2) describes the plans of the Secretary of Defense and the Secretary of the Army to ensure that adequate and appropriate health care is available to such members, former members, and their dependents for such illnesses.

TITLE VIII—ACQUISITION POLICY, ACQUISITION MANAGEMENT, AND RELATED MATTERS

Subtitle A—Acquisition Reform

SEC. 801. WAIVERS FROM CANCELLATION OF FUNDS.

Notwithstanding section 1552(a) of title 31, United States Code, funds appropriated for any fiscal year after fiscal year 1995 that are administratively reserved or committed for satellite on-orbit incentive fees shall remain available for obligation and expenditure until the fee is earned, but only if and to the extent that section 1512 of title 31, United States Code, the Impoundment Control Act (2 U.S.C. 681 et seq.), and other applicable provisions of law are complied with in the reservation and commitment of funds for that purpose

SEC. 802. PROCUREMENT NOTICE POSTING THRESHOLDS AND SUBCONTRACTS FOR OCEAN TRANSPORTATION SERVICES.

(a) PROCUREMENT NOTICE POSTING THRESHOLDS.—Section 18(a)(1)(B) of the Office of Federal Procurement Policy Act (41 U.S.C. 416(a)(1)(B)) is amended—

(1) by striking out "subsection (f)—" and all that follows through the end of the subparagraph and inserting in lieu thereof "subsection (b); and"; and

(2) by inserting after "property or services" the following: for a price expected to exceed $10,000, but not to exceed $25,000,".

(b) SUBCONTRACTS FOR OCEAN TRANSPORTATION SERVICES.—Notwithstanding any other provision of law, neither section 901(b) of the Merchant Marine Act, 1936 (46 U.S.C. 1241(b)) nor section 2631 of title 10, United States Code, shall be included prior to May 1, 1996 on any list promulgated under section 34(b) of the Office of Federal Procurement Policy Act (41 U.S.C. 430(b)).

SEC. 803. PROMPT RESOLUTION OF AUDIT RECOMMENDATIONS.

Section 6009 of the Federal Acquisition Streamlining Act of 1994 (Public Law 103-355; 108 Stat. 3367, October 14, 1994) is amended to read as follows:

"SEC. 6009. PROMPT MANAGEMENT DECISIONS AND IMPLEMENTATION OF AUDIT RECOMMENDATIONS.

"(a) MANAGEMENT DECISIONS.—(1) The head of a Federal agency shall make management decisions on all findings and recommendations set forth in an audit report of the inspector general of the agency within a maximum of six months after the issuance of the report.

"(2) The head of a Federal agency shall make management decisions on all findings and recommendations set forth in an audit report of any auditor from outside the Federal Government within a maximum of six months after the date on which the head of the agency receives the report.

"(b) COMPLETIONS OF ACTIONS.—The head of a Federal agency shall complete final action on each management decision required with regard to a recommendation in an inspector general's report under subsection (a)(1) within 12 months after the date of the inspector general's report. If the head of the agency fails to complete final action with regard to a management decision within the 12-month period, the inspector general concerned shall identify the matter in each of the inspector general's semiannual reports pursuant to section 5(a)(3) of the Inspector General Act of 1978 (5 U.S.C. App.) until final action on the management decision is completed.".

SEC. 804. TEST PROGRAM FOR NEGOTIATION OF COMPREHENSIVE SUBCONTRACTING PLANS.

(a) REVISION OF AUTHORITY.—Subsection (a) of section 834 of National Defense Authorization Act for Fiscal Years 1990 and 1991 (15 U.S.C. 637 note) is amended by striking out paragraph (1) and inserting in lieu thereof the following:

"(1) The Secretary of Defense shall establish a test program under which contracting activities in the military departments and the Defense Agencies are authorized to undertake one or more demonstration projects to determine whether the negotiation and administration of comprehensive subcontracting plans will reduce administrative burdens on contractors while enhancing opportunities provided under Department of Defense contracts for small business concerns and small business concerns owned and controlled by socially and economically disadvantaged individuals. In selecting the contracting activities to undertake demonstration projects, the Secretary shall take such action as is necessary to ensure that a broad range of the supplies and services acquired by the Department of Defense are included in the test program.".

(b) COVERED CONTRACTORS.—Subsection (b) of such section is amended by striking out paragraph (3) and inserting in lieu thereof the following:

"(3) A Department of Defense contractor referred to in paragraph (1) is, with respect to a comprehensive subcontracting plan negotiated in any fiscal year, a business concern that, during the immediately preceding fiscal year, furnished the Department of Defense with supplies or services (including professional services, research and development services, and construction services) pursuant to at least three Department of Defense contracts having an aggregate value of at least $5,000,000.".

(c) TECHNICAL AMENDMENTS.—Such section is amended—

(1) by striking out subsection (g); and

(2) by redesignating subsection (h) as subsection (g).

SEC. 805. NAVAL SALVAGE FACILITIES.

Chapter 637 of title 10, United States Code, is amended to read as follows:

"CHAPTER 637—SALVAGE FACILITIES

"Sec.
"7361. Authority to provide for necessary salvage facilities.
"7362. Acquisition and transfer of vessels and equipment.
"7363. Settlement of claims.
"7364. Disposition of receipts.

"§ 7361. Authority to provide for necessary salvage facilities

"(a) AUTHORITY.—The Secretary of the Navy may contract or otherwise provide for necessary salvage facilities for public and private vessels.

"(b) COORDINATION WITH SECRETARY OF TRANSPORTATION.—The Secretary shall submit to the Secretary of Transportation for comment each proposed salvage contract that affects the interests of the Department of Transportation.

"(c) LIMITATION.—The Secretary of the Navy may enter into a contract under subsection (a) only if the Secretary determines that available commercial salvage facilities are inadequate to meet the Navy's requirements and provides public notice of the intent to enter into such a contract.

"§ 7362. Acquisition and transfer of vessels and equipment

"(a) AUTHORITY.—The Secretary of the Navy may acquire or transfer such vessels and equipment for operation by private salvage companies as the Secretary considers necessary.

"(b) AGREEMENT ON USE.—A private recipient of any salvage vessel or gear shall agree in writing that such vessel or gear will be used to support organized offshore salvage facilities for as many years as the Secretary shall consider appropriate.

"§ 7363. Settlement of claims

"The Secretary of the Navy, or the Secretary's designee, may settle and receive payment for any claim by the United States for salvage services rendered by the Department of the Navy.

"§ 7364. Disposition of receipts

"Amounts received under this chapter shall be credited to appropriations for maintaining naval salvage facilities. However, any amount received in excess of naval salvage costs incurred by the Navy in that fiscal year shall be deposited into the general fund of the Treasury.".

SEC. 806. AUTHORITY TO DELEGATE CONTRACTING AUTHORITY.

(a) REPEAL OF DUPLICATIVE AUTHORITY AND RESTRICTION.—Section 2356 of title 10, United States Code, is repealed.

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of chapter 139 of title 10, United States Code, is amended by striking out the item relating to section 2356.

SEC. 807. COORDINATION AND COMMUNICATION OF DEFENSE RESEARCH ACTIVITIES.

Section 2364 of title 10, United States Code, is amended—

(1) in subsection (b)(5), by striking out "milestone O, milestone I, and milestone II" and inserting in lieu thereof "acquisition program"; and

(2) in subsection (c), by striking out paragraphs (2), (3), and (4) and inserting in lieu thereof the following:

"(2) The term 'acquisition program decision' has the meaning prescribed by the Secretary of Defense in regulations.".

SEC. 808. PROCUREMENT OF ITEMS FOR EXPERIMENTAL OR TEST PURPOSES.

Section 2373(b) of title 10, United States Code, is amended by inserting "only" after "applies".

SEC. 809. QUALITY CONTROL IN PROCUREMENTS OF CRITICAL AIRCRAFT AND SHIP SPARE PARTS.

(a) REPEAL.—Section 2383 of title 10, United States Code, is repealed.

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of chapter 141 of such title is amended by striking out the item relating to section 2383.

SEC. 810. USE OF FUNDS FOR ACQUISITION OF DESIGNS, PROCESSES, TECHNICAL DATA, AND COMPUTER SOFTWARE.

Section 2386(3) of title 10, United States Code, is amended to read as follows:

"(3) Design and process data, technical data, and computer software.".

SEC. 811. INDEPENDENT COST ESTIMATES FOR MAJOR DEFENSE ACQUISITION PROGRAMS.

Section 2434(b)(1)(A) of title 10, United States Code, is amended to read as follows:

"(A) be prepared—

"(i) by an office or other entity that is not under the supervision, direction, or control of the military department, Defense Agency, or other component of the Department of Defense that is directly responsible for carrying out the development or acquisition of the program; or

"(ii) if the decision authority for the program has been delegated to an official of a military department, Defense Agency, or other component of the Department of Defense, by an office or other entity that is not directly responsible for carrying out the development or acquisition of the program; and".

SEC. 812. FEES FOR CERTAIN TESTING SERVICES.

Section 2539b(c) of title 10, United States Code, is amended by inserting "and indirect" after "recoup the direct".

SEC. 813. CONSTRUCTION, REPAIR, ALTERATION, FURNISHING, AND EQUIPPING OF NAVAL VESSELS.

(a) INAPPLICABILITY OF CERTAIN LAWS.—Chapter 633 of title 10, United States Code, is amended by inserting after section 7297 the following:

"§ 7299. Contracts: applicability of Walsh-Healey Act

"Each contract for the construction, alteration, furnishing, or equipping of a naval vessel is subject to the Walsh-Healey Act (41 U.S.C. 35 et seq.) unless the President determines that this requirement is not in the interest of national defense.".

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of such chapter is amended by inserting after the item relating to section 7297 the following:

"7299. Contracts: applicability of Walsh-Healey Act.".

SEC. 814. CIVIL RESERVE AIR FLEET.

Section 9512 of title 10, United States Code, is amended by striking out "full Civil Reserve Air Fleet" both places it appears in subsections (b)(2) and (e) and inserting in lieu thereof "Civil Reserve Air Fleet".

SEC. 815. COST AND PRICING DATA.

(a) ARMED SERVICES PROCUREMENTS.—Section 2306a(d)(2)(A)(i) of title 10, United States Code, is amended by striking out "and the procurement is not covered by an exception in subsection (b)," and inserting in lieu thereof "and the offeror or contractor requests to be exempted from the requirement for submission of cost or pricing data pursuant to this subsection,".

(b) CIVILIAN AGENCY PROCUREMENTS.—Section 304A(d)(2)(A)(i) of the Federal Property and Administrative Services Act of 1949 (41 U.S.C. 254b(d)(2)(A)(i)) is amended by striking out "and the procurement is not covered by an exception in subsection (b)," and inserting in lieu thereof "and the offeror or contractor requests to be exempted from the requirement for submission of cost or pricing data pursuant to this subsection,".

SEC. 816. PROCUREMENT NOTICE TECHNICAL AMENDMENTS.

Section 18(c)(1)(E) of the Office of Federal Procurement Policy Act (41 U.S.C. 416(c)(1)(E)) is amended by inserting after "requirements contract" the following: ", a task order contract, or a delivery order contract".

SEC. 817. REPEAL OF DUPLICATIVE AUTHORITY FOR SIMPLIFIED ACQUISITION PURCHASES.

Section 31 of the Office of Federal Procurement Policy Act (41 U.S.C. 427) is amended—

(1) by striking out subsections (a), (b), and (c);

(2) by redesignating subsections (d), (e), and (f) as (a), (b), and (c), respectively;

(3) in subsection (b), as so redesignated, by striking out "provided in the Federal Acquisition Regulation pursuant to this section" each place it appears and inserting in lieu thereof "contained in the Federal Acquisition Regulation"; and

(4) by adding at the end the following:

"(d) PROCEDURES DEFINED.—The simplified acquisition procedures referred to in this section are the simplified acquisition procedures that are provided in the Federal Acquisition Regulation pursuant to section 2304(g) of title 10, United States Code, and section 303(g) of the Federal Property and Administrative Services Act of 1949 (41 U.S.C. 253(g)).".

SEC. 818. MICRO-PURCHASES WITHOUT COMPETITIVE QUOTATIONS.

Section 32(d) of the Office of Federal Procurement Policy Act (41 U.S.C. 428) is amended by striking out "the contracting officer" and inserting in lieu thereof "an employee of an executive agency or a member of the Armed Forces of the United States authorized to do so".

SEC. 819. RESTRICTION ON REIMBURSEMENT OF COSTS.

(a) None of the funds authorized to be appropriated in this Act for fiscal year 1996 may be obligated for payment on new contracts on which allowable costs charged to the Government include payments for individual compensation (including bonuses and other incentives) at a rate in excess of $250,000.

(b) It is the sense of the Senate that the Congress should consider extending the restriction described in section (a) permanently.

Subtitle B—Other Matters

SEC. 821. PROCUREMENT TECHNICAL ASSISTANCE PROGRAMS.

(a) FUNDING.—Of the amount authorized to be appropriated under section 301(5), $12,000,000 shall be available for carrying out the provisions of chapter 142 of title 10, United States Code.

(b) SPECIFIC PROGRAMS.—Of the amounts made available pursuant to subsection (a), $600,000 shall be available for fiscal year 1996 for the purpose of carrying out programs sponsored by eligible entities referred to in subparagraph (D) of section 2411(1) of title 10, United States Code, that provide procurement technical assistance in distressed areas

referred to in subparagraph (B) of section 2411(2) of such title. If there is an insufficient number of satisfactory proposals for cooperative agreements in such distressed areas to allow effective use of the funds made available in accordance with this subsection in such areas, the funds shall be allocated among the Defense Contract Administration Services regions in accordance with section 2415 of such title.

SEC. 822. TREATMENT OF DEPARTMENT OF DEFENSE CABLE TELEVISION FRANCHISE AGREEMENTS.

For purposes of part 49 of the Federal Acquisition Regulation, a cable television franchise agreement of the Department of Defense shall be considered a contract for telecommunications services.

SEC. 823. PRESERVATION OF AMMUNITION INDUSTRIAL BASE.

(a) REVIEW OF AMMUNITION PROCUREMENT AND MANAGEMENT PROGRAMS.—(1) Not later than 30 days after the date of the enactment of this Act, the Secretary of Defense shall commence a review of the ammunition procurement and management programs of the Department of Defense, including the planning for, budgeting for, administration, and carrying out of such programs.

(2) The review under paragraph (1) shall include an assessment of the following matters:

(A) The practicability and desirability of using centralized procurement practices to procure all ammunition required by the Armed Forces.

(B) The capability of the ammunition production facilities of the United States to meet the ammunition requirements of the Armed Forces.

(C) The practicability and desirability of privatizing such ammunition production facilities.

(D) The practicability and desirability of using integrated budget planning among the Armed Forces for the procurement of ammunition.

(E) The practicability and desirability of establishing an advocate within the Department of Defense for ammunition industrial base matters who shall be responsible for—

(i) establishing the quantity and price of ammunition procured by the Armed Forces; and

(ii) establishing and implementing policy to ensure the continuing viability of the ammunition industrial base in the United States.

(F) The practicability and desirability of providing information on the ammunition procurement practices of the Armed Forces to Congress through a single source.

(b) REPORT.—Not later than April 1, 1996, the Secretary shall submit to the congressional defense committees a report containing the following:

(1) The results of the review carried out under subsection (a).

(2) A discussion of the methodologies used in carrying out the review.

(3) An assessment of various methods of ensuring the continuing viability of the ammunition industrial base of the United States.

(4) Recommendations of means (including legislation) of implementing such methods in order to ensure such viability.

TITLE IX—DEPARTMENT OF DEFENSE ORGANIZATION AND MANAGEMENT

SEC. 901. REDESIGNATION OF THE POSITION OF ASSISTANT TO THE SECRETARY OF DEFENSE FOR ATOMIC ENERGY.

(a) IN GENERAL.—(1) Section 142 of title 10, United States Code, is amended—

(A) by striking out the section heading and inserting in lieu thereof the following:

"§ 142. Assistant to the Secretary of Defense for Nuclear and Chemical and Biological Defense Programs";

(B) in subsection (a), by striking out "Assistant to the Secretary of Defense for Atomic Energy" and inserting in lieu thereof "Assistant to the Secretary of Defense for Nuclear and Chemical and Biological Defense Programs"; and

(C) by striking out subsection (b) and inserting in lieu thereof the following:

"(b) The Assistant to the Secretary shall—

"(1) advise the Secretary of Defense on nuclear energy, nuclear weapons, and chemical and biological defense;

"(2) serve as the Staff Director of the Nuclear Weapons Council established by section 179 of this title; and

"(3) perform such additional duties as the Secretary may prescribe.".

(2) The table of sections at the beginning of chapter 4 of such title is amended by striking out the item relating to section 142 and inserting in lieu thereof the following:

"142. Assistant to the Secretary of Defense for Nuclear and Chemical and Biological Defense Programs.".

(b) CONFORMING AMENDMENTS.—(1) Section 179(c)(2) of title 10, United States Code, is amended by striking out "The Assistant to the Secretary of Defense for Atomic Energy" and inserting in lieu thereof "The Assistant to the Secretary of Defense for Nuclear and Chemical and Biological Defense Programs.".

(2) Section 5316 of title 5, United States Code, is amended by striking out "The Assistant to the Secretary of Defense for Atomic Energy, Department of Defense." and inserting in lieu thereof the following:

"Assistant to the Secretary of Defense for Nuclear and Chemical and Biological Defense Programs, Department of Defense.".

TITLE X—GENERAL PROVISIONS

Subtitle A—Financial Matters

SEC. 1001. TRANSFER AUTHORITY.

(a) AUTHORITY TO TRANSFER AUTHORIZATIONS.—(1) Upon determination by the Secretary of Defense that such action is necessary in the national interest, the Secretary may transfer amounts of authorizations made available to the Department of Defense in this division for fiscal year 1996 between any such authorizations for that fiscal year (or any subdivisions thereof). Amounts of authorizations so transferred shall be merged with and be available for the same purposes as the authorization to which transferred.

(2) The total amount of authorizations that the Secretary of Defense may transfer under the authority of this section may not exceed $2,000,000,000.

(b) LIMITATIONS.—The authority provided by this section to transfer authorizations—

(1) may only be used to provide authority for items that have a higher priority than the items from which authority is transferred; and

(2) may not be used to provide authority for an item that has been denied authorization by Congress.

(c) EFFECT ON AUTHORIZATION AMOUNTS.—A transfer made from one account to another under the authority of this section shall be deemed to increase the amount authorized for the account to which the amount is transferred by an amount equal to the amount transferred.

(d) NOTICE TO CONGRESS.—The Secretary shall promptly notify Congress of each transfer made under subsection (a).

SEC. 1002. DISBURSING AND CERTIFYING OFFICIALS.

(a) DISBURSING OFFICIALS.—(1) Section 3321(c) of title 31, United States Code, is amended by striking out paragraph (2) and inserting in lieu thereof the following:

"(2) The Department of Defense.".

(2) Section 2773 of title 10, United States Code, is amended—

(A) in subsection (a)—

(i) by striking out "With the approval of the Secretary of a military department when the Secretary considers it necessary, a disbursing official of the military department" and inserting in lieu thereof "Subject to paragraph (3), a disbursing official of the Department of Defense"; and

(ii) by adding at the end the following new paragraph:

"(3) A disbursing official may make a designation under paragraph (1) only with the approval of the Secretary of Defense or, in the case of a disbursing official of a military department, the Secretary of that military department."; and

(B) in subsection (b)(1), by striking out "any military department" and inserting in lieu thereof "the Department of Defense".

(b) DESIGNATION OF MEMBERS OF THE ARMED FORCES TO HAVE AUTHORITY TO CERTIFY VOUCHERS.—Section 3325(b) of title 31, United States Code, is amended to read as follows:

"(b) In addition to officers and employees referred to in subsection (a)(1)(B) of this section as having authorization to certify vouchers, members of the armed forces under the jurisdiction of the Secretary of Defense may certify vouchers when authorized, in writing, by the Secretary to do so.".

(c) CONFORMING AMENDMENTS.—(1) Section 1012 of title 37, United States Code, is amended by striking out "Secretary concerned" both places it appears and inserting in lieu thereof "Secretary of Defense".

(2) Section 1007(a) of title 37, United States Code, is amended by striking out "Secretary concerned" and inserting in lieu thereof "Secretary of Defense, or upon the denial of relief of an officer pursuant to section 3527 of title 31".

(3)(A) Section 7863 of title 10, United States Code, is amended—

(i) in the first sentence, by striking out "disbursements of public moneys or" and "the money was paid or"; and

(ii) in the second sentence, by striking out "disbursement or".

(B)(i) The heading of such section is amended to read as follows:

"§ 7863. Disposal of public stores by order of commanding officer".

(ii) The item relating to such section in the table of sections at the beginning of chapter 661 of such title is amended to read as follows:

"7863. Disposal of public stores by order of commanding officer.".

(4) Section 3527(b)(1) of title 31, United States Code, is amended—

(A) by striking out "a disbursing official of the armed forces" and inserting in lieu thereof "an official of the armed forces referred to in subsection (a)";

(B) by striking out "records," and inserting in lieu thereof "records, or a payment described in section 3528(a)(4)(A) of this title,";

(C) by redesignating subparagraphs (A), (B), and (C) as clauses (i), (ii), and (iii), and realigning such clauses four ems from the left margin;

(D) by inserting before clause (i), as redesignated by subparagraph (C), the following:

"(A) in the case of a physical loss or deficiency—";

(E) in clause (iii), as redesignated by subparagraph (C), by striking out the period at the end and inserting in lieu thereof "; or"; and

(F) by adding at the end the following:

"(B) in the case of a payment described in section 3528(a)(4)(A) of this title, the Secretary of Defense or the appropriate Secretary of the military department of the Department of Defense, after taking a diligent collection action, finds that the criteria of section 3528(b)(1) of this title are satisfied.".

SEC. 1003. DEFENSE MODERNIZATION ACCOUNT.

(a) ESTABLISHMENT AND USE.—(1) Chapter 131 of title 10, United States Code, is amended by adding at the end the following:

"§ 2221. Defense Modernization Account

"(a) ESTABLISHMENT.—There is established in the Treasury a special account to be known as the 'Defense Modernization Account'.

"(b) CREDITS TO ACCOUNT.—(1) Under regulations prescribed by the Secretary of Defense, and upon a determination by the Secretary concerned of the availability and source of excess funds as described in subparagraph (A) or (B), the Secretary may transfer to the Defense Modernization Account during any fiscal year—

"(A) any amount of unexpired funds available to the Secretary for procurements that, as a result of economies, efficiencies, and other savings achieved in the procurements, are excess to the funding requirements of the procurements; and

"(B) any amount of unexpired funds available to the Secretary for support of installations and facilities that, as a result of economies, efficiencies, and other savings, are excess to the funding requirements for support of installations and facilities.

"(2) Funds referred to in paragraph (1) may not be transferred to the Defense Modernization Account by a Secretary concerned if—

"(A) the funds are necessary for programs, projects, and activities that, as determined by the Secretary, have a higher priority than the purposes for which the funds would be available if transferred to that account; or

"(B) the balance of funds in the account, after transfer of funds to the account would exceed $1,000,000,000.

"(3) Amounts credited to the Defense Modernization Account shall remain available for transfer until the end of the third fiscal year that follows the fiscal year in which the amounts are credited to the account.

"(4) The period of availability of funds for expenditure provided for in sections 1551 and 1552 of title 31 shall not be extended by transfer into the Defense Modernization Account.

"(c) ATTRIBUTION OF FUNDS.—The funds transferred to the Defense Modernization Account by a military department, Defense Agency, or other element of the Department of Defense shall be available in accordance with subsections (f) and (g) only for that military department, Defense Agency, or element.

"(d) USE OF FUNDS.—Funds available from the Defense Modernization Account pursuant to subsection (f) or (g) may be used only for the following purposes:

"(1) For increasing, subject to subsection (e), the quantity of items and services procured under a procurement program in order to achieve a more efficient production or delivery rate.

"(2) For research, development, test and evaluation and procurement necessary for modernization of an existing system or of a system being procured under an ongoing procurement program.

"(e) LIMITATIONS.—(1) Funds from the Defense Modernization Account may not be used to increase the quantity of an item or services procured under a particular procurement program to the extent that doing so would—

"(A) result in procurement of a total quantity of items or services in excess of—

"(i) a specific limitation provided in law on the quantity of the items or services that may be procured; or

"(ii) the requirement for the items or services as approved by the Joint Requirements Oversight Council and reported to Congress by the Secretary of Defense; or

"(B) result in an obligation or expenditure of funds in excess of a specific limitation provided in law on the amount that may be obligated or expended, respectively, for the procurement program.

"(2) Funds from the Defense Modernization Account may not be used for a purpose or program for which Congress has not authorized appropriations.

"(3) Funds may not be transferred from the Defense Modernization Account in any year for the purpose of—

"(A) making any expenditure for which there is no corresponding obligation; or

"(B) making any expenditure that would satisfy an unliquidated or unrecorded obligation arising in a prior fiscal year.

"(f) TRANSFER OF FUNDS.—(1) Funds in the Defense Modernization Account may be transferred in any fiscal year to appropriations available for use for purposes set forth in subsection (d).

"(2) Before funds in the Defense Modernization Account are transferred under paragraph (1), the Secretary concerned shall transmit to the congressional defense committees a notification of the amount and purpose of the proposed transfer.

"(3) The total amount of the transfers from the Defense Modernization Account may not exceed $500,000,000 in any fiscal year.

"(g) AVAILABILITY OF FUNDS FOR APPROPRIATION.—Funds in the Defense Modernization Account may be appropriated for purposes set forth in subsection (d) to the extent provided in Acts authorizing appropriations for the Department of the Defense.

"(h) SECRETARY TO ACT THROUGH COMPTROLLER.—In exercising authority under this section, the Secretary of Defense shall act through the Under Secretary of Defense (Comptroller), who shall be authorized to implement this section through the issuance of any necessary regulations, policies, and procedures after consultation with the General Counsel and Inspector General of the Department of Defense.

"(i) QUARTERLY REPORT.—Not later than 15 days after the end of each calendar quarter, the Secretary of Defense shall submit to the appropriate committees of Congress a report setting forth the amount and source of each credit to the Defense Modernization Account during the quarter and the amount and purpose of each transfer from the account during the quarter.

"(j) DEFINITIONS.—In this section:

"(1) The term 'Secretary concerned' includes the Secretary of Defense.

"(2) The term 'unexpired funds' means funds appropriated for a definite period that remain available for obligation.

"(3) The term 'congressional defense committees' means—

"(A) the Committees on Armed Services and Appropriations of the Senate; and

"(B) the Committees on National Security and Appropriations of the House of Representatives.

"(4) The term 'appropriate committees of Congress' means—

"(A) the congressional defense committees;

"(B) the Committee on Governmental Affairs of the Senate; and

"(C) the Committee on Government Reform and Oversight of the House of Representatives.

"(k) INAPPLICABILITY TO COAST GUARD.—This section does not apply to the Coast Guard when it is not operating as a service in the Navy.".

(2) The table of sections at the beginning of chapter 131 of such title is amended by adding at the end the following:

"2221. Defense Modernization Account.".

(b) EFFECTIVE DATE.—Section 2221 of title 10, United States Code (as added by subsection (a)), shall take effect on October 1, 1995, and shall apply only to funds appropriated for fiscal years beginning on or after that date.

(c) EXPIRATION OF AUTHORITY AND ACCOUNT.—(1) The authority under section 2221(b) of title 10, United States Code (as added by subsection (a)), to transfer funds into the Defense Modernization Account shall terminate on October 1, 2003.

(2) Three years after the termination of transfer authority under paragraph (1), the Defense Modernization Account shall be closed and the remaining balance in the account shall be canceled and thereafter shall not be available for any purpose.

(3)(A) The Comptroller General of the United States shall conduct two reviews of the administration of the Defense Modernization Account. In each review, the Comptroller General shall assess the operations and benefits of the account.

(B) Not later than March 1, 2000, the Comptroller General shall—

(i) complete the first review; and

(ii) submit to the appropriate committees of Congress an initial report on the administration and benefits of the Defense Modernization Account.

(C) Not later than March 1, 2003, the Comptroller General shall—

(i) complete the second review; and

(ii) submit to the appropriate committees of Congress a final report on the administration and benefits of the Defense Modernization Account.

(D) Each report shall include any recommended legislation regarding the account that the Comptroller General considers appropriate.

(E) In this paragraph, the term "appropriate committees of Congress" has the meaning given such term in section 2221(j)(4) of title 10, United States Code, as added by subsection (a).

SEC. 1004. AUTHORIZATION OF PRIOR EMERGENCY SUPPLEMENTAL APPROPRIATIONS FOR FISCAL YEAR 1995.

(a) ADJUSTMENT TO PREVIOUS AUTHORIZATIONS.—Amounts authorized to be appropriated to the Department of Defense for fiscal year 1995 in the National Defense Authorization Act for Fiscal Year 1995 (Public Law 103-337) are hereby adjusted, with respect to any such authorized amount, by the amount by which appropriations pursuant to such authorization were increased (by a supplemental appropriation) or decreased (by a rescission), or both, in title I of the Emergency Supplemental Appropriations and Rescissions for the Department of Defense to Preserve and Enhance Military Readiness Act of 1995 (Public Law 104-6).

(b) NEW AUTHORIZATION.—The appropriation provided in section 104 of such Act is hereby authorized.

SEC. 1005. LIMITATION ON USE OF AUTHORITY TO PAY FOR EMERGENCY AND EXTRAORDINARY EXPENSES.

Section 127 of title 10, United States Code, is amended—

(1) by redesignating subsection (c) as subsection (d); and

(2) by inserting after subsection (b) the following new subsection (c):

"(c)(1) Funds may not be obligated or expended in an amount in excess of $500,000 under the authority of subsection (a) or (b) until the Secretary of Defense has notified the Committees on Armed Services and Appropriations of the Senate and the Committees on National Security and Appropriations of the House of Representatives of the intent to obligate or expend the funds, and—

"(A) in the case of an obligation or expenditure in excess of $1,000,000, 15 days have elapsed since the date of the notification; or

"(B) in the case of an obligation or expenditure in excess of $500,000, but not in excess of $1,000,000, 5 days have elapsed since the date of the notification.

"(2) Subparagraph (A) or (B) of paragraph (1) shall not apply to an obligation or expenditure of funds otherwise covered by such subparagraph if the Secretary of Defense determines that the national security objectives of the United States will be compromised by the application of the subparagraph to the obligation or expenditure. If the Secretary makes a determination with respect to an expenditure under the preceding sentence, the Secretary shall notify the committees referred to in paragraph (1) not later than the later of—

"(A) 30 days after the date of the expenditure; or

"(B) the date on which the activity for which the expenditure is made is completed.

"(3) A notification under this subsection shall include the amount to be obligated or expended, as the case may be, and the purpose of the obligation or expenditure.".

SEC. 1006. TRANSFER AUTHORITY REGARDING FUNDS AVAILABLE FOR FOREIGN CURRENCY FLUCTUATIONS.

(a) TRANSFERS TO MILITARY PERSONNEL ACCOUNTS AUTHORIZED.—Section 2779 of title 10, United States Code, is amended by adding at the end the following:

"(c) TRANSFERS TO MILITARY PERSONNEL ACCOUNTS.—(1) The Secretary of Defense may transfer funds to military personnel appropriations for a fiscal year out of funds available to the Department of Defense for that fiscal year under the appropriation 'Foreign Currency Fluctuations, Defense'.

"(2) This subsection applies with respect to appropriations for fiscal years beginning after September 30, 1995.".

(b) REVISION AND CODIFICATION OF AUTHORITY FOR TRANSFERS TO FOREIGN CURRENCY FLUCTUATIONS ACCOUNT.—Section 2779 of such title, as amended by subsection (a), is further amended by adding at the end the following:

"(d) TRANSFERS TO FOREIGN CURRENCY FLUCTUATIONS ACCOUNT.—(1) The Secretary of Defense may transfer to the appropriation 'Foreign Currency Fluctuations, Defense' unobligated amounts of funds appropriated for operation and maintenance and unobligated amounts of funds appropriated for military personnel.

"(2) Any transfer from an appropriation under paragraph (1) shall be made not later than the end of the second fiscal year following the fiscal year for which the appropriation is provided.

"(3) Any transfer made pursuant to the authority provided in this subsection shall be limited so that the amount in the appropriation 'Foreign Currency Fluctuations, Defense' does not exceed $970,000,000 at the time such transfer is made.

"(4) This subsection applies with respect to appropriations for fiscal years beginning after September 30, 1995.".

(c) CONDITIONS OF AVAILABILITY FOR TRANSFERRED FUNDS.—Section 2779 of such title, as amended by subsection (b), is further amended by adding at the end the following:

"(e) CONDITIONS OF AVAILABILITY FOR TRANSFERRED FUNDS.—Amounts transferred under subsection (c) or (d) shall be merged with and be available for the same purposes and for the same period as the appropriations to which transferred.".

(d) CONFORMING AND TECHNICAL AMENDMENTS.—(1) Section 767A of Public Law 96-527 (94 Stat. 3093) is repealed.

(2) Section 791 of the Department of Defense Appropriation Act, 1983 (enacted in section 101(c) of Public Law 97-377; 96 Stat. 1865) is repealed.

(3) Section 2779 of title 10, United States Code, is amended—

(A) in subsection (a), by striking out "(a)(1)" and inserting in lieu thereof "(a) TRANSFERS BACK TO FOREIGN CURRENCY FLUCTUATIONS APPROPRIATION.—(1) "; and

(B) in subsection (b), by striking out "(b)(1)" and inserting in lieu thereof "(b) FUNDING FOR LOSSES IN MILITARY CONSTRUCTION AND FAMILY HOUSING.—(1)".

SEC. 1007. REPORT ON BUDGET SUBMISSION REGARDING RESERVE COMPONENTS.

(a) SPECIAL REPORT.—The Secretary of Defense shall submit to the congressional defense committees, at the same time that the President submits the budget for fiscal year 1997 under section 1105(a) of title 31, United States Code, a special report on funding for the reserve components of the Armed Forces.

(b) CONTENT.—The report shall contain the following:

(1) The actions taken by the Department of Defense to enhance the Army National Guard, the Air National Guard, and each of the other reserve components.

(2) A separate listing, with respect to the Army National Guard, the Air National Guard, and each of the other reserve components, of each of the following:

(A) The specific amount requested for each major weapon system.

(B) The specific amount requested for each item of equipment.

(C) The specific amount requested for each military construction project, together with the location of each such project.

(3) If the total amount reported in accordance with paragraph (2) is less than $1,080,000,000, an additional separate listing described in paragraph (2) in a total amount equal to $1,080,000,000.

Subtitle B—Naval Vessels

SEC. 1011. IOWA CLASS BATTLESHIPS.

(a) RETURN TO NAVAL VESSEL REGISTER.—The Secretary of the Navy shall list on the Naval Vessel Register, and maintain on such register, at least two of the Iowa class battleships that were stricken from the register in February 1995.

(b) SELECTION OF SHIPS.—The Secretary shall select for listing on the register under subsection (a) the Iowa class battleships that are in the best material condition. In determining which battleships are in the best material condition, the Secretary shall take into consideration the findings of the Board of Inspection and Survey of the Navy, the extent to which each battleship has been modernized during the last period of active service of the battleship, and the military utility of each battleship after the modernization.

(c) SUPPORT.—The Secretary shall retain the existing logistical support necessary for support of at least two operational Iowa class battleships in active service, including technical manuals, repair and replacement parts, and ordnance.

(d) REPLACEMENT CAPABILITY.—The requirements of this section shall cease to be effective 60 days after the Secretary certifies in writing to the Committee on Armed Services of the Senate and the Committee on National Security of the House of Representatives that the Navy has within the fleet an operational surface fire support capability that equals or exceeds the fire support capability that the Iowa class battleships listed on the Naval Vessel Register pursuant to subsection (a) would, if in active service, be able to provide for Marine Corps amphibious assaults and operations ashore.

SEC. 1012. TRANSFER OF NAVAL VESSELS TO CERTAIN FOREIGN COUNTRIES.

(a) AUTHORITY.—The Secretary of the Navy is authorized to transfer—

(1) to the Government of Bahrain the Oliver Hazard Perry class guided missile frigate Jack Williams (FFG 24);

(2) to the Government of Egypt the Oliver Hazard Perry class frigates Duncan (FFG 10) and Copeland (FFG 25);

(3) to the Government of Oman the Oliver Hazard Perry class guided missile frigate Mahlon S. Tisdale (FFG 27);

(4) to the Government of Turkey the Oliver Hazard Perry class frigates Clifton Sprague (FFG 16), Antrim (FFG 20), and Flatley (FFG 21); and

(5) to the Government of the United Arab Emirates the Oliver Hazard Perry class guided missile frigate Gallery (FFG 26).

(b) FORMS OF TRANSFER.—(1) A transfer under paragraph (1), (2), (3), or (4) of subsection (a) shall be on a grant basis under section 516 of the Foreign Assistance Act of 1961 (22 U.S.C. 2321j).

(2) A transfer under paragraph (5) of subsection (a) shall be on a lease basis under section 61 of the Arms Export Control Act (22 U.S.C. 2796).

(c) COSTS OF TRANSFERS.—Any expense incurred by the United States in connection with a transfer authorized by subsection (a) shall be charged to the recipient.

(d) EXPIRATION OF AUTHORITY.—The authority to transfer a vessel under subsection (a) shall expire at the end of the 2-year period beginning on the date of the enactment of this Act, except that a lease entered into during that period under subsection (b)(2) may be renewed.

SEC. 1013. NAMING AMPHIBIOUS SHIPS.

(a) FINDINGS.—The Senate finds that:

(1) This year is the fiftieth anniversary of the battle of Iwo Jima, one of the great victories in all of the Marine Corps' illustrious history.

(2) The Navy has recently retired the ship that honored that battle, the U.S.S. IWO JIMA (LPH-2), the first ship in a class of amphibious assault ships.

(3) This Act authorizes the LHD-7, the final ship of the Wasp class of amphibious assault ships that will replace the Iwo Jima class of ships.

(4) The Navy is planning to start building a new class of amphibious transport docks, now called the LPD-17 class. This Act also authorizes funds that will lead to procurement of these vessels.

(5) There has been some confusion in the rationale behind naming new naval vessels with traditional naming conventions frequently violated.

(6) Although there have been good and sufficient reasons to depart from naming conventions in the past, the rationale for such departures has not always been clear.

(b) SENSE OF THE SENATE.—In light of these findings, expressed in subsection (a), it is the sense of the Senate that the Secretary of the Navy should:

(1) Name the LHD-7 the U.S.S. IWO JIMA.

(2) Name the LPD-17 and all future ships of the LPD-17 class after famous Marine Corps battles or famous Marine Corps heroes.

Subtitle C—Counter-Drug Activities

SEC. 1021. REVISION AND CLARIFICATION OF AUTHORITY FOR FEDERAL SUPPORT OF DRUG INTERDICTION AND COUNTER-DRUG ACTIVITIES OF THE NATIONAL GUARD.

(a) FUNDING ASSISTANCE.—Subsection (a) of section 112 of title 32, United States Code, is amended—

(1) by striking out "submits a plan to the Secretary under subsection (b)" in the matter above paragraph (1) and inserting in lieu thereof "submits to the Secretary a State drug interdiction and counter-drug activities plan satisfying the requirements of subsection (c)";

(2) by redesignating paragraph (2) as paragraph (3); and

(3) by striking out paragraph (1) and inserting in lieu thereof the following:

"(1) the pay, allowances, clothing, subsistence, gratuities, travel, and related expenses, as authorized by State law, of personnel of the National Guard of that State used, while not in Federal service, for the purpose of drug interdiction and counter-drug activities;

"(2) the operation and maintenance of the equipment and facilities of the National Guard of that State used for the purpose of drug interdiction and counter-drug activities; and".

(b) USE OF PERSONNEL PERFORMING FULL-TIME NATIONAL GUARD DUTY.—Section 112 of such title is amended—

(1) by striking out subsection (e);

(2) by redesignating subsections (b), (c), (d), and (f) as subsections (c), (d), (f), and (g), respectively; and

(3) by inserting after subsection (a) the following new subsection (b):

"(b) USE OF PERSONNEL PERFORMING FULL TIME NATIONAL GUARD DUTY.—(1) Subject to subsection (e), personnel of the National Guard of a State may be ordered to perform full-time National Guard duty under section 502(f) of this title for the purpose of carrying out drug interdiction and counter-drug activities.

"(2) Under regulations prescribed by the Secretary of Defense, the Governor of a State may, in accordance with the State drug interdiction and counter-drug activities plan referred to in subsection (c), request that personnel of the National Guard of the State be ordered to perform full-time National Guard duty under section 502(f) of this title for the purpose of carrying out drug interdiction and counter-drug activities.".

(c) STATE PLAN.—Subsection (c) of such section, as redesignated by subsection (b)(2), is amended—

(1) in the matter above paragraph (1), by striking out "A plan" and inserting in lieu thereof "A State drug interdiction and counter-drug activities plan";

(2) by striking out "and" at the end of paragraph (2); and

(3) in paragraph (3)—

(A) by striking out "annual training" and inserting in lieu thereof "training";

(B) by striking out the period at the end and inserting in lieu thereof a semicolon; and

(C) by adding at the end the following:

"(4) include a certification by the Attorney General of the State (or, in the case of a State with no position of Attorney General, a civilian official of the State equivalent to a State attorney general) that the use of the National Guard of the State for the activities proposed under the plan is authorized by, and is consistent with, State law; and

"(5) certify that the Governor of the State or a civilian law enforcement official of the State designated by the Governor has determined that any activities included in the plan that are carried out in conjunction with Federal law enforcement agencies serve a State law enforcement purpose.".

(d) EXAMINATION OF STATE PLAN.—Subsection (d) of such section, as redesignated by subsection (b)(2), is amended—

(1) in paragraph (1)—

(A) by inserting after "Before funds are provided to the Governor of a State under this section" the following: "and before members of the National Guard of that State are ordered to full-time National Guard duty as authorized in subsection (b)(1)"; and

(B) by striking out "subsection (b)" and inserting in lieu thereof "subsection (c)"; and

(2) in paragraph (3)—

(A) by striking out "subsection (b)" in subparagraph (A) and inserting in lieu thereof "subsection (c)"; and

(B) by striking out subparagraph (B) and inserting in lieu thereof the following:

"(B) pursuant to the plan submitted for a previous fiscal year, funds were provided to the State in accordance with subsection (a) or personnel of the National Guard of the State were ordered to perform full-time National Guard duty in accordance with subsection (b).".

(e) END STRENGTH LIMITATION.—Such section is amended by inserting after subsection (d), as redesignated by subsection (b)(2), the following new subsection (e):

"(e) END STRENGTH LIMITATION.—(1) Except as provided in paragraph (2), at the end of a fiscal year there may not be more than 4000 members of the National Guard—

"(A) on full-time National Guard duty under section 502(f) of this title to perform drug interdiction or counter-drug activities pursuant to an order to duty for a period of more than 180 days; or

"(B) on duty under State authority to perform drug interdiction or counter-drug activities pursuant to an order to duty for a period of more than 180 days with State pay and allowances being reimbursed with funds provided under subsection (a)(1).

"(2) The Secretary of Defense may increase the end strength authorized under paragraph (1) by not more than 20 percent for any fiscal year if the Secretary determines that such an increase is necessary in the national security interests of the United States.".

(f) DEFINITIONS.—Subsection (g) of such section, as redesignated by subsection (b)(2), is amended by striking out paragraph (1) and inserting in lieu thereof the following:

"(1) The term 'drug interdiction and counter-drug activities', with respect to the National Guard of a State, means the use of National Guard personnel in drug interdiction and counter-drug law enforcement activities authorized by the law of the State and requested by the Governor of the State.".

SEC. 1022. NATIONAL DRUG INTELLIGENCE CENTER.

(a) LIMITATION ON USE OF FUNDS.—Except as provided in subsection (b), funds appropriated or otherwise made available for the Department of Defense pursuant to this or any other Act may not be obligated or expended for the National Drug Intelligence Center, Johnstown, Pennsylvania.

(b) EXCEPTION.—If the Attorney General operates the National Drug Intelligence Center using funds available for the Department of Justice, the Secretary of Defense may continue to provide Department of Defense intelligence personnel to support intelligence activities at the Center. The number of such personnel providing support to the Center after the date of the enactment of this Act may not exceed the number of the Department of Defense intelligence personnel who are supporting intelligence activities at the Center on the day before such date.

SEC. 1023. ASSISTANCE TO CUSTOMS SERVICE.

(a) NONINTRUSIVE INSPECTION SYSTEMS.—The Secretary of Defense shall, using funds available pursuant to subsection (b), either—

(1) procure nonintrusive inspection systems and transfer the systems to the United States Customs Service; or

(2) transfer the funds to the Secretary of the Treasury for use to procure nonintrusive inspection systems for the United States Customs Service.

(b) FUNDING.—Of the amounts authorized to be appropriated under section 301(15), $25,000,000 shall be available for carrying out subsection (a).

Subtitle D—Department of Defense Education Programs

SEC. 1031. CONTINUATION OF THE UNIFORMED SERVICES UNIVERSITY OF THE HEALTH SCIENCES.

(a) POLICY.—Congress reaffirms—

(1) the prohibition set forth in subsection (a) of section 922 of the National Defense Authorization Act for Fiscal Year 1995 (Public Law 103-337; 108 Stat. 2829; 10 U.S.C. 2112 note) regarding closure of the Uniformed Services University of the Health Sciences; and

(2) the expression of the sense of Congress set forth in subsection (b) of such section regarding the budgetary commitment to continuation of the university.

(b) PERSONNEL STRENGTH.—During the 5-year period beginning on October 1, 1995, the personnel staffing levels for the Uniformed Services University of the Health Services may not be reduced below the personnel staffing levels for the university as of October 1, 1993.

SEC. 1032. ADDITIONAL GRADUATE SCHOOLS AND PROGRAMS AT THE UNIFORMED SERVICES UNIVERSITY OF THE HEALTH SCIENCES.

Section 2113 of title 10, United States Code, is amended by striking out subsection (h) and inserting in lieu thereof the following:

"(h) The Board may establish the following educational programs:

"(1) Postdoctoral, postgraduate, and technological institutes.

"(2) A graduate school of nursing.

"(3) Other schools or programs that the Board determines necessary in order to operate the University in a cost-effective manner.".

SEC. 1033. FUNDING FOR BASIC ADULT EDUCATION PROGRAMS FOR MILITARY PERSONNEL AND DEPENDENTS OUTSIDE THE UNITED STATES.

Of the amounts authorized to be appropriated pursuant to section 301, $600,000 shall be available to carry out adult education programs, consistent with the Adult Education Act (20 U.S.C. 1201 et seq.), for—

(1) members of the Armed Forces who are serving in locations that are outside the

United States and not described in subsection (b) of such section 313; and

(2) the dependents of such members.

SEC. 1034. SCOPE OF EDUCATION PROGRAMS OF COMMUNITY COLLEGE OF THE AIR FORCE.

Section 9315(a)(1) of title 10, United States Code, is amended by striking out "for enlisted members of the armed forces" and inserting in lieu thereof "for enlisted members of the Air Force".

SEC. 1035. DATE FOR ANNUAL REPORT ON SELECTED RESERVE EDUCATIONAL ASSISTANCE PROGRAM.

Section 16137 of title 10, United States Code, is amended by striking out "December 15 of each year" and inserting in lieu thereof "March 1 of each year".

SEC. 1036. ESTABLISHMENT OF JUNIOR R.O.T.C. UNITS IN INDIAN RESERVATION SCHOOLS.

It is the sense of Congress that the Secretary of Defense should ensure that secondary educational institutions on Indian reservations are afforded a full opportunity along with other secondary educational institutions to be selected as locations for establishment of new Junior Reserve Officers' Training Corps units.

Subtitle E—Cooperative Threat Reduction With States of the Former Soviet Union

SEC. 1041. COOPERATIVE THREAT REDUCTION PROGRAMS DEFINED.

For purposes of this subtitle, Cooperative Threat Reduction programs are the programs described in section 1203(b) of the Cooperative Threat Reduction Act of 1993 (title XII of Public Law 103-160; 107 Stat. 1778; 22 U.S.C. 5952(b)).

SEC. 1042. FUNDING MATTERS.

(a) LIMITATION.—Funds authorized to be appropriated under section 301(18) may not be obligated for any program established primarily to assist nuclear weapons scientists in States of the former Soviet Union until 30 days after the date on which the Secretary of Defense certifies in writing to Congress that the funds to be obligated will not be used to contribute to the modernization of the strategic nuclear forces of such States or for research, development, or production of weapons of mass destruction.

(b) REIMBURSEMENT OF PAY ACCOUNTS.—Funds authorized to be appropriated under section 301(18) may be transferred to military personnel accounts for reimbursement of those accounts for the pay and allowances paid to reserve component personnel for service while engaged in any activity under a Cooperative Threat Reduction program.

SEC. 1043. LIMITATION RELATING TO OFFENSIVE BIOLOGICAL WARFARE PROGRAM OF RUSSIA.

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

(1) Even though the President of Russia and other senior leaders of the Russian government have committed Russia to comply with the Biological Weapons Convention, a June 1995 United States Government report asserts that official United States concern remains about the Russian biological warfare program.

(2) In reviewing the President's budget request for fiscal year 1996 for Cooperative Threat Reduction, and consistent with the finding in section 1207(a)(5) of the National Defense Authorization Act for Fiscal Year 1995 (Public Law 103-337; 108 Stat. 2884), the Senate has taken into consideration the questions and concerns about Russia's biological warfare program and Russia's compliance with the obligations under the Biological Weapons Convention.

(b) LIMITATION ON USE OF FUNDS FOR COOPERATIVE THREAT REDUCTION.—Of the amount available under section 301(18) for Cooperative Threat Reduction programs, $50,000,000 shall be reserved and not obligated until the President certifies to Congress that Russia is in compliance with the obligations under the Biological Weapons Convention.

SEC. 1044. LIMITATION ON USE OF FUNDS FOR COOPERATIVE THREAT REDUCTION.

(a) LIMITATION.—Of the funds appropriated or otherwise made available for fiscal year 1996 under the heading "FORMER SOVIET UNION THREAT REDUCTION" for dismantlement and destruction of chemical weapons, not more than $52,000,000 may be obligated or expended for that purpose until the President certifies to Congress the following:

(1) That the United States and Russia have completed a joint laboratory study evaluating the proposal of Russia to neutralize its chemical weapons and the United States agrees with the proposal.

(2) That Russia is in the process of preparing, with the assistance of the United States (if necessary), a comprehensive plan to manage the dismantlement and destruction of the Russia chemical weapons stockpile.

(3) That the United States and Russia are committed to resolving outstanding issues under the 1989 Wyoming Memorandum of Understanding and the 1990 Bilateral Destruction Agreement.

(b) DEFINITIONS.—In this section:

(1) The term "1989 Wyoming Memorandum of Understanding" means the Memorandum of Understanding between the Government of the United States of America and the Government of the Union of Soviet Socialist Republics Regarding a Bilateral Verification Experiment and Data Exchange Related to Prohibition on Chemical Weapons, signed at Jackson Hole, Wyoming, on September 23, 1989.

(2) The term "1990 Bilateral Destruction Agreement" means the Agreement between the United States of America and the Union of Soviet Socialist Republics on destruction and non-production of chemical weapons and on measures to facilitate the multilateral convention on banning chemical weapons signed on June 1, 1990.

Subtitle F—Matters Relating to Other Nations

SEC. 1051. COOPERATIVE RESEARCH AND DEVELOPMENT AGREEMENTS WITH NATO ORGANIZATIONS.

Section 2350b(e) of title 10, United States Code, is amended—

(1) in paragraph (1), by inserting "or a NATO organization" after "a participant (other than the United States)"; and

(2) in paragraph (2), by inserting "or a NATO organization" after "a cooperative project".

SEC. 1052. NATIONAL SECURITY IMPLICATIONS OF UNITED STATES EXPORT CONTROL POLICY.

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

(1) Export controls remain an important element of the national security policy of the United States.

(2) It is in the national interest that United States export control policy prevent the transfer, to potential adversaries or combatants of the United States, of technology that threatens the national security or defense of the United States.

(3) It is in the national interest that the United States monitor aggressively the export of technology in order to prevent its diversion to potential adversaries or combatants of the United States.

(4) The Department of Defense relies increasingly on commercial and dual-use technologies, products, and processes to support United States military capabilities and economic strength.

(5) The Department of Defense evaluates license applications for the export of commodities whose export is controlled for national security reasons if such commodities are exported to certain countries, but the Department does not evaluate license applications for the export of such commodities if such commodities are exported to other countries.

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

(1) the maintenance of the military advantage of the United States depends on effective export controls on dual-use items and technologies that are critical to the military capabilities of the Armed Forces;

(2) the Government should identify the dual-use items and technologies that are critical to the military capabilities of the Armed Forces, including the military use made of such items and technologies, and should reevaluate the export control policy of the United States in light of such identification; and

(3) the Government should utilize unilateral export controls on dual-use items and technologies that are critical to the military capabilities of the Armed Forces (regardless of the availability of such items or technologies overseas) with respect to the countries that—

(A) pose a threat to the national security interests of the United States; and

(B) are not members in good standing of bilateral or multilateral agreements to which the United States is a party on the use of such items and technologies.

(c) REPORT REQUIRED.—(1) Not later than December 1, 1995, the Secretary of Defense shall submit to the Committees on Armed Services and on Foreign Relations of the Senate and the Committees on National Security and on International Relations of the House of Representatives a report on the effect of the export control policy of the United States on the national security interests of the United States.

(2) The report shall include the following:

(A) A list setting forth each country determined to be a rogue nation or potential adversary or combatant of the United States.

(B) For each country so listed, a list of—

(i) the categories of items that should be prohibited for export to the country;

(ii) the categories of items that should be exported to the country only under an individual license with conditions; and

(iii) the categories of items that may be exported to the country under a general distribution license.

(C) For each category of items listed under clauses (ii) and (iii) of subparagraph (B)—

(i) a statement whether export controls on the category of items are to be imposed under a multilateral international agreement or a unilateral decision of the United States; and

(ii) a justification for the decision not to prohibit the export of the items to the country.

(D) A description of United States policy on sharing satellite imagery that has military significance and a discussion of the criteria for determining the imagery that has that significance.

(E) A description of the relationship between United States policy on the export of space launch vehicle technology and the Missile Technology Control Regime.

(F) An assessment of United States efforts to support the inclusion of additional countries in the Missile Technology Control Regime.

(G) An assessment of the on-going efforts made by potential participant countries in the Missile Technology Control Regime to meet the guidelines established by the Missile Technology Control Regime.

(H) A brief discussion of the history of the space launch vehicle programs of other countries, including a discussion of the military origins and purposes of such programs and the current level of military involvement in such programs.

(3) The Secretary shall submit the report in unclassified form but may include a classified annex.

(4) In this subsection, the term "Missile Technology Control Regime" means the policy statement between the United States , the United Kingdom, the Federal Republic of Germany, France, Italy, Canada, and Japan, announced on April 16, 1987, to restrict sensitive missile-relevant transfers based on the Missile Technology Control Regime Annex, and any amendments thereto.

(d) DEPARTMENT OF DEFENSE REVIEW OF EXPORT LICENSES FOR CERTAIN BIOLOGICAL PATHOGENS.—(1) Notwithstanding any other provision of law, the Secretary of Defense shall, in consultation with appropriate elements of the intelligence community, review each application that is submitted to the Secretary of Commerce for an individual validated license for the export of a class 2, class 3, or class 4 biological pathogen to a country known or suspected to have an offensive biological weapons program. The purpose of the review is to determine if the export of the pathogen pursuant to the license would be contrary to the national security interests of the United States.

(2) The Secretary of Defense, in consultation with the Secretary of State and the intelligence community, shall periodically inform the Secretary of Commerce as to the countries known or suspected to have an offensive biological weapons program.

(3) In order to facilitate the review of an application for an export license by appropriate elements of the intelligence committee under paragraph (1), the Secretary of Defense shall submit a copy of the application to such appropriate elements.

(4) The Secretary of Defense shall carry out the review of an application under this subsection not later than 30 days after the date on which the Secretary of Commerce forwards a copy of the application to the Secretary of Defense for review.

(5) Upon completion of the review of an application for an export license under this subsection, the Secretary of Defense shall notify the Secretary of Commerce if the export of a biological pathogen pursuant to the license would be contrary to the national security interests of the United States.

(6) Notwithstanding any other provision of law, upon receipt of a notification with respect to an application for an export license under paragraph (5), the Secretary of Commerce shall deny the application.

(7) In this subsection:

(A) The term "class 2, class 3, or class 4 biological pathogen" means any biological pathogen characterized as a class 2, class 3, or class 4 biological pathogen by the Centers for Disease Control.

(B) The term "intelligence community" has the meaning given such term in section 3(4) of the National Security Act of 1947 (50 U.S.C. 401a(4).

SEC. 1053. DEFENSE EXPORT LOAN GUARANTEES.

(a) ESTABLISHMENT OF PROGRAM.—(1) Chapter 148 of title 10, United States Code, is amended by adding at the end the following new subchapter:

"SUBCHAPTER VI—DEFENSE EXPORT LOAN GUARANTEES

"Sec.
"2540. Establishment of loan guarantee program.
"2540a. Transferability.
"2540b. Limitations.
"2540c. Fees charged and collected.
"2540d. Definitions.

"§ 2540. Establishment of loan guarantee program

"(a) ESTABLISHMENT.—In order to meet the national security objectives in section 2501(a) of this title, the Secretary of Defense shall establish a program under which the Secretary may issue guarantees assuring a lender against losses of principal or interest, or both principal and interest, arising out of the financing of the sale or long-term lease of defense articles, defense services, or design and construction services to a country referred to in subsection (b).

"(b) COVERED COUNTRIES.—The authority under subsection (a) applies with respect to the following countries:

"(1) A member nation of the North Atlantic Treaty Organization (NATO).

"(2) A country designated as of March 31, 1995, as a major non-NATO ally pursuant to section 2350a(i)(3) of this title.

"(3) A country in Central Europe that, as determined by the Secretary of State—

"(A) has changed its form of national government from a nondemocratic form of government to a democratic form of government since October 1, 1989; or

"(B) is in the processing of changing its form of national government from a nondemocratic form of government to a democratic form of government.

"(4) A noncommunist country that was a member nation of the Asia Pacific Economic Cooperation (APEC) as of October 31, 1993.

"(c) AUTHORITY SUBJECT TO PROVISIONS OF APPROPRIATIONS.—The Secretary may guarantee a loan under this subchapter only as provided in appropriations Acts.

"§ 2540a. Transferability

"A guarantee issued under this subchapter shall be fully and freely transferable.

"§ 2540b. Limitations

"(a) TERMS AND CONDITIONS OF LOAN GUARANTEES.—In issuing a guarantee under this subchapter for a medium-term or long-term loan, the Secretary may not offer terms and conditions more beneficial than those that would be provided to the recipient by the Export-Import Bank of the United States under similar circumstances in conjunction with the provision of guarantees for nondefense articles and services.

"(b) LOSSES ARISING FROM FRAUD OR MISREPRESENTATION.—No payment may be made under a guarantee issued under this subchapter for a loss arising out of fraud or misrepresentation for which the party seeking payment is responsible.

"(c) NO RIGHT OF ACCELERATION.—The Secretary of Defense may not accelerate any guaranteed loan or increment, and may not pay any amount, in respect of a guarantee issued under this subchapter, other than in accordance with the original payment terms of the loan.

"§ 2540c. Fees charged and collected

"(a) IN GENERAL.—The Secretary of Defense shall charge a fee (known as 'exposure fee') for each guarantee issued under this subchapter.

"(b) AMOUNT.—To the extent that the cost of the loan guarantees under this subchapter is not otherwise provided for in appropriations Acts, the fee imposed under this section with respect to a loan guarantee shall be fixed in an amount determined by the Secretary to be sufficient to meet potential liabilities of the United States under the loan guarantee.

"(c) PAYMENT TERMS.—The fee for each guarantee shall become due as the guarantee is issued. In the case of a guarantee for a loan which is disbursed incrementally, and for which the guarantee is correspondingly issued incrementally as portions of the loan are disbursed, the fee shall be paid incrementally in proportion to the amount of the guarantee that is issued.

"§ 2540d. Definitions

"In this subchapter:

"(1) The terms 'defense article', 'defense services', and 'design and construction services' have the meanings given those terms in section 47 of the Arms Export Control Act (22 U.S.C. 2794).

"(2) The term 'cost', with respect to a loan guarantee, has the meaning given that term in section 502 of the Congressional Budget and Impoundment Control Act of 1974 (2 U.S.C. 661a).".

(2) The table of subchapters at the beginning of such chapter is amended by adding at the end the following new item:

"VI. Defense Export Loan Guarantees ..... 2540".

(b) REPORT.—(1) Not later than two years after the date of the enactment of this Act, the President shall submit to Congress a report on the loan guarantee program established pursuant to section 2540 of title 10, United States Code, as added by subsection (a).

(2) The report shall include—

(A) an analysis of the costs and benefits of the loan guarantee program; and

(B) any recommendations for modification of the program that the President considers appropriate, including—

(i) any recommended addition to the list of countries for which a guarantee may be issued under the program; and

(ii) any proposed legislation necessary to authorize a recommended modification.

SEC. 1054. LANDMINE CLEARING ASSISTANCE PROGRAM.

(a) REVISION OF AUTHORITY.—Section 1413 of the National Defense Authorization Act for Fiscal Year 1995 (Public Law 103-337; 108 Stat. 2913; 10 U.S.C. 401 note) is amended by adding at the end the following:

"(f) SPECIAL REQUIREMENTS FOR FISCAL YEAR 1996.—Funds available for fiscal year 1996 for the program under subsection (a) may not be obligated for involvement of members of the Armed Forces in an activity under the program until the date that is 30 days after the date on which the Secretary of Defense certifies to Congress, in writing, that the involvement of such personnel in the activity satisfies military training requirements for such personnel.

"(g) TERMINATION OF AUTHORITY.—The Secretary of Defense may not provide assistance under subsection (a) after September 30, 1996.".

(b) REVISION OF DEFINITION OF LANDMINE.—Section 1423(d)(3) of the National Defense Authorization Act for Fiscal Year 1994 (Public Law 103-160; 107 Stat. 1831) is amended by striking out "by remote control or".

(c) FISCAL YEAR 1996 FUNDING.—Of the amount authorized to be appropriated by

section 301 for Overseas Humanitarian, Disaster, and Civic Aid (OHDACA) programs of the Department of Defense, not more than $20,000,000 shall be available for the program of assistance under section 1413 of the National Defense Authorization Act for Fiscal Year 1995 (Public Law 103-337; 108 Stat. 2913; 10 U.S.C. 401 note).

SEC. 1055. STRATEGIC COOPERATION BETWEEN THE UNITED STATES AND ISRAEL.

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

(1) The President and Congress have repeatedly declared the long-standing United States commitment to maintaining the qualitative superiority of the Israel Defense Forces over any combination of potential adversaries.

(2) Congress continues to recognize the many benefits to the United States from its strategic relationship with Israel, including that of enhanced regional stability and technical cooperation.

(3) Despite the historic peace effort in which Israel and its neighbors are engaged, Israel continues to face severe potential threats to its national security that are compounded by terrorism and by the proliferation of weapons of mass destruction and ballistic missiles.

(4) Congress supports enhanced United States cooperation with Israel in all fields and, especially, in finding new ways to deter or counter mutual threats.

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

(1) the President should ensure that any conventional defense system or technology offered by the United States for sale to any member nation of the North Atlantic Treaty Organization (NATO) or to any major non-NATO ally is concurrently made available for purchase by Israel unless the President determines that it would not be in the national security interests of the United States to do so; and

(2) the President should make available to Israel, within existing technology transfer laws, regulations, and policies, advanced United States technology necessary for achieving continued progress in cooperative United States-Israel research and development of theater missile defenses.

SEC. 1056. SUPPORT SERVICES FOR THE NAVY AT THE PORT OF HAIFA, ISRAEL.

It is the sense of Congress that the Secretary of the Navy should promptly undertake such actions as are necessary—

(1) to improve the services available to the Navy at the Port of Haifa, Israel; and

(2) to ensure that the continuing increase in commercial activities at the Port of Haifa does not adversely affect the availability to the Navy of the services required by the Navy at the port.

SEC. 1057. PROHIBITION ON ASSISTANCE TO TERRORIST COUNTRIES.

(a) PROHIBITION.—Subchapter I of chapter 134 of title 10, United States Code, is amended by adding at the end the following:

"§ 2249a. Prohibition on assistance to terrorist countries

"(a) PROHIBITION.—Funds available to the Department of Defense may not be obligated or expended to provide financial assistance to—

"(1) any country with respect to which the Secretary of State has made a determination under section 6(j)(1)(A) of the Export Administration Act of 1979 (50 App. 2405(j));

"(2) any country identified in the latest report submitted to Congress under section 140 of the Foreign Relations Authorization Act, Fiscal Years 1988 and 1989 (22 U.S.C. 2656f), as providing significant support for international terrorism; or

"(3) any other country that, as determined by the President—

"(A) grants sanctuary from prosecution to any individual or group that has committed an act of international terrorism; or

"(B) otherwise supports international terrorism.

"(b) WAIVER.—(1) The President may waive the application of subsection (a) to a country if the President determines that it is in the national security interests of the United States to do so or that the waiver should be granted for humanitarian reasons.

"(2) The President shall—

"(A) notify the Committees on Armed Services and Foreign Relations of the Senate and the Committees on National Security and on International Relations of the House of Representatives at least 15 days before the waiver takes effect; and

"(B) publish a notice of the waiver in the Federal Register.

"(c) DEFINITION.—In this section, the term 'international terrorism' has the meaning given that term in section 140(d) of the Foreign Relations Authorization Act, Fiscal Years 1988 and 1989 (22 U.S.C. 2656f(d)).".

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of subchapter I of such chapter is amended by adding at the end the following:

"2249a. Prohibition on assistance to terrorist countries.".

SEC. 1058. INTERNATIONAL MILITARY EDUCATION AND TRAINING.

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

(1) it is in the national security interest of the United States to promote military professionalism (including an understanding of and respect for the proper role of the military in a civilian-led democratic society), the effective management of defense resources, the recognition of internationally recognized human rights, and an effective military justice system within the armed forces of allies of the United States and of countries friendly to the United States;

(2) it is in the national security interest of the United States to foster rapport, understanding, and cooperation between the Armed Forces of the United States and the armed forces of allies of the United States and of countries friendly to the United States;

(3) the international military education and training program is a low-cost method of promoting military professionalism within the armed forces of allies of the United States and of countries friendly to the United States and fostering better relations between the Armed Forces of the United States and those armed forces;

(4) the dissolution of the Soviet Union and the Warsaw Pact alliance and the spread of democracy in the Western Hemisphere have created an opportunity to promote the military professionalism of the armed forces of the affected nations;

(5) funding for the international military education and training program of the United States has decreased dramatically in recent years;

(6) the decrease in funding for the international military education and training program has resulted in a major decrease in the participation of personnel from Asia, Latin America, and Africa in the program;

(7) the Chairman of the Joint Chiefs of Staff and the commanders in chief of the regional combatant commands have consistently testified before congressional committees that the international military education and training program fosters cooperation with and improves military management, civilian control over the military forces, and respect for human rights within foreign military forces; and

(8) the delegation by the President to the Secretary of Defense of authority to perform functions relating to the international military education and training program is appropriate and should be continued.

(b) ACTIVITIES AUTHORIZED.—(1) Part I of subtitle A of title 10, United States Code, is amended by adding at the end the following:

"CHAPTER 23—CONTACTS UNDER PROGRAMS IN SUPPORT OF FOREIGN MILITARY FORCES

"Sec.
"461. Military-to-military contacts and comparable activities.
"462. International military education and training.

"§ 462. International military education and training

"(a) PROGRAM AUTHORITY.—Subject to the provisions of chapter 5 of part II of the Foreign Assistance Act of 1961 (22 U.S.C. 2347 et seq.), the Secretary of Defense, upon the recommendation of a commander of a combatant command, or, with respect to a geographic area or areas not within the area of responsibility of a commander of a combatant command, upon the recommendation of the Chairman of the Joint Chiefs of Staff, may pay a portion of the costs of providing international military education and training to military personnel of foreign countries and to civilian personnel of foreign countries who perform national defense functions.

"(b) RELATIONSHIP TO OTHER FUNDING.—Any amount provided pursuant to subsection (a) shall be in addition to amounts otherwise available for international military education and training for that fiscal year.".

(2) Section 168 of title 10, United States Code, is redesignated as section 461, is transferred to chapter 23 (as added by paragraph (1)), and is inserted after the table of sections at the beginning of such chapter.

(3)(A) The tables of chapters at the beginning of subtitle A of such title and the beginning of part I of such subtitle are amended by inserting after the item relating to chapter 22 the following:

"23. Contacts Under Programs in Support of Foreign Military Forces ..... 461".

(B) The table of sections at the beginning of chapter 6 of title 10, United States Code, is amended by striking out the item relating to section 168.

(c) FISCAL YEAR 1996 FUNDING.—Of the amount authorized to be appropriated under section 301(5), $20,000,000 shall be available to the Secretary of Defense for the purposes of carrying out activities under section 462 of title 10, United States Code, as added by subsection (b).

(d) RELATIONSHIP TO AUTHORITY OF SECRETARY OF STATE.—Nothing in this section or section 462 of title 10, United States Code (as added by subsection (b)(1)), shall impair the authority or ability of the Secretary of State to coordinate policy regarding international military education and training programs.

SEC. 1059. REPEAL OF LIMITATION REGARDING AMERICAN DIPLOMATIC FACILITIES IN GERMANY.

Section 1432 of the National Defense Authorization Act for Fiscal Year 1994 (Public Law 103-160; 107 Stat. 1833) is repealed.

SEC. 1060. IMPLEMENTATION OF ARMS CONTROL AGREEMENTS.

(a) FUNDING.—Of the amounts authorized to be appropriated under sections 102, 103, 104, 201, and 301, $228,900,000 shall be available for implementing arms control agreements to which the United States is a party.

(b) LIMITATION.—(1) Except as provided in paragraph (2), none of the funds authorized to be appropriated under subsection (a) for the costs of implementing an arms control agreement may be used to reimburse expenses incurred by any other party to the agreement for which, without regard to any executive agreement or any policy not part of an arms control agreement—

(A) the other party is responsible under the terms of the arms control agreement; and

(B) the United States has no responsibility under the agreement.

(2) The limitation in paragraph (1) does not apply to a use of funds to fulfill a policy of the United States to reimburse expenses incurred by another party to an arms control agreement if—

(A) the policy does not modify any obligation imposed by the arms control agreement;

(B) the President—

(i) issued or approved the policy before the date of the enactment of this Act; or

(ii) has entered into an agreement on the policy with the government of another country or has approved an agreement on the policy entered into by an official of the United States and the government of another country; and

(C) the President has notified the congressional defense committees, the Committee on Foreign Relations of the Senate, and the Committee on International Relations of the House of Representatives of the policy or the policy agreement (as the case may be), in writing, at least 30 days before the date on which the President issued or approved the policy or has entered into or approved the policy agreement.

(c) DEFINITIONS.—In this section:

(1) The term "arms control agreement" means an arms control treaty or other form of international arms control agreement.

(2) The term "executive agreement" is an international agreement entered into by the President that is not authorized by statute or approved by the Senate under Article II, section 2, clause 2 of the Constitution.

SEC. 1061. SENSE OF CONGRESS ON LIMITING THE PLACING OF UNITED STATES FORCES UNDER UNITED NATIONS COMMAND OR CONTROL.

(a) FINDINGS.—Congress finds that—

(1) the President has made United Nations peace operations a major component of the foreign and security policies of the United States;

(2) the President has committed United States military personnel under United Nations operational control to missions in Haiti, Croatia, and Macedonia that could endanger those personnel;

(3) the President has committed the United States to deploy as many as 25,000 military personnel to Bosnia-Herzegovina as peacekeepers under United Nations command and control in the event that the parties to that conflict reach a peace agreement;

(4) although the President has insisted that he will retain command of United States forces at all times, in the past this has meant administrative control of United States forces only, while operational control has been ceded to United Nations commanders, some of whom were foreign nationals;

(5) the experience of United States forces participating in combined United States-United Nations operations in Somalia, and in combined United Nations-NATO operations in the former Yugoslavia, demonstrate that prerequisites for effective military operations such as unity of command and clarity of mission have not been met by United Nations command and control arrangements; and

(6) despite the many deficiencies in the conduct of United Nations peace operations, there may be occasions when it is in the national security interests of the United States to participate in such operations.

(b) POLICY.—It is the sense of Congress that—

(1) the President should consult closely with Congress regarding any United Nations peace operation that could involve United States combat forces, and that such consultations should continue throughout the duration of such activities;

(2) the President should consult with Congress prior to a vote within the United Nations Security Council on any resolution which would authorize, extend, or revise the mandates for such activities;

(3) in view of the complexity of United Nations peace operations and the difficulty of achieving unity of command and expeditious decisionmaking, the United States should participate in such operations only when it is clearly in the national security interest to do so;

(4) United States combat forces should be under the operational control of qualified commanders and should have clear and effective command and control arrangements and rules of engagement (which do not restrict their self-defense in any way) and clear and unambiguous mission statements; and

(5) none of the Armed Forces of the United States should be under the operational control of foreign nationals in United Nations peace enforcement operations except in the most extraordinary circumstances.

(c) DEFINITIONS.—For purposes of this section—

(1) the term "United Nations peace enforcement operations" means any international peace enforcement or similar activity that is authorized by the United Nations Security Council under chapter VII of the Charter of the United Nations; and

(2) the term "United Nations peace operations" means any international peacekeeping, peacemaking, peace enforcement, or similar activity that is authorized by the United Nations Security Council under chapter VI or VII of the Charter of the United Nations.

SEC. 1062. SENSE OF SENATE ON PROTECTION OF UNITED STATES FROM BALLISTIC MISSILE ATTACK.

(a) FINDINGS.—The Senate makes the following findings:

(1) The proliferation of weapons of mass destruction and ballistic missiles presents a threat to the entire World.

(2) This threat was recognized by Secretary of Defense William J. Perry in February 1995 in the Annual Report to the President and the Congress which states that "[b]eyond the five declared nuclear weapons states, at least 20 other nations have acquired or are attempting to acquire weapons of mass destruction—nuclear, biological, or chemical weapons—and the means to deliver them. In fact, in most areas where United States forces could potentially be engaged on a large scale, many of the most likely adversaries already possess chemical and biological weapons. Moreover, some of these same states appear determined to acquire nuclear weapons.".

(3) At a summit in Moscow in May 1995, President Clinton and President Yeltsin commented on this threat in a Joint Statement which recognizes " . . . the threat posed by worldwide proliferation of missiles and missile technology and the necessity of counteracting this threat . . . ".

(4) At least 25 countries may be developing weapons of mass destruction and the delivery systems for such weapons.

(5) At least 24 countries have chemical weapons programs in various stages of research and development.

(6) Approximately 10 countries are believed to have biological weapons programs in various stages of development.

(7) At least 10 countries are reportedly interested in the development of nuclear weapons.

(8) Several countries recognize that weapons of mass destruction and missiles increase their ability to deter, coerce, or otherwise threaten the United States. Saddam Hussein recognized this when he stated, on May 8, 1990, that "[o]ur missiles cannot reach Washington. If they could reach Washington, we would strike it if the need arose.".

(9) International regimes like the Non-Proliferation Treaty, the Biological Weapons Convention, and the Missile Technology Control Regime, while effective, cannot by themselves halt the spread of weapons and technology. On January 10, 1995, Director of Central Intelligence, James Woolsey, said with regard to Russia that " . . . we are particularly concerned with the safety of nuclear, chemical, and biological materials as well as highly enriched uranium or plutonium, although I want to stress that this is a global problem. For example, highly enriched uranium was recently stolen from South Africa, and last month Czech authorities recovered three kilograms of 87.8 percent-enriched HEU in the Czech Republic—the largest seizure of near-weapons grade material to date outside the Former Soviet Union.".

(10) The possession of weapons of mass destruction and missiles by developing countries threatens our friends, allies, and forces abroad and will ultimately threaten the United States directly. On August 11, 1994, Deputy Secretary of Defense John Deutch said that "[i]f the North Koreans field the Taepo Dong 2 missile, Guam, Alaska, and parts of Hawaii would potentially be at risk.".

(11) The end of the Cold War has changed the strategic environment facing and between the United States and Russia. That the Clinton Administration believes the environment to have changed was made clear by Secretary of Defense William J. Perry on September 20, 1994, when he stated that "[w]e now have the opportunity to create a new relationship, based not on MAD, not on Mutual Assured Destruction, but rather on another acronym, MAS, or Mutual Assured Safety.".

(12) The United States and Russia have the opportunity to create a relationship based on trust rather than fear.

(b) SENSE OF SENATE.—It is the sense of the Senate that all Americans should be protected from accidental, intentional, or limited ballistic missile attack. It is the further sense of the Senate that front-line troops of the United States Armed Forces should be protected from missile attacks.

(c) FUNDING FOR CORPS SAM AND BOOST-PHASE INTERCEPTOR PROGRAMS.—

(1) Notwithstanding any other provision in this Act, of the funds authorized to be appropriated by section 201(4), $35,000,000 shall be available for the Corps SAM/MEADS program.

(2) With a portion of the funds authorized in paragraph (1) for the Corps SAM/MEADS

program, the Secretary of Defense shall conduct a study to determine whether a Theater Missile Defense system derived from Patriot technologies could fulfill the Corps SAM/MEADS requirements at a lower estimated life-cycle cost than is estimated for the cost of the United States portion of the Corps SAM/MEADS program.

(3) The Secretary shall provide a report on the study required under paragraph (2) to the congressional defense committees not later than March 1, 1996.

(4) Of the funds authorized to be appropriated by section 201(4), not more than $3,403,413,000 shall be available for missile defense programs within the Ballistic Missile Defense Organization.

(d) OBLIGATION OF FUNDS.—Of the amounts referred to in section (c)(1), $10,000,000 may not be obligated until the report referred to in subsection (c)(2) is submitted to the congressional defense committees.

SEC. 1063. IRAN AND IRAQ ARMS NONPROLIFERATION.

(a) SANCTIONS AGAINST TRANSFERS OF PERSONS.—Section 1604(a) of the Iran-Iraq Arms Non-Proliferation Act of 1992 (title XVI of Public Law 102-484; 50 U.S.C. 1701 note) is amended by inserting "to acquire chemical, biological, or nuclear weapons or" before "to acquire".

(b) SANCTIONS AGAINST TRANSFERS OF FOREIGN COUNTRIES.—Section 1605(a) of such Act is amended by inserting "to acquire chemical, biological, or nuclear weapons or" before "to acquire".

(c) CLARIFICATION OF UNITED STATES ASSISTANCE.—Subparagraph (A) of section 1608(7) of such Act is amended to read as follows:

"(A) any assistance under the Foreign Assistance Act of 1961 (22 U.S.C. 2151 et seq.), other than urgent humanitarian assistance or medicine;".

SEC. 1064. REPORTS ON ARMS EXPORT CONTROL AND MILITARY ASSISTANCE.

(a) REPORTS BY SECRETARY OF STATE.—Not later than 180 days after the date of the enactment of this Act and every year thereafter until 1998, the Secretary of State shall submit to Congress a report setting forth—

(1) an organizational plan to include those firms on the Department of State licensing watch-lists that—

(A) engage in the exportation of potentially sensitive or dual-use technologies; and

(B) have been identified or tracked by similar systems maintained by the Department of Defense, Department of Commerce, or the United States Customs Service; and

(2) further measures to be taken to strengthen United States export-control mechanisms.

(b) REPORTS BY INSPECTOR GENERAL.—(1) Not later than 180 days after the date of the enactment of this Act and 1 year thereafter, the Inspector General of the Department of State and the Foreign Service shall submit to Congress a report on the evaluation by the Inspector General of the effectiveness of the watch-list screening process at the Department of State during the preceding year. The report shall be submitted in both a classified and unclassified version.

(2) Each report under paragraph (1) shall—

(A) set forth the number of licenses granted to parties on the watch-list;

(B) set forth the number of end-use checks performed by the Department;

(C) assess the screening process used by the Department in granting a license when an applicant is on a watch-list; and

(D) assess the extent to which the watch-list contains all relevant information and parties required by statute or regulation.

(c) ANNUAL MILITARY ASSISTANCE REPORT.—The Foreign Assistance Act of 1961 (22 U.S.C. 2151 et seq.) is amended by inserting after section 654 the following new section:

"SEC. 655 ANNUAL MILITARY ASSISTANCE REPORT.

"(a) IN GENERAL.—Not later than February 1 of 1996 and 1997, the President shall transmit to Congress an annual report for the fiscal year ending the previous September 30, showing the aggregate dollar value and quantity of defense articles (including excess defense articles) and defense services, and of military education and training, furnished by the United States to each foreign country and international organization, by category, specifying whether they were furnished by grant under chapter 2 or chapter 5 of part II of this Act or by sale under chapter 2 of the Arms Control Export Control Act or authorized by commercial sale license under section 38 of that Act.

"(b) ADDITIONAL CONTENTS OF REPORTS.—Each report shall also include the total amount of military items of non-United States manufacture being imported into the United States. The report should contain the country of origin, the type of item being imported, and the total amount of items.".

Subtitle G—Repeal of Certain Reporting Requirements

SEC. 1071. REPORTS REQUIRED BY TITLE 10, UNITED STATES CODE.

(a) ANNUAL REPORT ON RELOCATION ASSISTANCE PROGRAMS.—Section 1056 of title 10, United States Code, is amended—

(1) by striking out subsection (f); and

(2) by redesignating subsection (g) as subsection (f).

(b) NOTICE OF SALARY INCREASES FOR FOREIGN NATIONAL EMPLOYEES.—Section 1584 of such title is amended—

(1) by striking out subsection (b); and

(2) in subsection (a), by striking out "(a) WAIVER OF EMPLOYMENT RESTRICTIONS FOR CERTAIN PERSONNEL.—".

(c) NOTICE OF INVOLUNTARY REDUCTIONS OF CIVILIAN POSITIONS.—Section 1597 of such title is amended by striking out subsection (e).

(d) NOTIFICATION OF REQUIREMENT FOR AWARD OF CONTRACTS TO COMPLY WITH COOPERATIVE AGREEMENTS.—Section 2350b(d) of such title is amended—

(1) by striking out paragraph (1);

(2) by redesignating paragraphs (2) and (3) as paragraphs (1) and (2), respectively; and

(3) in paragraph (1), as so redesignated, by striking out "shall also notify" and inserting in lieu thereof "shall notify".

(e) NOTICE REGARDING CONTRACTS PERFORMED FOR PERIODS EXCEEDING 10 YEARS.—(1) Section 2352 of such title is repealed.

(2) The table of sections at the beginning of chapter 139 of such title is amended by striking out the item relating to section 2352.

(f) ANNUAL REPORT ON BIOLOGICAL DEFENSE RESEARCH PROGRAM.—(1) Section 2370 of such title is repealed.

(2) The table of sections at the beginning of chapter 139 of such title is amended by striking out the item relating to section 2370.

(g) ANNUAL REPORT ON MILITARY BASE REUSE STUDIES AND PLANNING ASSISTANCE.—Section 2391 of such title is amended—

(1) by striking out subsection (c); and

(2) by redesignating subsections (d) and (e) as subsections (c) and (d), respectively.

(h) COMPILATION OF REPORTS FILED BY EMPLOYEES OR FORMER EMPLOYEES OF DEFENSE CONTRACTORS.—Section 2397 of such title is amended—

(1) by striking out subsection (e); and

(2) by redesignating subsection (f) as subsection (e).

(i) REPORT ON LOW-RATE PRODUCTION UNDER NAVAL VESSEL AND MILITARY SATELLITE PROGRAMS.—Section 2400(c) of such title is amended—

(1) by striking out paragraph (2); and

(2) in paragraph (1)—

(A) by striking out "(1)"; and

(B) by redesignating clauses (A) and (B) as clauses (1) and (2), respectively.

(j) REPORT ON WAIVERS OF PROHIBITION ON EMPLOYMENT OF FELONS.—Section 2408(a)(3) of such title is amended by striking out the second sentence.

(k) REPORT ON DETERMINATION NOT TO DEBAR FOR FRAUDULENT USE OF LABELS.—Section 2410f(a) of such title is amended by striking out the second sentence.

(l) ANNUAL REPORT ON WAIVERS OF PROHIBITION RELATING TO SECONDARY ARAB BOYCOTT.—Section 2410i(c) of such title is amended by striking out the second sentence.

(m) REPORT ON ADJUSTMENT OF AMOUNTS DEFINING MAJOR DEFENSE ACQUISITION PROGRAMS.—Section 2430(b) of such title is amended by striking out the second sentence.

(n) BUDGET DOCUMENTS ON WEAPONS DEVELOPMENT AND PROCUREMENT SCHEDULES.—(1) Section 2431 of such title is repealed.

(2) The table of sections at the beginning of chapter 144 of such title is amended by striking out the item relating to section 2431.

(o) NOTICE OF WAIVER OF LIMITATION ON PERFORMANCE OF DEPOT-LEVEL MAINTENANCE.—Section 2466(c) of such title is amended by striking out "and notifies Congress regarding the reasons for the waiver".

(p) ANNUAL REPORT ON INFORMATION ON FOREIGN-CONTROLLED CONTRACTORS.—Section 2537 of such title is amended—

(1) by striking out subsection (b); and

(2) by redesignating subsection (c) as subsection (b).

(q) ANNUAL REPORT ON REAL PROPERTY TRANSACTIONS.—Section 2662 of such title is amended—

(1) by striking out subsection (b); and

(2) by redesignating subsections (c), (d), (e), and (f) as subsections (b), (c), (d), and (e), respectively.

(r) NOTIFICATIONS AND REPORTS ON ARCHITECTURAL AND ENGINEERING SERVICES AND CONSTRUCTION DESIGN.—Section 2807 of such title is amended—

(1) by striking out subsections (b) and (c); and

(2) by redesignating subsection (d) as subsection (c).

(s) REPORT ON CONSTRUCTION PROJECTS FOR ENVIRONMENTAL RESPONSE ACTIONS.—Section 2810 of such title is amended—

(1) in subsection (a), by striking out "Subject to subsection (b), the Secretary" and inserting in lieu thereof "The Secretary";

(2) by striking out subsection (b); and

(3) by redesignating subsection (c) as subsection (b).

(t) NOTICE OF MILITARY CONSTRUCTION CONTRACTS ON GUAM.—Section 2864(b) of such title is amended by striking out "after the 21-day period" and all that follows through the period at the end and inserting in lieu thereof a period.

(u) ANNUAL REPORT ON ENERGY SAVINGS AT MILITARY INSTALLATIONS.—Section 2865 of such title is amended by striking out subsection (f).

SEC. 1072. REPORTS REQUIRED BY TITLE 37, UNITED STATES CODE, AND RELATED PROVISIONS OF DEFENSE AUTHORIZATION ACTS.

(a) ANNUAL REPORT ON TRAVEL AND TRANSPORTATION ALLOWANCES FOR DEPENDENTS.—Section 406 of title 37, United States Code, is amended by striking out subsection (i).

(b) REPORT ON ANNUAL REVIEW OF PAY AND ALLOWANCES.—Section 1008(a) of such title is amended by striking out the second sentence.

(c) REPORT ON QUADRENNIAL REVIEW OF ADJUSTMENTS IN COMPENSATION.—Section 1009(f) of such title is amended by striking out "of this title," and all that follows through the period at the end and inserting in lieu thereof "of this title.".

(d) PUBLIC LAW 101-189 REQUIREMENT FOR REPORT REGARDING SPECIAL PAY FOR ARMY, NAVY, AND AIR FORCE PSYCHOLOGISTS.—Section 704 of the National Defense Authorization Act for Fiscal Years 1990 and 1991 (Public Law 101-189; 103 Stat. 1471; 37 U.S.C. 302c note) is amended by striking out subsection (d).

(e) PUBLIC LAW 101-510 REQUIREMENT FOR REPORT REGARDING SPECIAL PAY FOR NURSE ANESTHETISTS.—Section 614 of the National Defense Authorization Act for Fiscal Year 1991 (Public Law 101-510; 104 Stat. 1577; 37 U.S.C. 302e note) is amended by striking out subsection (c).

SEC. 1073. REPORTS REQUIRED BY OTHER DEFENSE AUTHORIZATION AND APPROPRIATIONS ACTS.

(a) PUBLIC LAW 98-94 REQUIREMENT FOR ANNUAL REPORT ON CHAMPUS AND USTF MEDICAL CARE.—Section 1252 of the Department of Defense Authorization Act, 1984 (Public Law 98-94; 42 U.S.C. 248d) is amended by striking out subsection (d).

(b) PUBLIC LAW 99-661 REQUIREMENT FOR REPORT ON FUNDING FOR NICARAGUAN DEMOCRATIC RESISTANCE.—Section 1351 of the National Defense Authorization Act for Fiscal Year 1987 (Public Law 99-661; 100 Stat. 3995; 10 U.S.C. 114 note) is amended—

(1) by striking out subsection (b); and

(2) in subsection (a), by striking out "(a) LIMITATION.—".

(c) PUBLIC LAW 100-180 REQUIREMENT FOR SELECTED ACQUISITION REPORTS FOR ATB, ACM, AND ATA PROGRAMS.—Section 127 of the National Defense Authorization Act for Fiscal Years 1988 and 1989 (10 U.S.C. 2432 note) is repealed.

(d) PUBLIC LAW 101-189 REQUIREMENT FOR NOTIFICATION OF CLOSURE OF MILITARY CHILD DEVELOPMENT CENTERS.—Section 1505(f) of the National Defense Authorization Act for Fiscal Years 1990 and 1991 (Public Law 101-189; 103 Stat. 1594; 10 U.S.C. 113 note) is amended by striking out paragraph (3).

(e) PUBLIC LAW 101-510 REQUIREMENT FOR ANNUAL REPORT ON OVERSEAS MILITARY FACILITY INVESTMENT RECOVERY ACCOUNT.—Section 2921 of the Military Construction Authorization Act for Fiscal Year 1991 (division B of Public Law 101-510; 10 U.S.C. 2687 note) is amended—

(1) by striking out subsection (f); and

(2) by redesignating subsections (g) and (h) as subsections (f) and (g), respectively.

(f) PUBLIC LAW 102-190 REQUIREMENT FOR SCIENCE, MATHEMATICS, AND ENGINEERING EDUCATION MASTER PLAN.—Section 829 of the National Defense Authorization Act for Fiscal Years 1992 and 1993 (Public Law 102-190; 105 Stat. 1444; 10 U.S.C. 2192 note) is repealed.

(g) PUBLIC LAW 102-484 REQUIREMENT FOR REPORT RELATING TO USE OF CLASS I OZONE-DEPLETING SUBSTANCES IN MILITARY PROCUREMENTS.—Section 326(a) of the National Defense Authorization Act for Fiscal Year 1993 (Public Law 102-484; 106 Stat. 2368; 10 U.S.C. 301 note) is amended by striking out paragraphs (4) and (5).

(h) PUBLIC LAW 103-139 REQUIREMENT FOR REPORT REGARDING HEATING FACILITY MODERNIZATION AT KAISERSLAUTERN.—Section 8008 of the Department of Defense Appropriations Act, 1994 (Public Law 103-139; 107 Stat. 1438), is amended by inserting "but without regard to the notification requirement in subsection (b)(2) of such section," after "section 2690 of title 10, United States Code,".

SEC. 1074. REPORTS REQUIRED BY OTHER NATIONAL SECURITY LAWS.

(a) ARMS EXPORT CONTROL ACT REQUIREMENT FOR QUARTERLY REPORT ON PRICE AND AVAILABILITY ESTIMATES.—Section 28 of the Arms Export Control Act (22 U.S.C. 2768) is repealed.

(b) NATIONAL SECURITY AGENCY ACT OF 1959 REQUIREMENT FOR ANNUAL REPORT ON NSA EXECUTIVE PERSONNEL.—Section 12(a) of the National Security Agency Act of 1959 (50 U.S.C. 402 note) is amended by striking out paragraph (5).

(c) PUBLIC LAW 85-804 REQUIREMENT FOR REPORT ON OMISSION OF CONTRACT CLAUSE UNDER SPECIAL NATIONAL DEFENSE CONTRACTING AUTHORITY.—Section 3(b) of the Act of August 28, 1958 (50 U.S.C. 1433(b)), is amended by striking out the matter following paragraph (2).

SEC. 1075. REPORTS REQUIRED BY OTHER PROVISIONS OF THE UNITED STATES CODE.

Section 1352(f) of title 31, United States Code, is amended—

(1) by inserting "(1)" after "(f)";

(2) by striking out the second sentence; and

(3) by adding at the end the following:

"(2) Subsections (a)(6) and (d) do not apply to the Department of Defense.".

SEC. 1076. REPORTS REQUIRED BY OTHER PROVISIONS OF LAW.

(a) PANAMA CANAL ACT OF 1979 REQUIREMENT FOR ANNUAL REPORT REGARDING UNITED STATES TREATY RIGHTS AND OBLIGATIONS.—Section 3301 of the Panama Canal Act of 1979 (22 U.S.C. 3871) is repealed.

(b) PUBLIC LAW 91-611 REQUIREMENT FOR ANNUAL REPORT ON WATER RESOURCES PROJECT AGREEMENTS.—Section 221 of the Flood Control Act of 1970 (42 U.S.C. 1962d-5b) is amended—

(1) by striking out subsection (e); and

(2) by redesignating subsection (f) as subsection (e).

(c) PUBLIC LAW 94-587 REQUIREMENT FOR ANNUAL REPORT ON CONSTRUCTION OF TENNESSEE-TOMBIGBEE WATERWAY.—Section 185 of the Water Resources Development Act of 1976 (Public Law 94-587; 33 U.S.C. 544c) is amended by striking out the second sentence.

(d) PUBLIC LAW 100-333 REQUIREMENT FOR ANNUAL REPORT ON MONITORING OF NAVY HOME PORT WATERS.—Section 7 of the Organotin Antifouling Paint Control Act of 1988 (Public Law 100-333; 33 U.S.C. 2406) is amended—

(1) by striking out subsection (d); and

(2) by redesignating subsections (e) and (f) as subsections (d) and (e), respectively.

SEC. 1077. REPORTS REQUIRED BY JOINT COMMITTEE ON PRINTING.

Requirements for submission of the following reports imposed in the exercise of authority under section 103 of title 44, United States Code, do not apply to the Department of Defense:

(1) A notice of intent to apply new printing processes.

(2) A report on equipment acquisition or transfer.

(3) A printing plant report.

(4) A report on stored equipment.

(5) A report on jobs which exceed Joint Committee on Printing duplicating limitations.

(6) A notice of intent to contract for printing services.

(7) Research and development plans.

(8) A report on commercial printing.

(9) A report on collator acquisition.

(10) An annual plant inventory.

(11) An annual map or chart plant report.

(12) A report on activation or moving a printing plant.

(13) An equipment installation notice.

(14) A report on excess equipment.

Subtitle H—Other Matters

SEC. 1081. GLOBAL POSITIONING SYSTEM.

The Secretary of Defense shall turn off the selective availability feature of the global positioning system by May 1, 1996, unless the Secretary submits to the Committee on Armed Services of the Senate and the Committee on National Security of the House of Representatives a plan that—

(1) provides for development and acquisition of—

(A) effective capabilities to deny hostile military forces the ability to use the global positioning system without hindering the ability of United States military forces and civil users to exploit the system; and

(B) global positioning system receivers and other techniques for weapons and weapon systems that provide substantially improved resistance to jamming and other forms of electronic interference or disruption; and

(2) includes a specific date by which the Secretary of Defense intends to complete the acquisition of the capabilities described in paragraph (1).

SEC. 1082. LIMITATION ON RETIREMENT OR DISMANTLEMENT OF STRATEGIC NUCLEAR DELIVERY SYSTEMS.

(a) SENSE OF CONGRESS.—It is the sense of Congress that, unless and until the START II Treaty enters into force, the Secretary of Defense should not take any action to retire or dismantle, or to prepare to retire or dismantle, any of the following strategic nuclear delivery systems:

(1) B-52H bomber aircraft.

(2) Trident ballistic missile submarines.

(3) Minuteman III intercontinental ballistic missiles.

(4) Peacekeeper intercontinental ballistic missiles.

(b) LIMITATION ON USE OF FUNDS.—Funds available to the Department of Defense may not be obligated or expended during fiscal year 1996 for retiring or dismantling, or for preparing to retire or dismantle, any of the strategic nuclear delivery systems specified in subsection (a).

SEC. 1083. NATIONAL GUARD CIVILIAN YOUTH OPPORTUNITIES PILOT PROGRAM.

Section 1091(a) of the National Defense Authorization Act for Fiscal Year 1993 (Public Law 102-484; 32 U.S.C. 501 note) is amended by striking out "through 1995" and inserting in lieu thereof "through 1997".

SEC. 1084. REPORT ON DEPARTMENT OF DEFENSE BOARDS AND COMMISSIONS.

(a) REPORT ON BOARDS AND COMMISSIONS RECEIVING DEPARTMENT SUPPORT.—Not later than April 1, 1996, the Secretary of Defense shall submit to the Committee on Armed Services of the Senate and the Committee on National Security of the House of Representatives a report containing the following:

(1) A list of the boards and commissions described in subsection (b) that received support (including funds, equipment, materiel, or other assets, or personnel) from the Department of Defense in last full fiscal year preceding the date of the report.

(2) A list of the boards and commissions referred to in paragraph (1) that are determined by the Secretary to merit continued support from the Department.

(3) A description, for each board and commission listed under paragraph (2), of—

(A) the purpose of the board or commission;

(B) the nature and cost of the support provided by the Department to the board or commission in the last full fiscal year preceding the date of the report;

(C) the nature and duration of the support that the Secretary proposes to provide to the board or commission;

(D) the anticipated cost to the Department of providing such support; and

(E) a justification of the determination that the board or commission merits the support of the Department.

(4) A list of the boards and commissions referred to in paragraph (1) that are determined by the Secretary not to merit continued support from the Department.

(5) A description, for each board and commission listed under paragraph (4), of—

(A) the purpose of the board or commission;

(B) the nature and cost of the support provided by the Department to the board or commission in the last full fiscal year preceding the date of the report; and

(C) a justification of the determination that the board or commission does not merit the support of the Department.

(b) COVERED BOARDS.—Subsection (a)(1) applies to the boards and commissions, including boards and commissions authorized by law, operating within or for the Department of Defense that—

(1) provide only policy-making assistance or advisory services for the Department; or

(2) carry out activities that are not routine activities, on-going activities, or activities necessary to the routine, on-going operations of the Department.

SEC. 1085. REVISION OF AUTHORITY FOR PROVIDING ARMY SUPPORT FOR THE NATIONAL SCIENCE CENTER FOR COMMUNICATIONS AND ELECTRONICS.

(a) PURPOSE.—Subsection (b)(2) of section 1459 of the Department of Defense Authorization Act, 1986 (Public Law 99-145; 99 Stat. 763) is amended by striking out "to make available" and all that follows and inserting in lieu thereof "to provide for the management, operation, and maintenance of those areas in the national science center that are designated for use by the Army and to provide incidental support for the operation of general use areas of the center.".

(b) AUTHORITY FOR SUPPORT.—Subsection (c) of such section is amended to read a follows:

"(c) NATIONAL SCIENCE CENTER.—(1) The Secretary may manage, operate, and maintain facilities at the center under terms and conditions prescribed by the Secretary for the purpose of conducting educational outreach programs in accordance with chapter 111 of title 10, United States Code.

"(2) The Foundation, or NSC Discovery Center, Incorporated, shall submit to the Secretary for review and approval all matters pertaining to the acquisition, design, renovation, equipping, and furnishing of the center, including all plans, specifications, contracts, sites, and materials for the center.".

(c) AUTHORITY FOR ACCEPTANCE OF GIFTS AND FUNDRAISING.—Subsection (d) of such section is amended to read as follows:

"(d) GIFTS AND FUNDRAISING.—(1) Subject to paragraph (3), the Secretary may accept a conditional donation of money or property that is made for the benefit of, or in connection with, the center.

"(2) Notwithstanding any other provision of law, the Secretary may endorse, promote, and assist the efforts of the Foundation and NSC Discovery Center, Incorporated, to obtain—

"(A) funds for the management, operation, and maintenance of the center; and

"(B) donations of exhibits, equipment, and other property for use in the center.

"(3) The Secretary may not accept a donation under this subsection that is made subject to—

"(A) any condition that is inconsistent with an applicable law or regulation; or

"(B) except to the extent provided in appropriations Acts, any condition that would necessitate an expenditure of appropriated funds.

"(4) The Secretary shall prescribe in regulations the criteria to be used in determining whether to accept a donation. The Secretary shall include criteria to ensure that acceptance of a donation does not establish an unfavorable appearance regarding the fairness and objectivity with which the Secretary or any other officer or employee of the Department of Defense performs official responsibilities and does not compromise or appear to compromise the integrity of a Government program or any official involved in that program.".

(d) AUTHORIZED USES.—Such section is amended—

(1) by striking out subsection (f);

(2) by redesignating subsection (g) as subsection (f); and

(3) in subsection (f), as redesignated by paragraph (2), by inserting "areas designated for Army use in" after "The Secretary may make".

(e) ALTERNATIVE OF ADDITIONAL DEVELOPMENT AND MANAGEMENT.—Such section, as amended by subsection (d), is further amended by adding at the end the following:

"(g) ALTERNATIVE OR ADDITIONAL DEVELOPMENT AND MANAGEMENT OF THE CENTER.—(1) The Secretary may enter into an agreement with NSC Discovery Center, Incorporated, a nonprofit corporation of the State of Georgia, to develop, manage, and maintain a national science center under this section. In entering into an agreement with NSC Discovery Center, Incorporated, the Secretary may agree to any term or condition to which the Secretary is authorized under this section to agree for purposes of entering into an agreement with the Foundation.

"(2) The Secretary may exercise the authority under paragraph (1) in addition to, or instead of, exercising the authority provided under this section to enter into an agreement with the Foundation.".

SEC. 1086. AUTHORITY TO SUSPEND OR TERMINATE COLLECTION ACTIONS AGAINST DECEASED MEMBERS.

Section 3711 of title 31, United States Code, is amended by adding at the end the following:

"(g)(1) The Secretary of Defense may suspend or terminate an action by the Department of Defense under this section to collect a claim against the estate of a person who died while serving on active duty as a member of the armed forces if the Secretary determines that, under the circumstances applicable with respect to the deceased person, it is appropriate to do so.

"(2) For purposes of this subsection, the terms 'armed forces' and 'active duty' have the meanings given such terms in section 101 of title 10.".

SEC. 1087. DAMAGE OR LOSS TO PERSONAL PROPERTY DUE TO EMERGENCY EVACUATION OR EXTRAORDINARY CIRCUMSTANCES.

(a) SETTLEMENT OF CLAIMS OF PERSONNEL.—Section 3721(b)(1) of title 31, United States Code, is amended by inserting after the first sentence the following: "If, however, the claim arose from an emergency evacuation or from extraordinary circumstances, the amount settled and paid under the authority of the preceding sentence may exceed $40,000, but may not exceed $100,000.".

(b) RETROACTIVE EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect as of June 1, 1991, and shall apply with respect to claims arising on or after that date.

SEC. 1088. CHECK CASHING AND EXCHANGE TRANSACTIONS FOR DEPENDENTS OF UNITED STATES GOVERNMENT PERSONNEL.

(a) AUTHORITY TO CARRY OUT TRANSACTIONS.—Subsection (b) of section 3342 of title 31, United States Code, is amended—

(1) by redesignating paragraphs (3), (4), and (5) as paragraphs (4), (5), and (6), respectively; and

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

"(3) a dependent of personnel of the Government, but only—

"(A) at a United States installation at which adequate banking facilities are not available; and

"(B) in the case of negotiation of negotiable instruments, if the dependent's sponsor authorizes, in writing, the presentation of negotiable instruments to the disbursing official for negotiation.".

(b) PAY OFFSET.—Subsection (c) of such section is amended—

(1) by redesignating paragraph (3) as paragraph (4); and

(2) by inserting after paragraph (2) the following new paragraph (3):

"(3) The amount of any deficiency resulting from cashing a check for a dependent under subsection (b)(3), including any charges assessed against the disbursing official by a financial institution for insufficient funds to pay the check, may be offset from the pay of the dependent's sponsor.".

(c) DEFINITIONS.—Such section is further amended by adding at the end the following:

"(e) The Secretary of Defense shall define in regulations the terms 'dependent' and 'sponsor' for the purposes of this section. In the regulations, the term 'dependent', with respect to a member of a uniformed service, shall have the meaning given that term in section 401 of title 37.".

SEC. 1089. TRAVEL OF DISABLED VETERANS ON MILITARY AIRCRAFT.

(a) LIMITED ENTITLEMENT.—Chapter 157 of title 10, United States Code, is amended by inserting after section 2641 the following new section:

"§ 2641a. Travel of disabled veterans on military aircraft

"(a) LIMITED ENTITLEMENT.—A veteran entitled under laws administered by the Secretary of Veterans Affairs to receive compensation for a service-connected disability rated as total by the Secretary is entitled, in the same manner and to the same extent as retired members of the armed forces, to transportation (on a space-available basis) on unscheduled military flights within the continental United States and on scheduled overseas flights operated by the Military Airlift Command.

"(b) DEFINITIONS.—In this section, the terms 'veteran', 'compensation', and 'service-connected' have the meanings given such terms in section 101 of title 38.".

(b) CLERICAL AMENDMENT.—The table of sections, at the beginning of such chapter, is amended by inserting after the item relating to section 2641 the following new item:

"2641a. Travel of disabled veterans on military aircraft.".

SEC. 1090. TRANSPORTATION OF CRIPPLED CHILDREN IN PACIFIC RIM REGION TO HAWAII FOR MEDICAL CARE.

(a) TRANSPORTATION AUTHORIZED.—Chapter 157 of title 10, United States Code, is amended by adding at the end the following new section:

"§ 2643. Transportation of crippled children in Pacific Rim region to Hawaii for medical care

"(a) TRANSPORTATION AUTHORIZED.—Subject to subsection (c), the Secretary of Defense may provide persons eligible under subsection (b) with round trip transportation in an aircraft of the Department of Defense, on a space-available basis, between an airport in the Pacific Rim region and the State of Hawaii. No charge may be imposed for transportation provided under this section.

"(b) PERSONS COVERED.—Persons eligible to be provided transportation under this section are as follows:

"(1) A child under 18 years of age who (A) resides in the Pacific Rim region, (B) is a crippled child in need of specialized medical care for the child's condition as a crippled child, which may include any associated or related condition, (C) upon arrival in Hawaii, is to be admitted to receive such medical care, at no cost to the patient, at a medical facility in Honolulu, Hawaii, that specializes in providing such medical care, and (D) is unable to afford the costs of transportation to Hawaii.

"(2) One adult attendant accompanying a child transported under this section.

"(c) CONDITIONS.—The Secretary may provide transportation under subsection (a) only if the Secretary determines that—

"(1) it is not inconsistent with the foreign policy of the United States to do so;

"(2) the transportation is for humanitarian purposes;

"(3) the health of the child to be transported is sufficient for the child to endure safely the stress of travel for the necessary distance in the Department of Defense aircraft involved;

"(4) all authorizations, permits, and other documents necessary for admission of the child at the medical treatment facility referred to in subsection (b)(1)(C) are in order;

"(5) all necessary passports and visas necessary for departure from the residences of the persons to be transported and from the airport of departure, for entry into the United States, for reentry into the country of departure, and for return to the persons' residences are in proper order; and

"(6) arrangements have been made to ensure that—

"(A) the persons to be transported will board the aircraft on the schedule established by the Secretary; and

"(B) the persons—

"(i) will be met and escorted to the medical treatment facility by appropriate personnel of the facility upon the arrival of the aircraft in Hawaii; and

"(ii) will be returned to the airport in Hawaii for transportation (on the schedule established by the Secretary) back to the country of departure.".

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of such chapter is amended by adding at the end the following new item:

"2643. Transportation of crippled children in Pacific Rim region to Hawaii for medical care.".

SEC. 1091. STUDENT INFORMATION FOR RECRUITING PURPOSES.

(a) SENSE OF SENATE.—It is the sense of the Senate that—

(1) educational institutions, including secondary schools, should not have a policy of denying, or otherwise effectively preventing, the Secretary of Defense from obtaining for military recruiting purposes—

(A) entry to any campus or access to students on any campus equal to that of other employers; or

(B) access to directory information pertaining to students (other than in a case in which an objection has been raised as described in paragraph (2));

(2) an educational institution that releases directory information should—

(A) give public notice of the categories of such information to be released; and

(B) allow a reasonable period after such notice has been given for a student or (in the case of an individual younger than 18 years of age) a parent to inform the institution that any or all of such information should not be released without obtaining prior consent from the student or the parent, as the case may be; and

(3) the Secretary of Defense should prescribe regulations that contain procedures for determining if and when an educational institution has denied or prevented access to students or information as described in paragraph (1).

(b) DEFINITIONS.—In this section:

(1) The term "directory information" means, with respect to a student, the student's name, address, telephone listing, date and place of birth, level of education, degrees received, and (if available) the most recent previous educational program enrolled in by the student.

(2) The term "student" means an individual enrolled in any program of education who is 17 years of age or older.

SEC. 1092. STATE RECOGNITION OF MILITARY ADVANCE MEDICAL DIRECTIVES.

(a) IN GENERAL.—(1) Chapter 53 of title 10, United States Code, is amended by inserting after section 1044b the following new section:

"§ 1044c. Advance medical directives of armed forces personnel and dependents: requirement for recognition by States

"(a) INSTRUMENTS TO BE GIVEN LEGAL EFFECT WITHOUT REGARD TO STATE LAW.—An advance medical directive executed by a person eligible for legal assistance—

"(1) is exempt from any requirement of form, substance, formality, or recording that is provided for advance medical directives under the laws of a State; and

"(2) shall be given the same legal effect as an advance medical directive prepared and executed in accordance with the laws of the State concerned.

"(b) ADVANCE MEDICAL DIRECTIVES COVERED.—For purposes of this section, an advance medical directive is any written declaration that—

"(1) sets forth directions regarding the provision, withdrawal, or withholding of life-prolonging procedures, including hydration and sustenance, for the declarant whenever the declarant has a terminal physical condition or is in a persistent vegetative state; or

"(2) authorizes another person to make health care decisions for the declarant, under circumstances stated in the declaration, whenever the declarant is incapable of making informed health care decisions.

"(c) STATEMENT TO BE INCLUDED.—(1) Under regulations prescribed by the Secretary concerned, each advance medical directive prepared by an attorney authorized to provide legal assistance shall contain a statement that sets forth the provisions of subsection (a).

"(2) Paragraph (1) shall not be construed to make inapplicable the provisions of subsection (a) to an advance medical directive that does not include a statement described in that paragraph.

"(d) STATES NOT RECOGNIZING ADVANCE MEDICAL DIRECTIVES.—Subsection (a) does not make an advance medical directive enforceable in a State that does not otherwise recognize and enforce advance medical directives under the laws of the State.

"(e) DEFINITIONS.—In this section:

"(1) The term 'State' includes the District of Columbia, the Commonwealth of Puerto Rico, and a possession of the United States.

"(2) The term 'person eligible for legal assistance' means a person who is eligible for legal assistance under section 1044 of this title.

"(3) The term 'legal assistance' means legal services authorized under section 1044 of this title.".

(2) The table of sections at the beginning of such chapter is amended by inserting after the item relating to section 1044b the following:

"1044c. Advance medical directives of armed forces personnel and dependents: requirement for recognition by States.".

(b) EFFECTIVE DATE.—Section 1044c of title 10, United States Code, shall take effect on the date of the enactment of this Act and shall apply to advance medical directives referred to in such section that are executed before, on, or after that date.

SEC. 1093. REPORT ON PERSONNEL REQUIREMENTS FOR CONTROL OF TRANSFER OF CERTAIN WEAPONS.

Not later than 30 days after the date of the enactment of this Act, the Secretary of Defense and the Secretary of Energy shall submit to the committees of Congress referred to in subsection (c) of section 1154 of the National Defense Authorization Act for Fiscal Year 1994 (Public Law 103–160; 107 Stat. 1761) the report required under subsection (a) of that section. The Secretary of Defense and the Secretary of Energy shall include with the report an explanation of the failure of such Secretaries to submit the report in accordance with such subsection (a) and with all other previous requirements for the submittal of the report.

SEC. 1094. SENSE OF SENATE REGARDING ETHICS COMMITTEE INVESTIGATION.

(a) The Senate finds that—

(1) the Senate Select Committee on Ethics has a thirty-one year tradition of handling investigations of official misconduct in a bipartisan, fair and professional manner;

(2) the Ethics Committee, to ensure fairness to all parties in any investigation, must conduct its responsibilities strictly according to established procedure and free from outside interference;

(3) the rights of all parties to bring an ethics complaint against a member, officer, or employee of the Senate are protected by the official rules and precedents of the Senate and the Ethics Committee;

(4) any Senator responding to a complaint before the Ethics Committee deserves a fair and non-partisan hearing according to the rules of the Ethics Committee;

(5) the rights of all parties in an investigation—both the individuals who bring a complaint or testify against a Senator, and any Senator charged with an ethics violation—can only be protected by strict adherence to the established rules and procedures of the ethics process;

(6) the integrity of the Senate and the integrity of the Ethics Committee rest on the continued adherence to precedents and rules, derived from the Constitution; and,

(7) the Senate as a whole has never intervened in any ongoing Senate Ethics Committee investigation, and has considered matters before that Committee only after the Committee has submitted a report and recommendations to the Senate;

(b) Therefore, it is the Sense of the Senate that the Select Committee on Ethics should not, in the case of Senator Robert Packwood of Oregon, deviate from its customary and standard procedure, and should, prior to the Senate's final resolution of the case, follow whatever procedures it deems necessary and appropriate to provide a full and complete public record of the relevant evidence in this case.

SEC. 1095. SENSE OF SENATE REGARDING FEDERAL SPENDING.

It is the sense of the Senate that in pursuit of a balanced Federal budget, Congress should exercise fiscal restraint, particularly in authorizing spending not requested by the Executive Branch and in proposing new programs.

SEC. 1096. ASSOCIATE DIRECTOR OF CENTRAL INTELLIGENCE FOR MILITARY SUPPORT.

Section 102 of the National Security Act of 1947 (50 U.S.C. 403) is amended by adding at the end the following:

"(e) In the event that neither the Director nor Deputy Director of Central Intelligence is a commissioned officer of the Armed Forces, a commissioned officer of the Armed Forces appointed to the position of Associate Director of Central Intelligence for Military Support, while serving in such position, shall not be counted against the numbers and percentages of commissioned officers of the rank and grade of such officer authorized for the armed force of which such officer is a member.".

SEC. 1097. REVIEW OF NATIONAL POLICY ON PROTECTING THE NATIONAL INFORMATION INFRASTRUCTURE AGAINST STRATEGIC ATTACKS.

Not later than 120 days after the date of the enactment of this Act, the President shall submit to Congress a report setting forth the following:

(1) The national policy and architecture governing the plans for establishing procedures, capabilities, systems, and processes necessary to perform indications, warning, and assessment functions regarding strategic attacks by foreign nations, groups, or individuals, or any other entity against the national information infrastructure.

(2) The future of the National Communications System (NCS), which has performed the central role in ensuring national security and emergency preparedness communications for essential United States Government and private sector users, including, specifically, a discussion of—

(A) whether there is a Federal interest in expanding or modernizing the National Communications System in light of the changing strategic national security environment and the revolution in information technologies; and

(B) the best use of the National Communications System and the assets and experience it represents as an integral part of a larger national strategy to protect the United States against a strategic attack on the national information infrastructure.

SEC. 1098. JUDICIAL ASSISTANCE TO THE INTERNATIONAL TRIBUNAL FOR YUGOSLAVIA AND TO THE INTERNATIONAL TRIBUNAL FOR RWANDA.

(a) SURRENDER OF PERSONS.—

(1) APPLICATION OF UNITED STATES EXTRADITION LAWS.—Except as provided in paragraphs (2) and (3), the provisions of chapter 209 of title 18, United States Code, relating to the extradition of persons to a foreign country pursuant to a treaty or convention for extradition between the United States and a foreign government, shall apply in the same manner and extent to the surrender of persons, including United States citizens, to—

(A) the International Tribunal for Yugoslavia, pursuant to the Agreement Between the United States and the International Tribunal for Yugoslavia; and

(B) the International Tribunal for Rwanda, pursuant to the Agreement Between the United States and the International Tribunal for Rwanda.

(2) EVIDENCE ON HEARINGS.—For purposes of applying section 3190 of title 18, United States Code, in accordance with paragraph (1), the certification referred to in the section may be made by the principal diplomatic or consular officer of the United States resident in such foreign countries where the International Tribunal for Yugoslavia or the International Tribunal for Rwanda may be permanently or temporarily situated.

(3) PAYMENT OF FEES AND COSTS.—(A) The provisions of the Agreement Between the United States and the International Tribunal for Yugoslavia and of the Agreement Between the United States and the International Tribunal for Rwanda shall apply in lieu of the provisions of section 3195 of title 18, United States Code, with respect to the payment of expenses arising from the surrender by the United States of a person to the International Tribunal for Yugoslavia or the International Tribunal for Rwanda, respectively, or from any proceedings in the United States relating to such surrender.

(B) The authority of subparagraph (A) may be exercised only to the extent and in the amounts provided in advance in appropriations Acts.

(4) NONAPPLICABILITY OF THE FEDERAL RULES.—The Federal Rules of Evidence and the Federal Rules of Criminal Procedure do not apply to proceedings for the surrender of persons to the International Tribunal for Yugoslavia or the International Tribunal for Rwanda.

(b) ASSISTANCE TO FOREIGN AND INTERNATIONAL TRIBUNALS AND TO LITIGANTS BEFORE SUCH TRIBUNALS.—Section 1782(a) of title 28, United States Code, is amended by inserting in the first sentence after "foreign or international tribunal" the following: ", including criminal investigations conducted prior to formal accusation".

(c) DEFINITIONS.—As used in this section:

(1) INTERNATIONAL TRIBUNAL FOR YUGOSLAVIA.—The term "International Tribunal for Yugoslavia" means the International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law in the Territory of the Former Yugoslavia, as established by United Nations Security Council Resolution 827 of May 25, 1993.

(2) INTERNATIONAL TRIBUNAL FOR RWANDA.—The term "International Tribunal for Rwanda" means the International Tribunal for the Prosecution of Persons Responsible for Genocide and Other Serious Violations of International Humanitarian Law Committed in the Territory of Rwanda and Rwandan Citizens Responsible for Genocide and Other Such Violations Committed in the Territory of Neighboring States, as established by United Nations Security Council Resolution 955 of November 8, 1994.

(3) AGREEMENT BETWEEN THE UNITED STATES AND THE INTERNATIONAL TRIBUNAL FOR YUGOSLAVIA.—The term "Agreement Between the United States and the International Tribunal for Yugoslavia" means the Agreement on Surrender of Persons Between the Government of the United States and the International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Law in the Territory of the Former Yugoslavia, signed at The Hague, October 5, 1994.

(4) AGREEMENT BETWEEN THE UNITED STATES AND THE INTERNATIONAL TRIBUNAL FOR RWANDA.—The term "Agreement between the United States and the International Tribunal for Rwanda" means the Agreement on Surrender of Persons Between the Government of the United States and the International Tribunal for the Prosecution of Persons Responsible for Genocide and Other Serious Violations of International Humanitarian Law Committed in the Territory of Rwanda and Rwandan Citizens Responsible for Genocide and Other Such Violations Committed in the Territory of Neighboring States, signed at The Hague, January 24, 1995.

SEC. 1099. LANDMINE USE MORATORIUM.

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

(1) On September 26, 1994, the President declared that it is a goal of the United States to eventually eliminate antipersonnel landmines.

(2) On December 15, 1994, the United Nations General Assembly adopted a resolution sponsored by the United States which called for international efforts to eliminate antipersonnel landmines.

(3) According to the Department of State, there are an estimated 80,000,000 to 110,000,000 unexploded landmines in 62 countries.

(4) Antipersonnel landmines are routinely used against civilian populations and kill and maim an estimated 70 people each day, or 26,000 people each year.

(5) The Secretary of State has noted that landmines are "slow-motion weapons of mass destruction".

(6) There are hundreds of varieties of antipersonnel landmines, from a simple type available at a cost of only two dollars to the more complex self-destructing type, and all landmines of whatever variety kill and maim civilians, as well as combatants, indiscriminately.

(b) CONVENTIONAL WEAPONS CONVENTION REVIEW.—It is the sense of Congress that, at the United Nations conference to review the 1980 Conventional Weapons Convention, including Protocol II on landmines, that is to be held from September 25 to October 13, 1995, the President should actively support proposals to modify Protocol II that would implement as rapidly as possible the United States goal of eventually eliminating antipersonnel landmines.

(c) MORATORIUM ON USE OF ANTIPERSONNEL LANDMINES.—

(1) UNITED STATES MORATORIUM.—(A) For a period of one year beginning three years after the date of the enactment of this Act, the United States shall not use antipersonnel landmines except along internationally recognized national borders or in demilitarized zones within a perimeter marked area that is monitored by military personnel and protected by adequate means to ensure the exclusion of civilians.

(B) If the President determines, before the end of the period of the United States moratorium under subparagraph (A), that the governments of other nations are implementing moratoria on use of antipersonnel

landmines similar to the United States moratorium, the President may extend the period of the United States moratorium for such additional period as the President considers appropriate.

(2) OTHER NATIONS.—It is the sense of Congress that the President should actively encourage the governments of other nations to join the United States in solving the global landmine crisis by implementing moratoria on use of antipersonnel landmines similar to the United States moratorium as a step toward the elimination of antipersonnel landmines.

(d) ANTIPERSONNEL LANDMINE EXPORTS.—It is the sense of Congress that, consistent with the United States moratorium on exports of antipersonnel landmines and in order to further discourage the global proliferation of antipersonnel landmines, the United States Government should not sell, license for export, or otherwise transfer defense articles and services to any foreign government which, as determined by the President, sells, exports, or otherwise transfers antipersonnel landmines.

(e) DEFINITIONS.—

For purposes of this Act:

(1) ANTIPERSONNEL LANDMINE.—The term "antipersonnel landmine" means any munition placed under, on, or near the ground or other surface area, delivered by artillery, rocket, mortar, or similar means, or dropped from an aircraft and which is designed, constructed, or adapted to be detonated or exploded by the presence, proximity, or contact of a person.

(2) 1980 CONVENTIONAL WEAPONS CONVENTION.—The term "1980 Conventional Weapons Convention" means the Convention on Prohibitions or Restrictions on the Use of Certain Conventional Weapons Which May Be Deemed To Be Excessively Injurious or To Have Indiscriminate Effects, together with the protocols relating thereto, done at Geneva on October 10, 1980.

SEC. 1099A. EXTENSION OF PILOT OUTREACH PROGRAM.

Section 1045(d) of the National Defense Authorization Act for Fiscal Year 1993 is amended by striking out "three" and inserting "five" in lieu thereof.

SEC. 1099B. SENSE OF SENATE ON MIDWAY ISLANDS.

(a) FINDINGS.—The Senate makes the following findings:

(1) September 2, 1995, marks the 50th anniversary of the United States victory over Japan in World War II.

(2) The Battle of Midway proved to be the turning point in the war in the Pacific, as United States Navy forces inflicted such severe losses on the Imperial Japanese Navy during the battle that the Imperial Japanese Navy never again took the offensive against United States or allied forces.

(3) During the Battle of Midway, an outnumbered force of the United States Navy, consisting of 29 ships and other units of the Armed Forces under the command of Admiral Nimitz and Admiral Spruance, out-maneuvered and out-fought 350 ships of the Imperial Japanese Navy.

(4) It is in the public interest to erect a memorial to the Battle of Midway that is suitable to express the enduring gratitude of the American people for victory in the battle and to inspire future generations of Americans with the heroism and sacrifice of the members of the Armed Forces who achieved that victory.

(b) SENSE OF SENATE.—It is the sense of the Senate that—

(1) the Midway Islands and the surrounding seas deserve to be memorialized;

(2) the historic structures related to the Battle of Midway should be maintained, in accordance with the National Historic Preservation Act, and subject to the availability of appropriations for that purpose.

(3) appropriate access to the Midway Islands by survivors of the Battle of Midway, their families, and other visitors should be provided in a manner that ensures the public health and safety on the Midway Islands and the conservation and natural resources of those islands in accordance with existing Federal law.

SEC. 1099C. STUDY ON CHEMICAL WEAPONS STOCKPILE.

(a) STUDY.—(1) The Secretary of Defense shall conduct a study to assess the risk associated with the transportation of the unitary stockpile, any portion of the stockpile to include drained agents from munitions and munitions, from one location to another within the continental United States. Also, the Secretary shall include a study of the assistance available to communities in the vicinity if the Department of Defense facilities co-located with continuing chemical stockpile and chemical demilitarization operations which facilities are subject to closure, realignment, or reutilization.

(2) The review shall include an analysis of—

(A) the results of the physical and chemical integrity report conducted by the Army on existing stockpile;

(B) a determination of the viability of transportation of any portion of the stockpile, to include drained agent from munitions and the munitions;

(C) the safety, cost-effectiveness, and public acceptability of transporting the stockpile, in its current configuration, or in alternative configurations;

(D) the economic effects of closure, realignment, or reutilization of the facilities referred to in paragraph (1) on the communities referred to in that paragraph; and

(E) the unique problems that such communities face with respect to the reuse of such facilities as a result of the operations referred to in paragraph (1).

(b) REPORT.—Not later than 90 days after the date of the enactment of this Act, the Secretary shall submit to Congress a report on the study carried out under subsection (a). The report shall include recommendations of the Secretary on methods for ensuring the expeditious and cost-effective transfer or lease of facilities referred to in paragraph (1) of subsection (a) to communities referred to in paragraph (1) for reuse by such communities.

SEC. 1099D. DESIGNATION OF NATIONAL MARITIME CENTER.

(a) DESIGNATION OF NATIONAL MARITIME CENTER.—The NAUTICUS building, located at one Waterside Drive, Norfolk, Virginia, shall be known and designated as the "National Maritime Center".

(b) REFERENCE TO NATIONAL MARITIME CENTER.—Any reference in a law, map, regulation, document, paper, or other record of the United States to the building referred to in subsection (a) shall be deemed to be a reference to the "National Maritime Center".

SEC. 1099E. OPERATIONAL SUPPORT AIRLIFT AIRCRAFT FLEET.

(a) SUBMITTAL OF JCS REPORT ON AIRCRAFT.—Not later than February 1, 1996, the Secretary of Defense shall submit to Congress the report on aircraft designated as Operational Support Airlift Aircraft that is currently in preparation by the Joint Chiefs of Staff.

(b) CONTENT OF REPORT.—(1) The report shall contain findings and recommendations regarding the following:

(A) Modernization and safety requirements for the Operational Support Airlift Aircraft fleet.

(B) Standardization plans and requirements of that fleet.

(C) The disposition of aircraft considered excess to that fleet in light of the requirements set forth under subparagraph (A).

(D) The need for helicopter support in the National Capital Region.

(E) The acceptable uses of helicopter support in the National Capital Region.

(2) In preparing the report, the Joint Chiefs of Staff shall take into account the recommendation of the Commission on Roles and Missions of the Armed Forces to reduce the size of the Operational Support Airlift Aircraft fleet.

(c) REGULATIONS.—(1) Upon completion of the report referred to in subsection (a), the Secretary shall prescribe regulations, consistent with the findings and recommendations set forth in the report, for the operation, maintenance, disposition, and use of aircraft designated as Operational Support Airlift Aircraft.

(2) The regulations shall, to the maximum extent practicable, provide for, and encourage the use of, commercial airlines in lieu of the use of aircraft designated as Operational Support Airlift Aircraft.

(3) The regulations shall apply uniformly throughout the Department of Defense.

(4) The regulations should not require exclusive use of the aircraft designated as Operational Support Airlift Aircraft for any particular class of government personnel.

(d) REDUCTIONS IN FLYING HOURS.—(1) The Secretary shall ensure that the number of hours flown in fiscal year 1996 by aircraft designated as Operational Support Airlift Aircraft does not exceed the number equal to 85 percent of the number of hours flown in fiscal year 1995 by such aircraft.

(2) The Secretary should ensure that the number of hours flown in fiscal year 1996 for helicopter support in the National Capital Region does not exceed the number equal to 85 percent of the number of hours flown in fiscal year 1995 for such helicopter support.

(e) RESTRICTION ON AVAILABILITY OF FUNDS.—Of the funds authorized to be appropriated under title III for the operation and use of aircraft designated as Operational Support Airlift Aircraft, not more than 50 percent of such funds shall be available for that purpose until the submittal of the report referred to in subsection (a).

SEC. 1099F. SENSE OF THE SENATE ON CHEMICAL WEAPONS CONVENTION AND START II TREATY RATIFICATION.

(a) FINDINGS.—The Senate makes the following findings:

(1) Proliferation of chemical or nuclear weapons materials poses a danger to United States national security, and the threat or use of such materials by terrorists would directly threaten United States citizens at home and abroad.

(2) The Chemical Weapons Convention negotiated and signed by President Bush would make it more difficult for would-be proliferators, including terrorists, to acquire or use chemical weapons, if ratified and fully implemented as signed, by all signatories.

(3) The START II Treaty negotiated and signed by President Bush would help reduce the danger of potential proliferators, including terrorists, acquiring nuclear warheads and materials, and would contribute to United States-Russian bilateral efforts to secure and dismantle nuclear warheads, if ratified and fully implemented as signed by both parties.

(4) It is in the national security interest of the United States to take effective steps to make it harder for proliferators or would-be terrorists to obtain chemical or nuclear materials for use in weapons.

(5) The President has urged prompt Senate action on, and advice and consent to ratification of, the START II Treaty and the Chemical Weapons Convention.

(6) The Chairman of the Joint Chiefs of Staff has testified to Congress that ratification and full implementation of both treaties by all parties is in the United States national interest, and has strongly urged prompt Senate advice and consent to their ratification.

(b) SENSE OF THE SENATE.—It is the sense of the Senate that the United States and all other parties to the START II and Chemical Weapons Convention should promptly ratify and fully implement, as negotiated, both treaties.

TITLE XI—TECHNICAL AND CLERICAL AMENDMENTS

SEC. 1101. AMENDMENTS RELATED TO RESERVE OFFICER PERSONNEL MANAGEMENT ACT.

(a) PUBLIC LAW 103-337.—The Reserve Officer Personnel Management Act (title XVI of the National Defense Authorization Act for Fiscal Year 1995 (Public Law 103-337)) is amended as follows:

(1) Section 1624 (108 Stat. 2961) is amended—

(A) by striking out "641" and all that follows through "(2)" and inserting in lieu thereof "620 is amended"; and

(B) by redesignating as subsection (d) the subsection added by the amendment made by that section.

(2) Section 1625 (108 Stat. 2962) is amended by striking out "Section 689" and inserting in lieu thereof "Section 12320".

(3) Section 1626(1) (108 Stat. 2962) is amended by striking out "(W-5)" in the second quoted matter therein and inserting in lieu thereof ", W-5,".

(4) Section 1627 (108 Stat. 2962) is amended by striking out "Section 1005(b)" and inserting in lieu thereof "Section 12645(b)".

(5) Section 1631 (108 Stat. 2964) is amended—

(A) in subsection (a), by striking out "Section 510" and inserting in lieu thereof "Section 12102"; and

(B) in subsection (b), by striking out "Section 591" and inserting in lieu thereof "Section 12201".

(6) Section 1632 (108 Stat. 2965) is amended by striking out "Section 593(a)" and inserting in lieu thereof "Section 12203(a)".

(7) Section 1635(a) (108 Stat. 2968) is amended by striking out "section 1291" and inserting in lieu thereof "section 1691(b)".

(8) Section 1671 (108 Stat. 3013) is amended—

(A) in subsection (b)(3), by striking out "512, and 517" and inserting in lieu thereof "and 512"; and

(B) in subsection (c)(2), by striking out the comma after "861" in the first quoted matter therein.

(9) Section 1684(b) (108 Stat. 3024) is amended by striking out "section 14110(d)" and inserting in lieu thereof "section 14111(c)".

(b) SUBTITLE E OF TITLE 10.—Subtitle E of title 10, United States Code, is amended as follows:

(1) The tables of chapters preceding part I and at the beginning of part IV are amended by striking out "Repayments" in the item relating to chapter 1609 and inserting in lieu thereof "Repayment Programs".

(2)(A) The heading for section 10103 is amended to read as follows:

"§ 10103. Basic policy for order into Federal service".

(B) The item relating to section 10103 in the table of sections at the beginning of chapter 1003 is amended to read as follows:

"10103. Basic policy for order into Federal service.".

(3) The table of sections at the beginning of chapter 1005 is amended by striking out the third word in the item relating to section 10142.

(4) The table of sections at the beginning of chapter 1007 is amended—

(A) by striking out the third word in the item relating to section 10205; and

(B) by capitalizing the initial letter of the sixth word in the item relating to section 10211.

(5) The table of sections at the beginning of chapter 1011 is amended by inserting "Sec." at the top of the column of section numbers.

(6) Section 10507 is amended—

(A) by striking out "section 124402(b)" and inserting in lieu thereof "section 12402(b)"; and

(B) by striking out "Air Forces" and inserting in lieu thereof "Air Force".

(7)(A) Section 10508 is repealed.

(B) The table of sections at the beginning of chapter 1011 is amended by striking out the item relating to section 10508.

(8) Section 10542 is amended by striking out subsection (d).

(9) Section 12004(a) is amended by striking out "active-status" and inserting in lieu thereof "active status".

(10) Section 12012 is amended by inserting "**the**" in the section heading before the penultimate word.

(11)(A) The heading for section 12201 is amended to read as follows:

"§ 12201. Reserve officers: qualifications for appointment".

(B) The item relating to section 12201 in the table of sections at the beginning of chapter 1205 is amended to read as follows:

"12201. Reserve officers: qualifications for appointment.".

(12) The heading for section 12209 is amended to read as follows:

"§ 12209. Officer candidates: enlisted Reserves".

(13) The heading for section 12210 is amended to read as follows:

"§ 12210. Attending Physician to the Congress: reserve grade while so serving".

(14) Section 12213(a) is amended by striking out "section 593" and inserting in lieu thereof "section 12203".

(15) The table of sections at the beginning of chapter 1207 is amended by striking out "promotions" in the item relating to section 12243 and inserting in lieu thereof "promotion".

(16) The table of sections at the beginning of chapter 1209 is amended—

(A) in the item relating to section 12304, by striking out the colon and inserting in lieu thereof a semicolon; and

(B) in the item relating to section 12308, by striking out the second, third, and fourth words.

(17) Section 12307 is amended by striking out "Ready Reserve" in the second sentence and inserting in lieu thereof "Retired Reserve".

(18) The heading of section 12401 is amended by striking out the seventh word.

(19) Section 12407(b) is amended—

(A) by striking out "of those jurisdictions" and inserting in lieu thereof "State"; and

(B) by striking out "jurisdictions" and inserting in lieu thereof "States"

(20) Section 12731(f) is amended by striking out "the date of the enactment of this subsection" and inserting in lieu thereof "October 5, 1994,".

(21) Section 12731a(c)(3) is amended by inserting a comma after "Defense Conversion".

(22) Section 14003 is amended by inserting "**lists**" in the section heading immediately before the colon.

(23) The table of sections at the beginning of chapter 1403 is amended by striking out "selection board" in the item relating to section 14105 and inserting in lieu thereof "promotion board".

(24) The table of sections at the beginning of chapter 1405 is amended—

(A) in the item relating to section 14307, by striking out "Numbers" and inserting in lieu thereof "Number";

(B) in the item relating to section 14309, by striking out the colon and inserting in lieu thereof a semicolon; and

(C) in the item relating to section 14314, by capitalizing the initial letter of the antepenultimate word.

(25) Section 14315(a) is amended by striking out "a Reserve officer" and inserting in lieu thereof "a reserve officer".

(26) 14317(e) is amended—

(A) by inserting "OFFICERS ORDERED TO ACTIVE DUTY IN TIME OF WAR OR NATIONAL EMERGENCY.—" after "(e)"; and

(B) by striking out "section 10213 or 644" and inserting in lieu thereof "section 123 or 10213".

(27) The table of sections at the beginning of chapter 1407 is amended—

(A) in the item relating to section 14506, by inserting "reserve" after "Marine Corps and"; and

(B) in the item relating to section 14507, by inserting "reserve" after "Removal from the"; and

(C) in the item relating to section 14509, by inserting "in grades" after "reserve officers".

(28) Section 14501(a) is amended by inserting "OFFICERS BELOW THE GRADE OF COLONEL OR NAVY CAPTAIN.—" after "(a)".

(29) The heading for section 14506 is amended by inserting a comma after "**Air Force**".

(30) Section 14508 is amended by striking out "this" after "from an active status under" in subsections (c) and (d).

(31) Section 14515 is amended by striking out "inactive status" and inserting in lieu thereof "inactive-status".

(32) Section 14903(b) is amended by striking out "chapter" and inserting in lieu thereof "title".

(33) The table of sections at the beginning of chapter 1606 is amended in the item relating to section 16133 by striking out "limitations" and inserting in lieu thereof "limitation".

(34) Section 16132(c) is amended by striking out "section" and inserting in lieu thereof "sections".

(35) Section 16135(b)(1)(A) is amended by striking out "section 2131(a)" and inserting in lieu thereof "sections 16131(a)".

(36) Section 18236(b)(1) is amended by striking out "section 2233(e)" and inserting in lieu thereof "section 18233(e)".

(37) Section 18237 is amended—

(A) in subsection (a), by striking out "section 2233(a)(1)" and inserting in lieu thereof "section 18233(a)(1)"; and

(B) in subsection (b), by striking out "section 2233(a)" and inserting in lieu thereof "section 18233(a)".

(c) OTHER PROVISIONS OF TITLE 10.—Effective as of December 1, 1994 (except as otherwise expressly provided), and as if included

as amendments made by the Reserve Officer Personnel Management Act (title XVI of Public Law 103–360) as originally enacted, title 10, United States Code, is amended as follows:

(1) Section 101(d)(6)(B)(i) is amended by striking out "section 175" and inserting in lieu thereof "section 10301".

(2) Section 114(b) is amended by striking out "chapter 133" and inserting in lieu thereof "chapter 1803".

(3) Section 115(d) is amended—

(A) in paragraph (1), by striking out "section 673" and inserting in lieu thereof "section 12302";

(B) in paragraph (2), by striking out "section 673b" and inserting in lieu thereof "section 12304"; and

(C) in paragraph (3), by striking out "section 3500 or 8500" and inserting in lieu thereof "section 12406".

(4) Section 123(a) is amended—

(A) by striking out "281, 592, 1002, 1005, 1006, 1007, 1374, 3217, 3218, 3219, 3220,", "5414, 5457, 5458,", and "8217, 8218, 8219,"; and

(B) by striking out "and 8855" and inserting in lieu thereof "8855, 10214, 12003, 12004, 12005, 12007, 12202, 12213, 12642, 12645, 12646, 12647, 12771, 12772, and 12773".

(5) Section 582(1) is amended by striking out "section 672(d)" in subparagraph (B) and "section 673b" in subparagraph (D) and inserting in lieu thereof "section 12301(d)" and "section 12304", respectively.

(6) Section 641(1)(B) is amended by striking out "10501" and inserting in lieu thereof "10502, 10505, 10506(a), 10506(b), 10507".

(7) The table of sections at the beginning of chapter 39 is amended by striking out the items relating to sections 687 and 690.

(8) Sections 1053(a)(1), 1064, and 1065(a) are amended by striking out "chapter 67" and inserting in lieu thereof "chapter 1223".

(9) Section 1063(a)(1) is amended by striking out "section 1332(a)(2)" and inserting in lieu thereof "section 12732(a)(2)".

(10) Section 1074b(b)(2) is amended by striking out "section 673c" and inserting in lieu thereof "section 12305".

(11) Section 1076(b)(2)(A) is amended by striking out "before the effective date of the Reserve Officer Personnel Management Act" and inserting in lieu thereof "before December 1, 1994".

(12) Section 1176(b) is amended by striking out "section 1332" in the matter preceding paragraph (1) and in paragraph (2) and inserting in lieu thereof "section 12732".

(13) Section 1208(b) is amended by striking out "section 1333" and inserting in lieu thereof "section 12733".

(14) Section 1209 is amended by striking out "section 1332", "section 1335", and "chapter 71" and inserting in lieu thereof "section 12732", "section 12735", and "section 12739", respectively.

(15) Section 1407 is amended—

(A) in subsection (c)(1) and (d)(1), by striking out "section 1331" and inserting in lieu thereof "section 12731"; and

(B) in the heading for paragraph (1) of subsection (d), by striking out "CHAPTER 67" and inserting in lieu thereof "CHAPTER 1223".

(16) Section 1408(a)(5) is amended by striking out "section 1331" and inserting in lieu thereof "section 12731"

(17) Section 1431(a)(1) is amended by striking out "section 1376(a)" and inserting in lieu thereof "section 12774(a)".

(18) Section 1463(a)(2) is amended by striking out "chapter 67" and inserting in lieu thereof "chapter 1223".

(19) Section 1482(f)(2) is amended by inserting "section" before "12731 of this title".

(20) The table of sections at the beginning of chapter 533 is amended by striking out the item relating to section 5454.

(21) Section 2006(b)(1) is amended by striking out "chapter 106 of this title" and inserting in lieu thereof "chapter 1606 of this title".

(22) Section 2121(c) is amended by striking out "section 3353, 5600, or 8353" and inserting in lieu thereof "section 12207", effective on the effective date specified in section 1691(b)(1) of Public Law 103–337.

(23) Section 2130a(b)(3) is amended by striking out "section 591" and inserting in lieu thereof "section 12201".

(24) The table of sections at the beginning of chapter 337 is amended by striking out the items relating to sections 3351 and 3352.

(25) Sections 3850, 6389(c), 6391(c), and 8850 are amended by striking out "section 1332" and inserting in lieu thereof "section 12732".

(26) Section 5600 is repealed, effective on the effective date specified in section 1691(b)(1) of Public Law 103–337.

(27) Section 5892 is amended by striking out "section 5457 or section 5458" and inserting in lieu thereof "section 12004 or section 12005".

(28) Section 6410(a) is amended by striking out "section 1005" and inserting in lieu thereof "section 12645".

(29) The table of sections at the beginning of chapter 837 is amended by striking out the items relating to section 8351 and 8352.

(30) Section 8360(b) is amended by striking out "section 1002" and inserting in lieu thereof "section 12642".

(31) Section 8380 is amended by striking out "section 524" in subsections (a) and (b) and inserting in lieu thereof "section 12011".

(32) Sections 8819(a), 8846(a), and 8846(b) are amended by striking out "sections 1005 and 1006" and inserting in lieu thereof "sections 12645 and 12646".

(33) Section 8819 is amended by striking out "section 1005" and "section 1006" and inserting in lieu thereof "section 12645" and "section 12646", respectively.

(d) CROSS REFERENCES IN OTHER DEFENSE LAWS.—

(1) Section 337(b) of the National Defense Authorization Act for Fiscal Year 1995 (Public Law 103–337; 108 Stat. 2717) is amended by inserting before the period at the end the following: "or who after November 30, 1994, transferred to the Retired Reserve under section 10154(2) of title 10, United States Code, without having completed the years of service required under section 12731(a)(2) of such title for eligibility for retired pay under chapter 1223 of such title".

(2) Section 525 of the National Defense Authorization Act for Fiscal Years 1992 and 1993 (P.L. 102–190, 105 Stat. 1363) is amended by striking out "section 690" and inserting in lieu thereof "section 12321".

(3) Subtitle B of title XLIV of the National Defense Authorization Act for Fiscal Year 1993 (P.L. 102–484; 10 U.S.C. 12681 note) is amended—

(A) in section 4415, by striking out "section 1331a" and inserting in lieu thereof "section 12731a";

(B) in subsection 4416—

(i) in subsection (a), by striking out "section 1331" and inserting in lieu thereof "section 12731";

(ii) in subsection (b)—

(I) by inserting "or section 12732" in paragraph (1) after "under that section"; and

(II) by inserting "or 12731(a)" in paragraph (2) after "section 1331(a)";

(iii) in subsection (e)(2), by striking out "section 1332" and inserting in lieu thereof "section 12732"; and

(iv) in subsection (g), by striking out "section 1331a" and inserting in lieu thereof "section 12731a"; and

(C) in section 4418—

(i) in subsection (a), by striking out "section 1332" and inserting in lieu thereof "section 12732"; and

(ii) in subsection (b)(1)(A), by striking out "section 1333" and inserting in lieu thereof "section 12733".

(4) Title 37, United States Code, is amended—

(A) in section 302f(b), by striking out "section 673c of title 10" in paragraphs (2) and (3)(A) and inserting in lieu thereof "section 12305 of title 10"; and

(B) in section 433(a), by striking out "section 687 of title 10" and inserting in lieu thereof "section 12319 of title 10".

(e) CROSS REFERENCES IN OTHER LAWS.—

(1) Title 14, United States Code, is amended—

(A) in section 705(f), by striking out "600 of title 10" and inserting in lieu thereof "12209 of title 10"; and

(B) in section 741(c), by striking out "section 1006 of title 10" and inserting in lieu thereof "section 12646 of title 10".

(2) Title 38, United States Code, is amended—

(A) in section 3011(d)(3), by striking out "section 672, 673, 673b, 674, or 675 of title 10" and inserting in lieu thereof "section 12301, 12302, 12304, 12306, or 12307 of title 10";

(B) in sections 3012(b)(1)(B)(iii) and 3701(b)(5)(B), by striking out "section 268(b) of title 10" and inserting in lieu thereof "section 10143(a) of title 10";

(C) in section 3501(a)(3)(C), by striking out "section 511(d) of title 10" and inserting in lieu thereof "section 12103(d) of title 10"; and

(D) in section 4211(4)(C), by striking out "section 672 (a), (d), or (g), 673, or 673b of title 10" and inserting in lieu thereof "section 12301 (a), (d), or (g), 12302, or 12304 of title 10".

(3) Section 702(a)(1) of the Soldiers' and Sailors' Civil Relief Act of 1940 (50 U.S.C. App. 592(a)(1)) is amended—

(A) by striking out "section 672 (a) or (g), 673, 673b, 674, 675, or 688 of title 10" and inserting in lieu thereof "section 688, 12301(a), 12301(g), 12302, 12304, 12306, or 12307 of title 10"; and

(B) by striking out "section 672(d) of such title" and inserting in lieu thereof "section 12301(d) of such title".

(4) Section 463A of the Higher Education Act of 1965 (20 U.S.C. 1087cc–1) is amended in subsection (a)(10) by striking out "(10 U.S.C. 2172)" and inserting in lieu thereof "(10 U.S.C. 16302)".

(5) Section 179 of the National and Community Service Act of 1990 (42 U.S.C. 12639) is amended in subsection (a)(2)(C) by striking out "section 216(a) of title 5" and inserting in lieu thereof "section 10101 of title 10".

(f) EFFECTIVE DATES.—

(1) Section 1636 of the Reserve Officer Personnel Management Act shall take effect on the date of the enactment of this Act.

(2) The amendments made by sections 1672(a), 1673(a) (with respect to chapters 541 and 549), 1673(b)(2), 1673(b)(4), 1674(a), and 1674(b)(7) shall take effect on the effective date specified in section 1691(b)(1) of the Reserve Officer Personnel Management Act (notwithstanding section 1691(a) of such Act).

(3) The amendments made by this section shall take effect as if included in the Reserve Officer Personnel Management Act as enacted on October 5, 1994.

SEC. 1102. AMENDMENTS RELATED TO FEDERAL ACQUISITION STREAMLINING ACT OF 1994.

(a) PUBLIC LAW 103-355.—Effective as of October 13, 1994, and as if included therein as enacted, the Federal Acquisition Streamlining Act of 1994 (Public Law 103-355; 108 Stat. 3243 et seq.) is amended as follows:

(1) Section 1202(a) (108 Stat. 3274) is amended by striking out the closing quotation marks and second period at the end of paragraph (2)(B) of the subsection inserted by the amendment made by that section.

(2) Section 1251(b) (108 Stat. 3284) is amended by striking out "Office of Federal Procurement Policy Act" and inserting in lieu thereof "Federal Property and Administrative Services Act of 1949".

(3) Section 2051(e) (108 Stat. 3304) is amended by striking out the closing quotation marks and second period at the end of subsection (f)(3) in the matter inserted by the amendment made by that section.

(4) Section 2101(a)(6)(B)(ii) (108 Stat. 3308) is amended by replacing "regulation" with "regulations" in the first quoted matter.

(5) The heading of section 2352(b) (108 Stat. 3322) is amended by striking out "PROCEDURES TO SMALL BUSINESS GOVERNMENT CONTRACTORS.—" and inserting in lieu thereof "PROCEDURES.—".

(6) Section 3022 (108 Stat. 3333) is amended by striking out "each place" and all that follows through the end of the section and inserting in lieu thereof "in paragraph (1) and ", rent," after "sell" in paragraph (2).".

(7) Section 5092(b) (108 Stat. 3362) is amended by inserting "of paragraph (2)" after "second sentence".

(8) Section 6005(a) (108 Stat. 3364) is amended by striking out the closing quotation marks and second period at the end of subsection (e)(2) of the matter inserted by the amendment made by that section.

(9) Section 10005(f)(4) (108 Stat. 3409) is amended in the second matter in quotation marks by striking out "'SEC. 5. This Act" and inserting in lieu thereof "'SEC. 7. This title".

(b) TITLE 10, UNITED STATES CODE.—Title 10, United States Code, is amended as follows:

(1) Section 2220(b) is amended by striking out "the date of the enactment of the Federal Acquisition Streamlining Act of 1994" and inserting in lieu thereof "October 13, 1994".

(2)(A) The section 2247 added by section 7202(a)(1) of Public Law 103-355 (108 Stat. 3379) is redesignated as section 2249.

(B) The item relating to that section in the table of sections at the beginning of subchapter I of chapter 134 is revised to conform to the redesignation made by subparagraph (A).

(3) Section 2302(3)(K) is amended by adding a period at the end.

(4) Section 2304(h) is amended by striking out paragraph (1) and inserting in lieu thereof the following:

"(1) The Walsh-Healey Act (41 U.S.C. 35 et seq.).".

(5)(A) The section 2304a added by section 848(a)(1) of Public Law 103-160 (107 Stat. 1724) is redesignated as section 2304e.

(B) The item relating to that section in the table of sections at the beginning of chapter 137 is revised to conform to the redesignation made by subparagraph (A).

(6) Section 2306a is amended—

(A) in subsection (d)(2)(A)(ii), by inserting "to" after "The information referred";

(B) in subsection (e)(4)(B)(ii), by striking out the second comma after "parties"; and

(C) in subsection (i)(3), by inserting "(41 U.S.C. 403(12))" before the period at the end.

(7) Section 2323 is amended—

(A) in subsection (a)(1)(C), by inserting a closing parenthesis after "1135d-5(3))" and after "1059c(b)(1))";

(B) in subsection (a)(3), by inserting a closing parenthesis after "421(c))";

(C) in subsection (b), by inserting "(1)" after "AMOUNT.—"; and

(D) in subsection (i)(3), by adding at the end a subparagraph (D) identical to the subparagraph (D) set forth in the amendment made by section 811(e) of Public Law 103-160 (107 Stat. 1702).

(8) Section 2324 is amended—

(A) in subsection (e)(2)(C)—

(i) by striking out "awarding the contract" at the end of the first sentence; and

(ii) by striking out "title III" and all that follows through "Act)" and inserting in lieu thereof "the Buy American Act (41 U.S.C. 10b-1)"; and

(B) in subsection (h)(2), by inserting "the head of the agency or" after "in the case of any contract if".

(9) Section 2350b is amended—

(A) in subsection (c)(1)—

(i) by striking out "specifically—" and inserting in lieu thereof "specifically prescribes—"; and

(ii) by striking out "prescribe" in each of subparagraphs (A), (B), (C), and (D); and

(B) in subsection (d)(1), by striking out "subcontract to be" and inserting in lieu thereof "subcontract be".

(10) Section 2356(a) is amended by striking out "2354, or 2355" and inserting "or 2354".

(11) Section 2372(i)(1) is amended by striking out "section 2324(m)" and inserting in lieu thereof "section 2324(l)".

(12) Section 2384(b) is amended—

(A) in paragraph (2)—

(i) by striking "items, as" and inserting in lieu thereof "items (as"; and

(ii) by inserting a closing parenthesis after "403(12))"; and

(B) in paragraph (3), by inserting a closing parenthesis after "403(11))".

(13) Section 2397(a)(1) is amended—

(A) by inserting "as defined in section 4(11) of the Office of Federal Procurement Policy Act (41 U.S.C. 403(11))" after "threshold"; and

(B) by striking out "section 4(12) of the Office of Federal Procurement Policy Act" and inserting in lieu thereof "section 4(12) of such Act".

(14) Section 2397b(f) is amended by inserting a period at the end of paragraph (2)(B)(iii).

(15) Section 2400(a)(5) is amended by striking out "the preceding sentence" and inserting in lieu thereof "this paragraph".

(16) Section 2405 is amended—

(A) in paragraphs (1) and (2) of subsection (a), by striking out "the date of the enactment of the Federal Acquisition Streamlining Act of 1994" and inserting in lieu thereof "October 13, 1994"; and

(B) in subsection (c)(3)—

(i) by striking out "the later of—" and all that follows through "(B)"; and

(ii) by redesignating clauses (i), (ii), and (iii) as subparagraphs (A), (B), and (C), respectively, and realigning those subparagraphs accordingly.

(17) Section 2410d(b) is amended by striking out paragraph (3).

(18) Section 2424(c) is amended—

(A) by inserting "EXCEPTION FOR SOFT DRINKS.—" after "(c)"; and

(B) by striking out "drink" the first and third places it appears in the second sentence and inserting in lieu thereof "beverage".

(19) Section 2431 is amended—

(A) in subsection (b)—

(i) by striking out "Any report" in the first sentence and inserting in lieu thereof "Any documents"; and

(ii) by striking out "the report" in paragraph (3) and inserting in lieu thereof "the documents"; and

(B) in subsection (c), by striking "reporting" and inserting in lieu thereof "documentation".

(20) Section 2533(a) is amended by striking out "title III of the Act" and all that follows through "such Act" and inserting in lieu thereof "the Buy American Act (41 U.S.C. 10a)) whether application of such Act".

(21) Section 2662(b) is amended by striking out "small purchase threshold" and inserting in lieu thereof "simplified acquisition threshold".

(22) Section 2701(i)(1) is amended—

(A) by striking out "Act of August 24, 1935 (40 U.S.C. 270a-270d), commonly referred to as the 'Miller Act'," and inserting in lieu thereof "Miller Act (40 U.S.C. 270a et seq.)"; and

(B) by striking out "such Act of August 24, 1935" and inserting in lieu thereof "the Miller Act".

(c) SMALL BUSINESS ACT.—The Small Business Act (15 U.S.C. 632 et seq.) is amended as follows:

(1) Section 8(d) (15 U.S.C. 637(d)) is amended—

(A) in paragraph (1), by striking out the second comma after "small business concerns" the first place it appears; and

(B) in paragraph (6)(C), by striking out "and small business concerns owned and controlled by the socially and economically disadvantaged individuals" and inserting in lieu thereof ", small business concerns owned and controlled by socially and economically disadvantaged individuals, and small business concerns owned and controlled by women".

(2) Section 8(f) (15 U.S.C. 637(f)) is amended by inserting "and" after the semicolon at the end of paragraph (5).

(3) Section 15(g)(2) (15 U.S.C. 644(g)(2)) is amended by striking out the second comma after the first appearance of "small business concerns".

(d) TITLE 31, UNITED STATES CODE.—Section 3551 of title 31, United States Code, is amended—

(1) by striking out "subchapter—" and inserting in lieu thereof "subchapter:"; and

(2) in paragraph (2), by striking out "or proposed contract" and inserting in lieu thereof "or a solicitation or other request for offers".

(e) FEDERAL PROPERTY AND ADMINISTRATIVE SERVICES ACT OF 1949.—The Federal Property and Administrative Services Act of 1949 is amended as follows:

(1) The table of contents in section 1 (40 U.S.C. 471 prec.) is amended—

(A) by striking out the item relating to section 104;

(B) by striking out the item relating to section 201 and inserting in lieu thereof the following:

"Sec. 201. Procurements, warehousing, and related activities.";

(C) by inserting after the item relating to section 315 the following new item:

"Sec. 316. Merit-based award of grants for research and development.";

(D) by striking out the item relating to section 603 and inserting in lieu thereof the following:

"Sec. 603. Authorizations for appropriations and transfer authority."; and

(E) by inserting after the item relating to section 605 the following new item:

"Sec. 606. Sex discrimination.".

(2) Section 111(b)(3) (40 U.S.C. 759(b)(3)) is amended by striking out the second period at the end of the third sentence.

(3) Section 111(f)(9) (40 U.S.C. 759(f)(9)) is amended in subparagraph (B) by striking out "or proposed contract" and inserting in lieu thereof "or a solicitation or other request for offers".

(4) The heading for paragraph (1) of section 304A(c) is amended by changing each letter that is capitalized (other than the first letter of the first word) to lower case.

(5) The heading for section 314A (41 U.S.C. 41 U.S.C. 264a) is amended to read as follows:

"SEC. 314A. DEFINITIONS RELATING TO PROCUREMENT OF COMMERCIAL ITEMS.".

(6) The heading for section 316 (41 U.S.C. 266) is amended by inserting at the end a period.

(f) WALSH-HEALEY ACT.—

(1) The Walsh-Healey Act (41 U.S.C. 35 et seq.) is amended—

(A) by transferring the second section 11 (as added by section 7201(4) of Public Law 103–355) so as to appear after section 10; and

(B) by redesignating the three sections following such section 11 (as so transferred) as sections 12, 13, and 14.

(2) Such Act is further amended in section 10(c) by striking out the comma after "'locality'".

(g) ANTI-KICKBACK ACT OF 1986.—Section 7 of the Anti-Kickback Act of 1986 (41 U.S.C. 57) is amended by striking out the second period at the end of subsection (d).

(h) OFFICE OF FEDERAL PROCUREMENT POLICY ACT.—The Office of Federal Procurement Policy Act (41 U.S.C. 401 et seq.) is amended as follows:

(1) Section 6 (41 U.S.C. 405) is amended by transferring paragraph (12) of subsection (d) (as such paragraph was redesignated by section 5091(2) of the Federal Acquisition Streamlining Act of 1994 (P.L. 103–355; 108 Stat. 3361) to the end of that subsection.

(2) Section 18(b) (41 U.S.C. 416(b)) is amended by inserting "and" after the semicolon at the end of paragraph (5).

(3) Section 26(f)(3) (41 U.S.C. 422(f)(3) is amended in the first sentence by striking out "Not later than 180 days after the date of enactment of this section, the Administrator" and inserting in lieu thereof "The Administrator".

(i) OTHER LAWS.—

(1) The National Defense Authorization Act for Fiscal Year 1994 (Public Law 103–160) is amended as follows:

(A) Section 126(c) (107 Stat. 1567) is amended by striking out "section 2401 of title 10, United States Code, or section 9081 of the Department of Defense Appropriations Act, 1990 (10 U.S.C. 2401 note)." and inserting in lieu thereof "section 2401 or 2401a of title 10, United States Code.".

(B) Section 127 (107 Stat. 1568) is amended—

(i) in subsection (a), by striking out "section 2401 of title 10, United States Code, or section 9081 of the Department of Defense Appropriations Act, 1990 (10 U.S.C. 2401 note)." and inserting in lieu thereof "section 2401 or 2401a of title 10, United States Code."; and

(ii) in subsection (e), by striking out "section 9081 of the Department of Defense Appropriations Act, 1990 (10 U.S.C. 2401 note)." and inserting in lieu thereof "section 2401a of title 10, United States Code.".

(2) The National Defense Authorization Act for Fiscal Years 1990 and 1991 (Public Law 101–189) is amended by striking out section 824.

(3) The National Defense Authorization Act for Fiscal Years 1988 and 1989 (Public Law 100–180) is amended by striking out section 825 (10 U.S.C. 2432 note).

(4) Section 3737(g) of the Revised Statutes (41 U.S.C. 15(g)) is amended by striking out "rights of obligations" and inserting in lieu thereof "rights or obligations".

(5) The section of the Revised Statutes (41 U.S.C. 22) amended by section 6004 of Public Law 103–355 (108 Stat. 3364) is amended by striking out "No member" and inserting in lieu thereof "SEC. 3741. No Member".

(6) Section 5152(a)(1) of the Drug-Free Workplace Act of 1988 (41 U.S.C. 701(a)(1)) is amended by striking out "as defined in section 4 of the Office of Federal Procurement Policy Act (41 U.S.C. 403)" and inserting in lieu thereof "(as defined in section 4(12) of such Act (41 U.S.C. 403(12)))".

SEC. 1103. AMENDMENTS TO REFLECT NAME CHANGE OF COMMITTEE ON ARMED SERVICES OF THE HOUSE OF REPRESENTATIVES.

(a) TITLE 10, UNITED STATES CODE.—Title 10, United States Code, is amended as follows:

(1) Sections 503(b)(5), 520a(d), 526(d)(1), 619a(h)(2), 806a(b), 838(b)(7), 946(c)(1)(A), 1098(b)(2), 2313(b)(4), 2361(c)(1), 2371(h), 2391(c), 2430(b), 2432(b)(3)(B), 2432(c)(2), 2432(h)(1), 2667(d)(3), 2672a(b), 2687(b)(1), 2891(a), 4342(g), 7307(b)(1)(A), and 9342(g) are amended by striking out "Committees on Armed Services of the Senate and House of Representatives" and inserting in lieu thereof "Committee on Armed Services of the Senate and the Committee on National Security of the House of Representatives".

(2) Sections 178(c)(1)(A), 942(e)(5), 2350f(c), 2864(b), 7426(e), 7431(a), 7431(b)(1), 7431(c), 7438(b), 12302(b), 18235(a), and 18236(a) are amended by striking out "Committees on Armed Services of the Senate and the House of Representatives" and inserting in lieu thereof "Committee on Armed Services of the Senate and the Committee on National Security of the House of Representatives".

(3) Section 113(j)(1) is amended by striking out "Committees on Armed Services and Committees on Appropriations of the Senate and" and inserting in lieu thereof "Committee on Armed Services and the Committee on Appropriations of the Senate and the Committee on National Security and the Committee on Appropriations of the".

(4) Section 119(g) is amended by striking out paragraphs (1) and (2) and inserting in lieu thereof the following:

"(1) the Committee on Armed Services and the Committee on Appropriations, and the Defense Subcommittee of the Committee on Appropriations, of the Senate; and

"(2) the Committee on National Security and the Committee on Appropriations, and the National Security Subcommittee of the Committee on Appropriations, of the House of Representatives.".

(5) Section 127(c) is amended by striking out "Committees on Armed Services and Appropriations of the Senate and" and inserting in lieu thereof "Committee on Armed Services and the Committee on Appropriations of the Senate and the Committee on National Security and the Committee on Appropriations of".

(6) Section 135(e) is amended—

(A) by inserting "(1)" after "(e)";

(B) by striking out "the Committees on Armed Services and the Committees on Appropriations of the Senate and House of Representatives are each" and inserting in lieu thereof "each congressional committee specified in paragraph (2) is"; and

(C) by adding at the end the following:

"(2) The committees referred to in paragraph (1) are—

"(A) the Committee on Armed Services and the Committee on Appropriations of the Senate; and

"(B) the Committee on National Security and the Committee on Appropriations of the House of Representatives.".

(7) Section 179(e) is amended by striking out "to the Committees on Armed Services and Appropriations of the Senate and" and inserting in lieu thereof "to the Committee on Armed Services and the Committee on Appropriations of the Senate and the Committee on National Security and the Committee on Appropriations of the".

(8) Sections 401(d) and 402(d) are amended by striking out "submit to the" and all that follows through "Foreign Affairs" and inserting in lieu thereof "submit to the Committee on Armed Services and the Committee on Foreign Relations of the Senate and the Committee on National Security and the Committee on International Relations".

(9) Sections 1584(b), 2367(d)(2), and 2464(b)(3)(A) are amended by striking out "the Committees on Armed Services and the Committees on Appropriations of the Senate and" and inserting in lieu thereof "the Committee on Armed Services and the Committee on Appropriations of the Senate and the Committee on National Security and the Committee on Appropriations of the".

(10) Sections 2306b(g), 2801(c)(4), and 18233a(a)(1) are amended by striking out "the Committees on Armed Services and on Appropriations of the Senate and" and inserting in lieu thereof "the Committee on Armed Services and the Committee on Appropriations of the Senate and the Committee on National Security and the Committee on Appropriations of the".

(11) Section 1599(e)(2) is amended—

(A) in subparagraph (A), by striking out "The Committees on Armed Services and Appropriations" and inserting in lieu thereof "The Committee on National Security, the Committee on Appropriations,"; and

(B) in subparagraph (B), by striking out "The Committees on Armed Services and Appropriations" and inserting in lieu thereof "The Committee on Armed Services, the Committee on Appropriations,".

(12) Sections 1605(c), 4355(a)(3), 6968(a)(3), and 9355(a)(3) are amended by striking out "Armed Services" and inserting in lieu thereof "National Security".

(13) Section 1060(d) is amended by striking out "Committee on Armed Services and the Committee on Foreign Affairs" and inserting in lieu thereof "Committee on National Security and the Committee on International Relations".

(14) Section 2215 is amended—

(A) by inserting "(a) CERTIFICATION REQUIRED.—" at the beginning of the text of the section;

(B) by striking out "to the Committees" and all that follows through "House of Representatives" and inserting in lieu thereof "to the congressional committees specified in subsection (b)"; and

(C) by adding at the end the following:

"(b) CONGRESSIONAL COMMITTEES.—The committees referred to in subsection (a) are—

"(1) the Committee on Armed Services and the Committee on Appropriations of the Senate; and

"(2) the Committee on National Security and the Committee on Appropriations of the House of Representatives.".

(15) Section 2218 is amended—

(A) in subsection (j), by striking out "the Committees on Armed Services and on Appropriations of the Senate and the House of Representatives" and inserting in lieu thereof "the congressional defense committees"; and

(B) by adding at the end of subsection (k) the following new paragraph:

"(4) The term 'congressional defense committees' means—

"(A) the Committee on Armed Services and the Committee on Appropriations of the Senate; and

"(B) the Committee on National Security and the Committee on Appropriations of the House of Representatives.".

(16) Section 2342(b) is amended—

(A) in the matter preceding paragraph (1), by striking out "section—" and inserting in lieu thereof "section unless—";

(B) in paragraph (1), by striking out "unless"; and

(C) in paragraph (2), by striking out "notifies the" and all that follows through "House of Representatives" and inserting in lieu thereof "the Secretary submits to the Committee on Armed Services and the Committee on Foreign Relations of the Senate and the Committee on National Security and the Committee on International Relations of the House of Representatives notice of the intended designation".

(17) Section 2350a(f)(2) is amended by striking out "submit to the Committees" and all that follows through "House of Representatives" and inserting in lieu thereof "submit to the Committee on Armed Services and the Committee on Foreign Relations of the Senate and the Committee on National Security and the Committee on International Relations of the House of Representatives".

(18) Section 2366 is amended—

(A) in subsection (d), by striking out "the Committees on Armed Services and on Appropriations of the Senate and House of Representatives" and inserting in lieu thereof "the congressional defense committees"; and

(B) by adding at the end of subsection (e) the following new paragraph:

"(7) The term 'congressional defense committees' means—

"(A) the Committee on Armed Services and the Committee on Appropriations of the Senate; and

"(B) the Committee on National Security and the Committee on Appropriations of the House of Representatives.".

(19) Section 2399(h)(2) is amended by striking out "means" and all the follows and inserting in lieu thereof the following: "means—

"(A) the Committee on Armed Services and the Committee on Appropriations of the Senate; and

"(B) the Committee on National Security and the Committee on Appropriations of the House of Representatives.".

(20) Section 2401(b)(1) is amended—

(A) in subparagraph (B), by striking out "the Committees on Armed Services and on Appropriations of the Senate and" and inserting in lieu thereof "the Committee on Armed Services and the Committee on Appropriations of the Senate and the Committee on National Security and the Committees on Appropriations of the"; and

(B) in subparagraph (C), by striking out "the Committees on Armed Services and on Appropriations of the Senate and House of Representatives" and inserting in lieu thereof "those committees".

(21) Section 2403(e) is amended—

(A) by inserting "(1)" before "Before making";

(B) by striking out "shall notify the Committees on Armed Services and on Appropriations of the Senate and House of Representatives" and inserting in lieu thereof "shall submit to the congressional committees specified in paragraph (2) notice"; and

(C) by adding at the end the following new paragraph:

"(2) The committees referred to in paragraph (1) are—

"(A) the Committee on Armed Services and the Committee on Appropriations of the Senate; and

"(B) the Committee on National Security and the Committee on Appropriations of the House of Representatives.".

(22) Section 2515(d) is amended—

(A) by striking out "REPORTING" and all that follows through "same time" and inserting in lieu thereof "ANNUAL REPORT.—(1) The Secretary of Defense shall submit to the congressional committees specified in paragraph (2) an annual report on the activities of the Office. The report shall be submitted each year at the same time"; and

(B) by adding at the end the following new paragraph:

"(2) The committees referred to in paragraph (1) are—

"(A) the Committee on Armed Services and the Committee on Appropriations of the Senate; and

"(B) the Committee on National Security and the Committee on Appropriations of the House of Representatives.".

(23) Section 2551 is amended—

(A) in subsection (e)(1), by striking out "the Committees on Armed Services" and all that follows through "House of Representatives" and inserting in lieu thereof "the Committee on Armed Services and the Committee on Foreign Relations of the Senate and the Committee on National Security and the Committee on International Relations of the House of Representatives"; and

(B) in subsection (f)—

(i) by inserting "(1)" before "In any case";

(ii) by striking out "Committees on Appropriations" and all that follows through "House of Representatives" the second place it appears and inserting in lieu thereof "congressional committees specified in paragraph (2)"; and

(iii) by adding at the end the following:

"(2) The committees referred to in paragraph (1) are—

"(A) the Committee on Armed Services, the Committee on Foreign Relations, and the Committee on Appropriations of the Senate; and

"(B) the Committee on National Security, the Committee on International Relations, and the Committee on Appropriations of the House of Representatives.".

(24) Section 2662 is amended—

(A) in subsection (a)—

(i) in the matter preceding paragraph (1), by striking out "the Committees on Armed Services of the Senate and House of Representatives" and inserting in lieu thereof "the Committee on Armed Services of the Senate and the Committee on National Security of the House of Representatives"; and

(ii) in the matter following paragraph (6), by striking out "to be submitted to the Committees on Armed Services of the Senate and House of Representatives";

(B) in subsection (b), by striking out "shall report annually to the Committees on Armed Services of the Senate and the House of Representatives" and inserting in lieu thereof "shall submit annually to the congressional committees named in subsection (a) a report";

(C) in subsection (e), by striking out "the Committees on Armed Services of the Senate and the House of Representatives" and inserting in lieu thereof "the congressional committees named in subsection (a)"; and

(D) in subsection (f), by striking out "the Committees on Armed Services of the Senate and the House of Representatives shall" and inserting in lieu thereof "the congressional committees named in subsection (a) shall".

(25) Section 2674(a) is amended—

(A) in paragraph (2), by striking out "Committees on Armed Services of the Senate and the House of Representatives, the Committee on Environment and Public Works of the Senate, and the Committee on Public Works and Transportation of the House of Representatives" and inserting in lieu thereof "congressional committees specified in paragraph (3)"; and

(B) by adding at the end the following new paragraph:

"(3) The committees referred to in paragraph (1) are—

"(A) the Committee on Armed Services and the Committee on Environment and Public Works of the Senate; and

"(B) the Committee on National Security and the Committee on Transportation and Infrastructure of the House of Representatives.".

(26) Section 2813(c) is amended by striking out "Committees on Armed Services and the Committees on Appropriations of the Senate and House of Representatives" and inserting in lieu thereof "appropriate committees of Congress".

(27) Sections 2825(b)(1) and 2832(b)(2) are amended by striking out "Committees on Armed Services and the Committees on Appropriations of the Senate and of the House of Representatives" and inserting in lieu thereof "appropriate committees of Congress".

(28) Section 2865(e)(2) and 2866(c)(2) are amended by striking out "Committees on Armed Services and Appropriations of the Senate and House of Representatives" and inserting in lieu thereof "appropriate committees of Congress".

(29)(A) Section 7434 of such title is amended to read as follows:

"§ 7434. Annual report to congressional committees

"Not later than October 31 of each year, the Secretary shall submit to the Committee on Armed Services of the Senate and the Committee on National Security of the House of Representatives a report on the production from the naval petroleum reserves during the preceding calendar year.".

(B) The item relating to such section in the table of contents at the beginning of chapter 641 is amended to read as follows:

"7434. Annual report to congressional committees.".

(b) TITLE 37, UNITED STATES CODE.—Title 37, United States Code, is amended—

(1) in sections 301b(i)(2) and 406(i), by striking out "Committees on Armed Services of the Senate and House of Representatives" and inserting in lieu thereof "Committee on Armed Services of the Senate and the Committee on National Security of the House of Representatives"; and

(2) in section 431(d), by striking out "Armed Services" the first place it appears and inserting in lieu thereof "National Security".

(c) ANNUAL DEFENSE AUTHORIZATION ACTS.—

(1) The National Defense Authorization Act for Fiscal Year 1994 (Public Law 103–160) is amended in sections 2922(b) and 2925(b) (10 U.S.C. 2687 note) by striking out "Committees on Armed Services of the Senate and House of Representatives" and inserting in lieu thereof "Committee on Armed Services of the Senate and the Committee on National Security of the House of Representatives".

(2) The National Defense Authorization Act for Fiscal Year 1993 (Public Law 102–484) is amended—

(A) in section 326(a)(5) (10 U.S.C. 2301 note) and section 1304(a) (10 U.S.C. 113 note), by striking out "Committees on Armed Services of the Senate and House of Representatives" and inserting in lieu thereof "Committee on Armed Services of the Senate and the Committee on National Security of the House of Representatives"; and

(B) in section 1505(e)(2)(B) (22 U.S.C. 5859a), by striking out "the Committee on Armed Services, the Committee on Appropriations, the Committee on Foreign Affairs, and the Committee on Energy and Commerce" and inserting in lieu thereof "the Committee on National Security, the Committee on Appropriations, the Committee on International Relations, and the Committee on Commerce".

(3) Section 1097(a)(1) of the National Defense Authorization Act for Fiscal Years 1992 and 1993 (Public Law 102–190; 22 U.S.C. 2751 note) is amended by striking out "the Committees on Armed Services and Foreign Affairs" and inserting in lieu thereof "the Committee on National Security and the Committee on International Relations".

(4) The National Defense Authorization Act for Fiscal Year 1991 (P.L. 101–510) is amended as follows:

(A) Section 402(a) and section 1208(b)(3) (10 U.S.C. 1701 note) are amended by striking out "Committees on Armed Services of the Senate and the House of Representatives" and inserting in lieu thereof "Committee on Armed Services of the Senate and the Committee on National Security of the House of Representatives".

(B) Section 1403(a) (50 U.S.C. 404b(a)) is amended—

(i) by striking out "the Committees on" and all that follows through "each year" and inserting in lieu thereof "the Committee on Armed Services, the Committee on Appropriations, and the Select Committee on Intelligence of the Senate and the Committee on National Security, the Committee on Appropriations, and the Permanent Select Committee on Intelligence of the House of Representatives each year".

(C) Section 1457(a) (50 U.S.C. 404c(a)) is amended by striking out "the Committees on Armed Services and on Foreign Affairs of the House of Representatives and the Committees on Armed Services and" and inserting in lieu thereof "the Committee on National Security and the Committee on International Relations of the House of Representatives and the Committee on Armed Services and the Committee on".

(D) Section 2921 (10 U.S.C. 2687 note) is amended—

(i) in subsection (e)(3)(A), by striking out "the Committee on Armed Services, the Committee on Appropriations, and the Defense Subcommittees" and inserting in lieu thereof "the Committee on National Security, the Committee on Appropriations, and the National Security Subcommittee"; and

(ii) in subsection (g)(2), by striking out "the Committees on Armed Services of the Senate and House of Representatives" and inserting in lieu thereof "the Committee on Armed Services of the Senate and the Committee on National Security of the House of Representatives".

(5) Section 613(h)(1) of the National Defense Authorization Act, Fiscal Year 1989 (Public Law 100–456; 37 U.S.C. 302 note), is amended by striking out "the Committees on Armed Services of the Senate and the House of Representatives" and inserting in lieu thereof "the Committee on Armed Services of the Senate and the Committee on National Security of the House of Representatives".

(6) Section 1412 of the Department of Defense Authorization Act, 1986 (Public Law 99–145; 50 U.S.C. 1521), is amended in subsections (b)(4) and (k)(2), by striking out "Committees on Armed Services of the Senate and House of Representatives" and inserting in lieu thereof "Committee on Armed Services of the Senate and the Committee on National Security of the House of Representatives".

(7) Section 1002(d) of the Department of Defense Authorization Act, 1985 (Public Law 98–525; 22 U.S.C. 1928 note), is amended by striking out "the Committees on Armed Services of the Senate and the House of Representatives" and inserting in lieu thereof "the Committee on Armed Services of the Senate, the Committee on National Security of the House of Representatives".

(8) Section 1252 of the Department of Defense Authorization Act, 1984 (42 U.S.C. 248d), is amended—

(A) in subsection (d), by striking out "Committees on Appropriations and on Armed Services of the Senate and the House of Representatives" and inserting in lieu thereof "Committee on Appropriations and the Committee on Armed Services of the Senate and the Committee on Appropriations and the Committee on National Security of the House of Representatives"; and

(B) in subsection (e), by striking out "Committees on Appropriations and on Armed Services of the Senate and the House of Representatives" and inserting in lieu thereof "congressional committees specified in subsection (d)".

(d) BASE CLOSURE LAW.—The Defense Base Closure and Realignment Act of 1990 (part A of title XXIX of Public Law 101–510; 10 U.S.C. 2687 note) is amended as follows:

(1) Sections 2902(e)(2)(B)(ii) and 2908(b) are amended by striking out "Armed Services" the first place it appears and inserting in lieu thereof "National Security".

(2) Section 2910(2) is amended by striking out "the Committees on Armed Services and the Committees on Appropriations of the Senate and of the House of Representatives" and inserting in lieu thereof "the Committee on Armed Services and the Committee on Appropriations of the Senate and the Committee on National Security and the Committee on Appropriations of the House of Representatives".

(e) NATIONAL DEFENSE STOCKPILE.—The Strategic and Critical Materials Stock Piling Act is amended—

(1) in section 6(d) (50 U.S.C. 98e(d))—

(A) in paragraph (1), by striking out "Committees on Armed Services of the Senate and House of Representatives" and inserting in lieu thereof "Committee on Armed Services of the Senate and the Committee on National Security of the House of Representatives"; and

(B) in paragraph (2), by striking out "the Committees on Armed Services of the Senate and House of Representatives" and inserting in lieu thereof "such congressional committees"; and

(2) in section 7(b) (50 U.S.C. 98f(b)), by striking out "Committees on Armed Services of the Senate and House of Representatives" and inserting in lieu thereof "Committee on Armed Services of the Senate and the Committee on National Security of the House of Representatives".

(f) OTHER DEFENSE-RELATED PROVISIONS.—

(1) Section 8125(g)(2) of the Department of Defense Appropriations Act, 1989 (Public Law 100–463; 10 U.S.C. 113 note), is amended by striking out "Committees on Appropriations and Armed Services of the Senate and House of Representatives" and inserting in lieu thereof "Committee on Appropriations and the Committees on Armed Services of the Senate and the Committee on Appropriations and the Committees on National Security of the House of Representatives".

(2) Section 1505(f)(3) of the Military Child Care Act of 1989 (title XV of Public Law 101–189; 10 U.S.C. 113 note) is amended by striking out "Committees on Armed Services of the Senate and House of Representatives" and inserting in lieu thereof "Committee on Armed Services of the Senate and the Committee on National Security of the House of Representatives".

(3) Section 9047A of the Department of Defense Appropriations Act, 1993 (Public Law 102–396; 10 U.S.C. 2687 note), is amended by striking out "the Committees on Appropriations and Armed Services of the House of Representatives and the Senate" and inserting in lieu thereof "the Committee on Appropriations and the Committee on Armed Services of the Senate and the Committee on Appropriations and the Committee on National Security of the House of Representatives".

(4) Section 3059(c)(1) of the Defense Drug Interdiction Assistance Act (subtitle A of title III of Public Law 99–570; 10 U.S.C. 9441 note) is amended by striking out "Committees on Appropriations and on Armed Services of the Senate and the House of Representatives" and inserting in lieu thereof "Committee on Armed Services and the Committee on Appropriations of the Senate and the Committee on National Security and the Committee on Appropriations of the House of Representatives".

(5) Section 7606(b) of the Anti-Drug Abuse Act of 1988 (Public Law 100–690; 10 U.S.C. 9441 note) is amended by striking out "Committees on Appropriations and the Committee on Armed Services of the Senate and the House of Representatives" and inserting in lieu thereof "Committee on Armed Services and the Committee on Appropriations of the Senate and the Committee on National Security and the Committee on Appropriations of the House of Representatives".

(6) Section 104(d)(5) of the National Security Act of 1947 (50 U.S.C. 403–4(d)(5)) is amended by striking out "Committees on Armed Services of the Senate and House of Representatives" and inserting in lieu thereof "Committee on Armed Services of the Senate and the Committee on National Security of the House of Representatives".

(7) Section 8 of the Inspector General Act of 1978 (5 U.S.C. App.) is amended—

(A) in subsection (b)(3), by striking out "Committees on Armed Services and Government Operations" and inserting in lieu thereof "Committee on National Security and the Committee on Government Reform and Oversight";

(B) in subsection (b)(4), by striking out "Committees on Armed Services and Governmental Affairs of the Senate and the

Committees on Armed Services and Government Operations of the House of Representatives" and inserting in lieu thereof "congressional committees specified in paragraph (3)";

(C) in subsection (f)(1), by striking out "Committees on Armed Services and Government Operations" and inserting in lieu thereof "Committee on National Security and the Committee on Government Reform and Oversight"; and

(D) in subsection (f)(2), by striking out "Committees on Armed Services and Governmental Affairs of the Senate and the Committees on Armed Services and Government Operations of the House of Representatives" and inserting in lieu thereof "congressional committees specified in paragraph (1)".

(8) Section 204(h)(3) of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 485(h)(3)) is amended by striking out "Committees on Armed Services of the Senate and of the House of Representatives" and inserting in lieu thereof "Committee on Armed Services of the Senate and the Committee on National Security of the House of Representatives".

SEC. 1104. MISCELLANEOUS AMENDMENTS TO TITLE 10, UNITED STATES CODE.

(a) SUBTITLE A.—Subtitle A of title 10, United States Code, is amended as follows:

(1) Section 113(i)(2)(B) is amended by striking out "the five years covered" and all that follows through "section 114(g)" and inserting in lieu thereof "the period covered by the future-years defense program submitted to Congress during that year pursuant to section 221".

(2) Section 136(c) is amended by striking out "Comptroller" and inserting in lieu thereof "Under Secretary of Defense (Comptroller)".

(3) Section 227(3)(D) is amended by striking out "for".

(4) Effective October 1, 1995, section 526 is amended—

(A) in subsection (a), by striking out paragraphs (1), (2), and (3) and inserting in lieu thereof the following:

"(1) For the Army, 302.

"(2) For the Navy, 216.

"(3) For the Air Force, 279.";

(B) by striking out subsection (b);

(C) by redesignating subsections (c), (d), and (e) as subsections (b), (c), and (d);

(D) in subsection (b), as so redesignated, by striking out "that are applicable on and after October 1, 1995"; and

(E) in paragraph (2)(B) of subsection (c), as redesignated by subparagraph (C), is amended—

(i) by striking out "the" after "in the";

(ii) by inserting "to" after "reserve component, or"; and

(iii) by inserting "than" after "in a grade other".

(5) Effective October 1, 1995, section 528(a) is amended by striking out "after September 30, 1995,"

(6) Section 573(a)(2) is amended by striking out "active duty list" and inserting in lieu thereof "active-duty list".

(7) Section 661(d)(2) is amended—

(A) in subparagraph (B), by striking out "Until January 1, 1994" and all that follows through "each position so designated" and inserting in lieu thereof "Each position designated by the Secretary under subparagraph (A)";

(B) in subparagraph (C), by striking out "the second sentence of"; and

(C) by striking out subparagraph (D).

(8) Section 706(c)(1) is amended by striking out "section 4301 of title 38" and inserting in lieu thereof "chapter 43 of title 38".

(9) Section 1059 is amended by striking out "subsection (j)" in subsections (c)(2) and (g)(3) and inserting in lieu thereof "subsection (k)".

(10) Section 1060a(f)(2)(B) is amended by striking out "(as defined in section 101(a)(22) of the Immigration and Nationality Act (8 U.S.C. 1101(a)(22)))" and inserting in lieu thereof ", as determined in accordance with the Immigration and Nationality Act (8 U.S.C. 1101 et seq.)".

(11) Section 1151 is amended—

(A) in subsection (b), by striking out "(20 U.S.C. 2701 et seq.)" in paragraphs (2)(A) and (3)(A) and inserting in lieu thereof "(20 U.S.C. 6301 et seq.)"; and

(B) in subsection (e)(1)(B), by striking out "not later than one year after the date of the enactment of the National Defense Authorization Act for Fiscal Year 1995" and inserting in lieu thereof "not later than October 5, 1995".

(12) Section 1152(g)(2) is amended by striking out "not later than 180 days after the date of the enactment of the National Defense Authorization Act for Fiscal Year 1995" and inserting in lieu thereof "not later than April 3, 1994,".

(13) Section 1177(b)(2) is amended by striking out "provison of law" and inserting in lieu thereof "provision of law".

(14) The heading for chapter 67 is amended by striking out "**NONREGULAR**" and inserting in lieu thereof "**NON-REGULAR**".

(15) Section 1598(a)(2)(A) is amended by striking out "2701" and inserting in lieu thereof "6301".

(16) Section 1745(a) is amended by striking out "section 4107(d)" both places it appears and inserting in lieu thereof "section 4107(b)".

(17) Section 1746(a) is amended—

(A) by striking out "(1)" before "The Secretary of Defense"; and

(B) by redesignating subparagraphs (A) and (B) as paragraphs (1) and (2), respectively.

(18) Section 2006(b)(2)(B)(ii) is amended by striking out "section 1412 of such title" and inserting in lieu thereof "section 3012 of such title".

(19) Section 2011(a) is amended by striking out "TO" and inserting in lieu thereof "To".

(20) Section 2194(e) is amended by striking out "(20 U.S.C. 2891(12))" and inserting in lieu thereof "(20 U.S.C. 8801)".

(21) Sections 2217(b) and 2220(a)(2) are amended by striking out "Comptroller of the Department of Defense" and inserting in lieu thereof "Under Secretary of Defense (Comptroller)".

(22) Section 2401(c)(2) is amended by striking out "pursuant to" and all that follows through "September 24, 1983,".

(23) Section 2410f(b) is amended by striking out "For purposes of" and inserting in lieu thereof "In".

(24) Section 2410j(a)(2)(A) is amended by striking out "2701" and inserting in lieu thereof "6301".

(25) Section 2457(e) is amended by striking out "title III of the Act of March 3, 1933 (41 U.S.C. 10a)," and inserting in lieu thereof "the Buy American Act (41 U.S.C. 10a)".

(26) Section 2465(b)(3) is amended by striking out "under contract" and all that follows through the period and inserting in lieu thereof "under contract on September 24, 1983.".

(27) Section 2471(b) is amended—

(A) in paragraph (2), by inserting "by" after "as determined"; and

(B) in paragraph (3), by inserting "of" after "arising out".

(28) Section 2524(e)(4)(B) is amended by inserting a comma before "with respect to".

(29) The heading of section 2525 is amended by capitalizing the initial letter of the second, fourth, and fifth words.

(30) Chapter 152 is amended by striking out the table of subchapters at the beginning and the headings for subchapters I and II.

(31) Section 2534(c) is amended by capitalizing the initial letter of the third and fourth words of the subsection heading.

(32) Section 2705(d)(2) is amended by striking out "the date of the enactment of this section" and inserting in lieu thereof "October 5, 1994".

(33) The table of sections at the beginning of subchapter I of chapter 169 is amended by adding a period at the end of the item relating to section 2811.

(b) OTHER SUBTITLES.—Subtitles B, C, and D of title 10, United States Code, are amended as follows:

(1) Sections 3022(a)(1), 5025(a)(1), and 8022(a)(1) are amended by striking out "Comptroller of the Department of Defense" and inserting in lieu thereof "Under Secretary of Defense (Comptroller)".

(2) Section 6241 is amended by inserting "or" at the end of paragraph (2).

(3) Section 6333(a) is amended by striking out the first period after "section 1405" in formula C in the table under the column designated "Column 2".

(4) The item relating to section 7428 in the table of sections at the beginning of chapter 641 is amended by striking out "Agreement" and inserting in lieu thereof "Agreements".

(5) The item relating to section 7577 in the table of sections at the beginning of chapter 649 is amended by striking out "Officers" and inserting in lieu thereof "officers".

(6) The center heading for part IV in the table of chapters at the beginning of subtitle D is amended by inserting a comma after "SUPPLY".

SEC. 1105. MISCELLANEOUS AMENDMENTS TO ANNUAL DEFENSE AUTHORIZATION ACTS.

(a) PUBLIC LAW 103–337.—Effective as of October 5, 1994, and as if included therein as enacted, the National Defense Authorization Act for Fiscal Year 1995 (Public Law 103–337) is amended as follows:

(1) Section 322(1) (108 Stat. 2711) is amended by striking out "SERVICE" in both sets of quoted matter and inserting in lieu thereof "SERVICES".

(2) Section 531(g)(2) (108 Stat. 2758) is amended by inserting "item relating to section 1034 in the" after "The".

(3) Section 541(c)(1) is amended—

(A) in subparagraph (B), by inserting a comma after "chief warrant officer"; and

(B) in the matter after subparagraph (C), by striking out "this".

(4) Section 721(f)(2) (108 Stat. 2806) is amended by striking out "revaluated" and inserting in lieu thereof "reevaluated".

(5) Section 722(d)(2) (108 Stat. 2808) is amended by striking out "National Academy of Science" and inserting in lieu thereof "National Academy of Sciences".

(6) Section 904(d) (108 Stat. 2827) is amended by striking out "subsection (c)" the first place it appears and inserting in lieu thereof "subsection (b)".

(7) Section 1202 (108 Stat. 2882) is amended—

(A) by striking out "(title XII of Public Law 103–60" and inserting in lieu thereof "(title XII of Public Law 103–160"; and

(B) in paragraph (2), by inserting "in the first sentence" before "and inserting in lieu thereof".

(8) Section 1312(a)(2) (108 Stat. 2894) is amended by striking out "adding at the end" and inserting in lieu thereof "inserting after the item relating to section 123a".

(9) Section 2813(c) (108 Stat. 3055) is amended by striking out "above paragraph (1)" both places it appears and inserting in lieu thereof "preceding subparagraph (A)".

(b) PUBLIC LAW 103-160.—The National Defense Authorization Act for Fiscal Year 1994 (Public Law 103-160) is amended in section 1603(d) (22 U.S.C. 2751 note)—

(1) in the matter preceding paragraph (1), by striking out the second comma after "Not later than April 30 of each year";

(2) in paragraph (4), by striking out "contributes" and inserting in lieu thereof "contribute"; and

(3) in paragraph (5), by striking out "is" and inserting in lieu thereof "are".

(c) PUBLIC LAW 102-484.—The National Defense Authorization Act for Fiscal Year 1993 (Public Law 102-484) is amended as follows:

(1) Section 326(a)(5) (106 Stat. 2370; 10 U.S.C. 2301 note) is amended by inserting "report" after "each".

(2) Section 4403(a) (10 U.S.C. 1293 note) is amended by striking out "through 1995" and inserting in lieu thereof "through fiscal year 1999".

(d) PUBLIC LAW 102-190.—Section 1097(d) of the National Defense Authorization Act for Fiscal Years 1992 and 1993 (Public Law 102-190; 105 Stat. 1490) is amended by striking out "the Federal Republic of Germany, France" and inserting in lieu thereof "France, Germany".

SEC. 1106. MISCELLANEOUS AMENDMENTS TO FEDERAL ACQUISITION LAWS.

(a) OFFICE OF FEDERAL PROCUREMENT POLICY ACT.—The Office of Federal Procurement Policy Act (41 U.S.C. 401 et seq.) is amended as follows:

(1) Section 6(b) (41 U.S.C. 405(b)) is amended by striking out the second comma after "under subsection (a)" in the first sentence.

(2) Section 18(a) (41 U.S.C. 416(a)) is amended in paragraph (1)(B) by striking out "described in subsection (f)" and inserting in lieu thereof "described in subsection (b)".

(3) Section 25(b)(2) (41 U.S.C. 421(b)(2)) is amended by striking out "Under Secretary of Defense for Acquisition" and inserting in lieu thereof "Under Secretary of Defense for Acquisition and Technology".

(b) OTHER LAWS.—

(1) Section 11(2) of the Inspector General Act of 1978 (5 U.S.C. App.) is amended by striking out the second comma after "Community Service".

(2) Section 908(e) of the Defense Acquisition Improvement Act of 1986 (10 U.S.C. 2326 note) is amended by striking out "section 2325(g)" and inserting in lieu thereof "section 2326(g)".

(3) Effective as of August 9, 1989, and as if included therein as enacted, Public Law 101-73 is amended in section 501(b)(1)(A) (103 Stat. 393) by striking out "be," and inserting in lieu thereof "be;" in the second quoted matter therein.

(4) Section 3732(a) of the Revised Statutes (41 U.S.C. 11(a)) is amended by striking out the second comma after "quarters".

(5) Section 2 of the Contract Disputes Act of 1978 (41 U.S.C. 601) is amended in paragraphs (3), (5), (6), and (7), by striking out "The" and inserting in lieu thereof "the".

(6) Section 13 of the Contract Disputes Act of 1978 (41 U.S.C. 612) is amended—

(A) in subsection (a), by striking out "section 1302 of the Act of July 27, 1956, (70 Stat. 694, as amended; 31 U.S.C. 724a)" and inserting in lieu thereof "section 1304 of title 31, United States Code"; and

(B) in subsection (c), by striking out "section 1302 of the Act of July 27, 1956, (70 Stat. 694, as amended; 31 U.S.C. 724a)" and inserting in lieu thereof "section 1304 of title 31, United States Code,".

SEC. 1107. MISCELLANEOUS AMENDMENTS TO OTHER LAWS.

(a) OFFICER PERSONNEL ACT OF 1947.—Section 437 of the Officer Personnel Act of 1947 is repealed.

(b) TITLE 5, UNITED STATES CODE.—Title 5, United States Code, is amended—

(1) in section 8171—

(A) in subsection (a), by striking out "903(3)" and inserting in lieu thereof "903(a)";

(B) in subsection (c)(1), by inserting "section" before "39(b)"; and

(C) in subsection (d), by striking out "(33 U.S.C. 18 and 21, respectively)" and inserting in lieu thereof "(33 U.S.C. 918 and 921)";

(2) in sections 8172 and 8173, by striking out "(33 U.S.C. 2(2))" and inserting in lieu thereof "(33 U.S.C. 902(2))"; and

(3) in section 8339(d)(7), by striking out "Court of Military Appeals" and inserting in lieu thereof "Court of Appeals for the Armed Forces".

(c) PUBLIC LAW 90-485.—Effective as of August 13, 1968, and as if included therein as originally enacted, section 1(6) of Public Law 90-485 (82 Stat. 753) is amended—

(1) by striking out the close quotation marks after the end of clause (4) of the matter inserted by the amendment made by that section; and

(2) by adding close quotation marks at the end.

(d) TITLE 37, UNITED STATES CODE.—Section 406(b)(1)(E) of title 37, United States Code, is amended by striking out "of this paragraph".

(e) BASE CLOSURE ACT.—Section 2910 of the Defense Base Closure and Realignment Act of 1990 (part A of title XXIX of Public Law 101-510; 10 U.S.C. 2687 note) is amended—

(1) by redesignating the second paragraph (10), as added by section 2(b) of the Base Closure Community Redevelopment and Homeless Assistance Act of 1994 (Public Law 103-421; 108 Stat. 4352), as paragraph (11); and

(2) in paragraph (11), as so redesignated, by striking out "section 501(h)(4)" and "11411(h)(4)" and inserting in lieu thereof "501(i)(4)" and "11411(i)(4)", respectively.

(f) PUBLIC LAW 103-421.—Section 2(e)(5) of Public Law 103-421 (108 Stat. 4354) is amended—

(1) by striking out "(A)" after "(5)"; and

(2) by striking out "clause" in subparagraph (B)(iv) and inserting in lieu thereof "clauses".

SEC. 1108. COORDINATION WITH OTHER AMENDMENTS.

For purposes of applying amendments made by provisions of this Act other than provisions of this title, this title shall be treated as having been enacted immediately before the other provisions of this Act.

MILITARY CONSTRUCTION AUTHORIZATION ACT FOR FISCAL YEAR 1996

The text of the bill (S. 1125) to authorize appropriations for fiscal year 1996 for military construction, and for other purposes, as passed by the Senate on September 6, 1995, is as follows:

S. 1125

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

SEC. 2001. SHORT TITLE.

This Act may be cited as the "Military Construction Authorization Act for Fiscal Year 1996".

SEC. 2002. TABLE OF CONTENTS.

The table of contents for the Act is as follows:

Sec. 2001. Short title.
Sec. 2002. Table of contents.

TITLE XXI—ARMY

Sec. 2101. Authorized Army construction and land acquisition projects.
Sec. 2102. Family housing.
Sec. 2103. Improvements to military family housing units.
Sec. 2104. Authorization of appropriations, Army.
Sec. 2105. Reduction in amounts authorized to be appropriated for fiscal year 1992 military construction projects.

TITLE XXII—NAVY

Sec. 2201. Authorized Navy construction and land acquisition projects.
Sec. 2202. Family housing.
Sec. 2203. Improvements to military family housing units.
Sec. 2204. Authorization of appropriations, Navy.
Sec. 2205. Revision of fiscal year 1995 authorization of appropriations to clarify availability of funds for Large Anechoic Chamber, Patuxent River Naval Warfare Center, Maryland.
Sec. 2206. Authority to carry out land acquisition project, Norfolk Naval Base, Virginia.
Sec. 2207. Acquisition of land, Henderson Hall, Arlington, Virginia.

TITLE XXIII—AIR FORCE

Sec. 2301. Authorized Air Force construction and land acquisition projects.
Sec. 2302. Family housing.
Sec. 2303. Improvements to military family housing units.
Sec. 2304. Authorization of appropriations, Air Force.
Sec. 2305. Reduction in amounts authorized to be appropriated for fiscal year 1992 military construction projects.

TITLE XXIV—DEFENSE AGENCIES

Sec. 2401. Authorized Defense Agencies construction and land acquisition projects.
Sec. 2402. Military housing private investment.
Sec. 2403. Improvements to military family housing units.
Sec. 2404. Energy conservation projects.
Sec. 2405. Authorization of appropriations, Defense Agencies.
Sec. 2406. Modification of authority to carry out fiscal year 1995 projects.
Sec. 2407. Reduction in amounts authorized to be appropriated for prior year military construction projects.

TITLE XXV—NORTH ATLANTIC TREATY ORGANIZATION INFRASTRUCTURE

Sec. 2501. Authorized NATO construction and land acquisition projects.
Sec. 2502. Authorization of appropriations, NATO.

TITLE XXVI—GUARD AND RESERVE FORCES FACILITIES

Sec. 2601. Authorized Guard and Reserve construction and land acquisition projects.

Sec. 2602. Reduction in amount authorized to be appropriated for fiscal year 1994 Air National Guard projects.

TITLE XXVII—EXPIRATION AND EXTENSION OF AUTHORIZATIONS

Sec. 2701. Expiration of authorizations and amounts required to be specified by law.
Sec. 2702. Extension of authorizations of certain fiscal year 1993 projects.
Sec. 2703. Extension of authorizations of certain fiscal year 1992 projects.
Sec. 2704. Effective date.

TITLE XXVIII—GENERAL PROVISIONS

Subtitle A—Military Construction Program and Military Family Housing Changes

Sec. 2801. Special threshold for unspecified minor construction projects to correct life, health, or safety deficiencies.
Sec. 2802. Clarification of scope of unspecified minor construction authority.
Sec. 2803. Temporary waiver of net floor area limitation for family housing acquired in lieu of construction.
Sec. 2804. Reestablishment of authority to waive net floor area limitation on acquisition by purchase of certain military family housing.
Sec. 2805. Temporary waiver of limitations on space by pay grade for military family housing units.
Sec. 2806. Increase in number of family housing units subject to foreign country maximum lease amount.
Sec. 2807. Expansion of authority for limited partnerships for development of military family housing.
Sec. 2808. Clarification of scope of report requirement on cost increases under contracts for military family housing construction.
Sec. 2809. Authority to convey damaged or deteriorated military family housing.
Sec. 2810. Energy and water conservation savings for the Department of Defense.
Sec. 2811. Alternative authority for construction and improvement of military housing.
Sec. 2812. Permanent authority to enter into leases of land for special operations activities.
Sec. 2813. Authority to use funds for certain educational purposes.

Subtitle B—Defense Base Closure and Realignment

Sec. 2821. In-kind consideration for leases at installations to be closed or realigned.
Sec. 2822. Clarification of authority regarding contracts for community services at installations being closed.
Sec. 2823. Clarification of funding for environmental restoration at installations approved for closure or realignment in 1995.
Sec. 2824. Authority to lease property requiring environmental remediation at installations approved for closure.
Sec. 2825. Final funding for Defense Base Closure and Realignment Commission.
Sec. 2826. Improvement of base closure and realignment process.
Sec. 2827. Exercise of authority delegated by the Administrator of General Services.
Sec. 2828. Lease back of property disposed from installations approved for closure or realignment.
Sec. 2829. Proceeds of leases at installations approved for closure or realignment.
Sec. 2830. Consolidation of disposal of property and facilities at Fort Holabird, Maryland.
Sec. 2830A. Land conveyance, property underlying Cummins Apartment Complex, Fort Holabird, Maryland.
Sec. 2830B. Interim leases of property approved for closure or realignment.
Sec. 2830C. Sense of the Congress regarding Fitzsimons Army Medical Center, Colorado.

Subtitle C—Land Conveyances

Sec. 2831. Land acquisition or exchange, Shaw Air Force Base, South Carolina.
Sec. 2832. Authority for Port Authority of State of Mississippi to use certain Navy property in Gulfport, Mississippi.
Sec. 2833. Conveyance of resource recovery facility, Fort Dix, New Jersey.
Sec. 2834. Conveyance of water and wastewater treatment plants, Fort Gordon, Georgia.
Sec. 2835. Conveyance of water treatment plant, Fort Pickett, Virginia.
Sec. 2836. Conveyance of electric power distribution system, Fort Irwin, California.
Sec. 2837. Land exchange, Fort Lewis, Washington.
Sec. 2838. Land conveyance, Naval Surface Warfare Center, Memphis, Tennessee.
Sec. 2839. Land conveyance, Radar Bomb Scoring Site, Forsyth, Montana.
Sec. 2840. Land conveyance, Radar Bomb Scoring Site, Powell, Wyoming.
Sec. 2841. Report on disposal of property, Fort Ord Military Complex, California.
Sec. 2842. Land conveyance, Navy property, Fort Sheridan, Illinois.
Sec. 2843. Land conveyance, Army Reserve property, Fort Sheridan, Illinois.
Sec. 2844. Land conveyance, Naval Communications Station, Stockton, California.
Sec. 2845. Land conveyance, William Langer Jewel Bearing Plant, Rolla, North Dakota.
Sec. 2846. Land exchange, United States Army Reserve Center, Gainesville, Georgia.

Subtitle D—Transfer of Jurisdiction and Establishment of Midewin National Tallgrass Prairie

Sec. 2851. Short title.
Sec. 2852. Definitions.
Sec. 2853. Establishment of Midewin National Tallgrass Prairie.
Sec. 2854. Transfer of management responsibilities and jurisdiction over Arsenal.
Sec. 2855. Disposal for industrial parks, a county landfill, and a national veterans cemetery and to the Administrator of General Services.
Sec. 2856. Continuation of responsibility and liability of the Secretary of the Army for environmental cleanup.
Sec. 2857. Degree of environmental cleanup.

Subtitle E—Other Matters

Sec. 2861. Department of Defense laboratory revitalization demonstration program.
Sec. 2862. Prohibition on joint civil aviation use of Miramar Naval Air Station, California.
Sec. 2863. Report on agreement relating to conveyance of land, Fort Belvoir, Virginia.
Sec. 2864. Residual value report.
Sec. 2865. Renovation of the Pentagon Reservation.

SEC. 2001. SHORT TITLE.

This division may be cited as the "Military Construction Authorization Act for Fiscal Year 1996".

TITLE XXI—ARMY

SEC. 2101. AUTHORIZED ARMY CONSTRUCTION AND LAND ACQUISITION PROJECTS.

(a) INSIDE THE UNITED STATES.—Using amounts appropriated pursuant to the authorization of appropriations in section 2104(a)(1), the Secretary of the Army may acquire real property and carry out military construction projects for the installations and locations inside the United States, and in the amounts, set forth in the following table:

Army: Inside the United States

State	Installation or Location	Amount
Arizona	Fort Huachuca	$16,000,000
California	Fort Irwin	$15,500,000
	Presidio of San Francisco	$3,000,000
Colorado	Fort Carson	$10,850,000
District of Columbia	Fort McNair	$13,500,000
	Walter Reed Army Medical Center	$4,300,000
Georgia	Fort Benning	$37,900,000
	Fort Gordon	$5,750,000
	Fort Stewart	$8,400,000
Hawaii	Schofield Barracks	$35,000,000
Kansas	Fort Riley	$15,300,000
Kentucky	Fort Campbell	$10,000,000
	Fort Knox	$5,600,000
New York	Watervliet Arsenal	$680,000

Army: Inside the United States—Continued

State	Installation or Location	Amount
North Carolina	Fort Bragg	$29,700,000
Oklahoma	Fort Sill	$6,300,000
South Carolina	Naval Weapons Station, Charleston	$25,700,000
	Fort Jackson	$32,000,000
Texas	Fort Hood	$32,500,000
	Fort Bliss	$48,000,000
Virginia	Fort Eustis	$16,400,000
Washington	Fort Lewis	$32,100,000
CONUS Classified	Classified Location	$1,900,000

(b) OUTSIDE THE UNITED STATES.—Using amount appropriated pursuant to the authorization of appropriations in section 2104(a)(2), the Secretary of the Army may acquire real property and carry out military construction projects for the installations and locations outside of the United States, and in the amounts, set forth in the following table:

Army: Outside the United States

Country	Installation or Location	Amount
Korea	Camp Casey	$4,150,000
	Camp Hovey	$13,500,000
	Camp Pelham	$5,600,000
	Camp Stanley	$6,800,000
	Yongsan	$4,500,000
Overseas Classified	Classified Location	$48,000,000
Worldwide	Host Nation Support	$20,000,000

SEC. 2102. FAMILY HOUSING.

(a) CONSTRUCTION AND ACQUISITION.—Using amounts appropriated pursuant to the authorization of appropriations in section 2104(a)(5)(A), the Secretary of the Army may construct or acquire family housing units (including land acquisition) at the installations, for the purposes, and in the amounts set forth in the following table:

Army: Family Housing

State	Installations	Purpose	Amount
Alaska	Fort Wainwright	Whole neighborhood revitalization.	$7,300,000
New Mexico	White Sands Missile Range	Whole neighborhood revitalization.	$3,400,000
New York	United States Military Academy, West Point	119 Units	$16,500,000
Washington	Fort Lewis	84 Units	$10,800,000

(b) PLANNING AND DESIGN.—Using amounts appropriated pursuant to the authorization of appropriations in section 2104(a)(5)(A), the Secretary of the Army may carry out architectural and engineering services and construction design activities with respect to the construction or improvement of family housing units in an amount not to exceed $2,340,000.

SEC. 2103. IMPROVEMENTS TO MILITARY FAMILY HOUSING UNITS.

Subject to section 2825 of title 10, United States Code, and using amounts appropriated pursuant to the authorization of appropriations in sections 2104(a)(5)(A), the Secretary of the Army may improve existing military family housing units in an amount not to exceed $26,212,000.

SEC. 2104. AUTHORIZATION OF APPROPRIATIONS, ARMY.

(a) IN GENERAL.—Funds are hereby authorized to be appropriated for fiscal years beginning after September 30, 1995, for military construction, land acquisition, and military family housing functions of the Department of the Army in the total amount of $2,033,858,000 as follows:

(1) For military construction projects inside the United States authorized by section 2101(a), $406,380,000.

(2) For military construction projects outside the United States authorized by section 2101(b), $102,550,000.

(3) For unspecified minor construction projects authorized by section 2805 of title 10, United States Code, $9,000,000.

(4) For architectural and engineering service and construction design under section 2807 of title 10, United States Code, $36,194,000.

(5) For military family housing functions:

(A) For construction and acquisition, planning and design, and improvement of military family housing and facilities, $66,552,000.

(B) For support of military family housing (including the functions described in section 2833 of title 10, United States Code), $1,337,596,000.

(6) For the Homeowners Assistance Program as authorized by section 2832 of title 10, United States Code, $75,586,000, to remain available until expended.

(b) LIMITATION ON TOTAL COST OF CONSTRUCTION PROJECTS.—Notwithstanding the cost variations authorized by section 2853 of title 10, United States Code, and any other cost variation authorized by law, the total cost of all projects carried out under section 2101 of this Act may not exceed the total amount authorized to be appropriated under paragraphs (1) and (2) of subsection (a).

SEC. 2105. REDUCTION IN AMOUNTS AUTHORIZED TO BE APPROPRIATED FOR FISCAL YEAR 1992 MILITARY CONSTRUCTION PROJECTS.

Section 2105(a) of the Military Construction Authorization Act for Fiscal Year 1992 (division B of Public Law 102-190; 105 Stat. 1511), as amended by section 2105(b)(2)(A) of the Military Construction Authorization Act for Fiscal Year 1994 (division B of Public Law 103-160; 107 Stat. 1859), is further amended in the matter preceding paragraph (1) by striking out "$2,571,974,000" and insert in lieu thereof "$2,565,729,000".

TITLE XXII—NAVY

SEC. 2201. AUTHORIZED NAVY CONSTRUCTION AND LAND ACQUISITION PROJECTS

(a) INSIDE THE UNITED STATES.—Using amounts appropriated pursuant to the authorization of appropriations in section 2204(a)(1), the Secretary of the Navy may acquire real property and carry out military construction projects for the installations and locations inside the United States, and in the amounts, set forth in the following table:

Navy: Inside the United States

State	Installation or Location	Amount
California	Camp Pendleton Marine Corps Base	$27,584,000
	China Lake Naval Air Warfare Center Weapons Division	$3,700,000
	Lemoore Naval Air Station	$7,600,000
	North Island Naval Air Station	$99,150,000
	Point Mugu Naval Air Warfare Center Weapons Division	$1,300,000
	San Diego Naval Command, Control, and Ocean Surveillance Center	$3,170,000
	San Diego Naval Station	$19,960,000
	Twentynine Palms Marine Corps Air-Ground Combat Center	$2,490,000
Florida	Eglin Air Force Base, Naval School Explosive Ordnance Disposal	$16,150,000
	Pensacola Naval Technical Training Center, Corry Station	$2,565,000

Navy: Inside the United States—Continued

State	Installation or Location	Amount
Georgia	Kings Bay Strategic Weapons Facility, Atlantic	$2,450,000
Hawaii	Honolulu Naval Computer and Telecommunications Area, Master Station Eastern Pacific	$1,980,000
	Pearl Harbor Intelligence Center Pacific	$2,200,000
	Pearl Harbor Naval Submarine Base	$22,500,000
Illinois	Great Lakes Naval Training Center	$12,440,000
Maryland	United States Naval Academy	$3,600,000
New Jersey	Lakehurst Naval Air Warfare Center Aircraft Division	$1,700,000
North Carolina	Camp LeJeune Marine Corps Base	$59,300,000
	Cherry Point Marine Corps Air Station	$11,430,000
	New River Marine Corps Air Station	$14,650,000
South Carolina	Beaufort Marine Corps Air Station	$15,000,000
Virginia	Henderson Hall, Arlington	$1,900,000
	Norfolk Naval Station	$10,580,000
	Portsmouth Naval Hospital	$9,500,000
	Quantico Marine Corps Combat Development Command	$3,500,000
	Williamsburg Fleet and Industrial Supply Center	$8,390,000
	Yorktown Naval Weapons Station	$1,300,000
Washington	Bremerton Puget Sound Naval Shipyard	$19,870,000
	Keyport Naval Undersea Warfare Center Division	$5,300,000
West Virginia	Naval Security Group Detachment, Sugar Grove	$7,200,000
CONUS Classified	Classified location	$1,200,000

(b) OUTSIDE THE UNITED STATES.—Using amounts appropriated pursuant to the authorization of appropriations in section 2204(a)(2), the Secretary of the Navy may acquire real property and carry out military construction projects for the installations and locations outside the United States, and in the amounts, set forth in the following table:

Navy: Outside the United States

Country	Installation or Location	Amount
Guam	Guam Navy Public Works Center	$16,180,000
	Naval Computer and Telecommunications Area, Master Station Western Pacific	$2,250,000
Italy	Naples Naval Support Activity	$24,950,000
	Sigonella Naval Air Station	$12,170,000
Puerto Rico	Roosevelt Roads Naval Station	$11,500,000
	Sabana Seca Naval Security Group Activity	$2,200,000

SEC. 2202. FAMILY HOUSING.

(a) CONSTRUCTION AND ACQUISITION.—Using amounts appropriated pursuant to the authorization of appropriations in section 2204(a)(6)(A), the Secretary of the Navy may construct or acquire family housing units (including land acquisition) at the installations, for the purposes, and in the amounts set forth in the following table:

Navy: Family Housing

State/Country	Installation	Purpose	Amount
California	Camp Pendleton Marine Corps Base	69 units	$10,000,000
	Camp Pendleton Marine Corps Base	Community Center	$1,438,000
	Camp Pendleton Marine Corps Base	Housing Office	$707,000
	Lemoore Naval Air Station	240 units	$34,900,000
	Point Mugu Pacific Missile Test Center	Housing Office	$1,020,000
	San Diego Public Works Center	346 units	$49,310,000
Hawaii	Oahu Naval Complex	252 units	$48,400,000
Maryland	Patuxent River Naval Air Test Center	Warehouse	$890,000
	United States Naval Academy	Housing Office	$800,000
North Carolina	Cherry Point Marine Corps Air Station	Community Center	$1,003,000
Pennsylvania	Mechanicsburg Navy Ships Parts Control Center	Housing Office	$300,000
Puerto Rico	Roosevelt Roads Naval Station	Housing Office	$710,000
Virginia	Dahlgren Naval Surface Warfare Center	Housing Office	$520,000
	Norfolk Public Works Center	320 units	$42,500,000
	Norfolk Public Works Center	Housing Office	$1,390,000
Washington	Bangor Naval Submarine Base	141 units	$4,890,000
West Virginia	Naval Security Group Detachment, Sugar Grove	23 units	$3,590,000

(b) PLANNING AND DESIGN.—Using amounts appropriated pursuant to the authorization of appropriation in section 2204(a)(6)(A), the Secretary of the Navy may carry out architectural and engineering services and construction design activities with respect to the construction or improvement of military family housing units in an amount not to exceed $24,390,000.

SEC. 2203. IMPROVEMENTS TO MILITARY FAMILY HOUSING UNITS.

Subject to section 2825 of title 10, United States Code, and using amounts appropriated pursuant to the authorization of appropriations in section 2204(a)(6)(A), the Secretary of the Navy may improve existing military family housing units in an amount not to exceed $259,489,000.

SEC. 2204. AUTHORIZATION OF APPROPRIATIONS, NAVY.

(a) IN GENERAL.—Funds are hereby authorized to be appropriated for fiscal years beginning after September 30, 1995, for military construction, land acquisition, and military family housing functions of the Department of the Navy in the total amount of $2,077,459,000 as follows:

(1) For military construction projects inside the United States authorized by section 2201(a), $399,659,000.

(2) For military construction projects outside the United States authorized by section 2201(b), $69,250,000.

(3) For the military construction project at Newport Naval War College, Rhode Island, authorized by section 2201(a) of the Military Construction Authorization Act for Fiscal Year 1995 (division B of Public Law 103-337; 108 Stat. 3031), $18,000,000.

(4) For unspecified minor construction projects authorized by section 2805 of title 10, United States Code, $7,200,000.

(5) For architectural and engineering services and construction design under section 2807 of title 10, United States Code, $48,774,000.

(6) For military family housing functions:

(A) For construction and acquisition, planning and design, and improvement of military family housing and facilities, $486,247,000.

(B) For support of military housing (including functions described in section 2833 of title 10, United States Code), $1,048,329,000.

(b) LIMITATION ON TOTAL COST OF CONSTRUCTION PROJECTS.—Notwithstanding the cost variations authorized by section 2853 of title 10, United States Code, and any other cost variation authorized by law, the total cost of all projects carried out under section 2201 of this Act may not exceed the total amount authorized to be appropriated under paragraphs (1) and (2) of subsection (a).

SEC. 2205. REVISION OF FISCAL YEAR 1995 AUTHORIZATION OF APPROPRIATIONS TO CLARIFY AVAILABILITY OF FUNDS FOR LARGE ANECHOIC CHAMBER, PATUXENT RIVER NAVAL WARFARE CENTER, MARYLAND.

Section 2204(a) of the Military Construction Authorization Act for Fiscal Year 1995 (division B of Public Law 103-337; 108 Stat. 3033) is amended—

(1) in the matter preceding paragraph (1), by striking out "$1,591,824,000" and inserting in lieu thereof "$1,601,824,000" and

(2) in paragraph (1), by striking out "$309,070,000" and inserting in lieu thereof "$319,070,000".

SEC. 2206. AUTHORITY TO CARRY OUT LAND ACQUISITION PROJECT, NORFOLK NAVAL BASE, VIRGINIA.

(a) AUTHORIZATION.—The table in section 2201(a) of the Military Construction Authorization Act for Fiscal Year 1993 (division B of Public Law 102-484; 106 Stat. 2589) is amended—

(1) in the item relating to Damneck, Fleet Combat Training Center, Virginia, by striking out "$19,427,000" in the amount column and inserting in lieu thereof "$14,927,000"; and

(2) by inserting after the item relating to Norfolk, Naval Air Station, Virginia, the following new item:

	Norfolk, Naval Base	$4,500,000

(b) EXTENSION OF PROJECT AUTHORIZATION.—Notwithstanding section 2701(a) of the Military Construction Authorization Act for Fiscal Year 1993 (106 Stat. 2602), the authorization for the project for Norfolk Naval Base, Virginia, as provided in section 2201(a) of that Act, as amended by subsection (a), shall remain in effect until October 1, 1996, or the date of the enactment of an Act authorizing funds for military construction for fiscal year 1997, whichever is later.

SEC. 2207. ACQUISITION OF LAND, HENDERSON HALL, ARLINGTON, VIRGINIA.

(a) AUTHORITY TO ACQUIRE.—Using funds available under section 2201(a), the Secretary of the Navy may acquire all right, title, and interest of any party in and to a parcel of real property, including an abandoned mausoleum, consisting of approximately 0.75 acres and located in Arlington, Virginia, the site of Henderson Hall.

(b) DEMOLITION OF MAUSOLEUM.—Using funds available under section 2201(a), the Secretary may—

(1) demolish the mausoleum located on the parcel acquired under subsection (a); and

(2) provide for the removal and disposition in an appropriate manner of the remains contained in the mausoleum.

(c) AUTHORITY TO DESIGN PUBLIC WORKS FACILITY.—Using funds available under section 2201(a), the Secretary may obtain architectural and engineering services and construction design for a warehouse and office facility for the Marine Corps to be constructed on the property acquired under subsection (a).

(d) DESCRIPTION OF PROPERTY.—The exact acreage and legal description of the real property authorized to be acquired under subsection (a) shall be determined by a survey that is satisfactory to the Secretary. The cost of the survey shall be borne by the Secretary.

(e) ADDITIONAL TERMS AND CONDITIONS.—The Secretary may require such additional terms and conditions in connection with the acquisition under subsection (a) as the Secretary considers appropriate to protect the interests of the United States.

TITLE XXIII—AIR FORCE

SEC. 2301. AUTHORIZED AIR FORCE CONSTRUCTION AND LAND ACQUISITION PROJECTS.

(a) INSIDE THE UNITED STATES.—Using amounts appropriated pursuant to the authorization of appropriations in section 2304(a)(1), the Secretary of the Air Force may acquire real property and carry out military construction projects for the installations and locations inside the United States, and in the amounts, set forth in the following table:

Air Force: Inside the United States

State	Installation or Location	Amount
Alabama	Maxwell Air Force Base	$5,200,000
Alaska	Eielson Air Force Base	$7,850,000
	Elmendorf Air Force Base	$9,100,000
	Tin City Long Range Radar Site	$2,500,000
Arizona	Davis Monthan Air Force Base	$4,800,000
	Luke Air Force Base	$5,200,000
Arkansas	Little Rock Air Force Base	$2,500,000
California	Beale Air Force Base	$7,500,000
	Edwards Air Force Base	$33,800,000
	Travis Air Force Base	$26,700,000
	Vandenberg Air Force Base	$6,000,000
Colorado	Buckley Air National Guard Base	$5,500,000
	Peterson Air Force Base	$4,390,000
	United States Air Force Academy	$9,150,000
Delaware	Dover Air Force Base	$5,500,000
District of Columbia	Bolling Air Force Base	$12,100,000
Florida	Cape Canaveral Air Force Station	$1,600,000
	Eglin Air Force Base	$14,500,000
	Tyndall Air Force Base	$1,200,000
Georgia	Moody Air Force Base	$25,190,000
	Robins Air Force Base	$17,900,000
Hawaii	Hickam Air Force Base	$10,700,000
Idaho	Mountain Home Air Force Base	$25,350,000
Illinois	Scott Air Force Base	$12,700,000
Kansas	McConnell Air Force Base	$9,450,000
Louisiana	Barksdale Air Force Base	$2,500,000
Maryland	Andrews Air Force Base	$12,886,000
Mississippi	Columbus Air Force Base	$1,150,000
	Keesler Air Force Base	$6,500,000
Missouri	Whiteman Air Force Base	$24,600,000
Nevada	Nellis Air Force Base	$20,050,000
New Jersey	McGuire Air Force Base	$16,500,000
New Mexico	Cannon Air Force Base	$10,420,000
	Holloman Air Force Base	$6,000,000
	Kirtland Air Force Base	$9,156,000
North Carolina	Pope Air Force Base	$8,250,000
	Seymour Johnson Air Force Base	$830,000
North Dakota	Grand Forks Air Force Base	$14,800,000
	Minot Air Force Base	$1,550,000
Ohio	Wright-Patterson Air Force Base	$4,100,000
Oklahoma	Altus Air Force Base	$4,800,000
	Tinker Air Force Base	$16,500,000
South Carolina	Charleston Air Force Base	$12,500,000
	Shaw Air Force Base	$1,300,000
South Dakota	Ellsworth Air Force Base	$7,800,000
Tennessee	Arnold Air Force Base	$5,000,000
Texas	Dyess Air Force Base	$5,400,000
	Kelly Air Force Base	$3,244,000
	Laughlin Air Force Base	$1,400,000
	Randolph Air Force Base	$3,100,000
	Reese Air Force Base	$1,200,000
	Sheppard Air Force Base	$1,500,000

Air Force: Inside the United States—Continued

State	Installation or Location	Amount
Utah	Hill Air Force Base	$12,600,000
Virginia	Langley Air Force Base	$1,000,000
Washington	Fairchild Air Force Base	$7,500,000
	McChord Air Force Base	$9,900,000
Wyoming	F.E. Warren Air Force Base	$9,000,000
CONUS Classified	Classified Location	$700,000

(b) OUTSIDE THE UNITED STATES.—Using amounts appropriated pursuant to the authorization of appropriations in section 2304(a)(2), the Secretary of the Air Force may acquire real property and carry out military construction projects for the installations and locations outside the United States, and in the amounts, set forth in the following table:

Air Force: Outside the United States

Country	Installation or Location	Amount
Germany	Spangdahlem Air Base	$8,380,000
	Vogelweh Annex	$2,600,000
Greece	Araxos Radio Relay Site	$1,950,000
Italy	Aviano Air Base	$2,350,000
	Ghedi Radio Relay Site	$1,450,000
Turkey	Ankara Air Station	$7,000,000
	Incirlik Air Base	$4,500,000
United Kingdom	Royal Air Force Lakenheath	$1,820,000
	Royal Air Force Mildenhall	$2,250,000
Outside the United States	Classified Location—Outside the United States	$17,100,000

SEC. 2302. FAMILY HOUSING.

(a) CONSTRUCTION AND ACQUISITION.—Using amounts appropriated pursuant to the authorization of appropriations in section 2304(a)(5)(A), the Secretary of the Air Force may construct or acquire family housing units (including land acquisition) at the installations, for the purposes, and in the amounts set forth in the following table:

Air Force: Family Housing

State/Country	Installation	Purpose	Amount
Alaska	Elmendorf Air Force Base	Housing Office/Maintenance Facility.	$3,000,000
Arizona	Davis Monthan Air Force Base	80 units	$9,498,000
Arkansas	Little Rock Air Force Base	Replace 1 General Officer Quarters.	$210,000
California	Beale Air Force Base	Family Housing Office	$842,000
	Edwards Air Force Base	67 units	$11,350,000
	Vandenberg Air Force Base	Family Housing Office	$900,000
	Vandenberg Air Force Base	143 units	$20,200,000
Colorado	Peterson Air Force Base	Family Housing Office	$570,000
District of Columbia	Bolling Air Force Base	32 units	$4,100,000
Florida	Eglin Air Force Base	Family Housing Office	$500,000
	Eglin Auxiliary Field 9	Family Housing Office/ Maintenance Facility.	$880,000
	MacDill Air Force Base	Family Housing Office	$646,000
	Patrick Air Force Base	70 units	$7,947,000
	Tyndall Air Force Base	52 units	$5,500,000
Georgia	Moody Air Force Base	2 Officer and 1 General Officer Quarters.	$513,000
	Robins Air Force Base	83 units	$9,800,000
Idaho	Mountain Home Air Force Base	Housing Management Facility.	$844,000
Kansas	McConnell Air Force Base	39 units	$5,193,000
Louisiana	Barksdale Air Force Base	62 units	$10,299,000
Massachusetts	Hanscom Air Force Base	32 units	$5,200,000
Mississippi	Keesler Air Force Base	98 units	$9,300,000
Missouri	Whiteman Air Force Base	72 units	$9,948,000
Nevada	Nellis Air Force Base	6 units	$1,357,000
	Nellis Air Force Base	57 units	$6,000,000
New Mexico	Holloman Air Force Base	1 General Officer Quarters	$225,000
	Kirtland Air Force Base	105 units	$11,000,000
North Carolina	Pope Air Force Base	104 units	$9,984,000
	Seymour Johnson Air Force Base	1 General Officer Quarters	$204,000
Ohio	Wright-Patterson Air Force Base	66 units	$5,900,000
South Carolina	Shaw Air Force Base	Housing Maintenance Facility.	$715,000
Texas	Dyess Air Force Base	Housing Maintenance Facility.	$580,000
	Lackland Air Force Base	67 units	$6,200,000
	Sheppard Air Force Base	Family Housing Office	$500,000
	Sheppard Air Force Base	Housing Maintenance Facility.	$600,000
Washington	McChord Air Force Base	50 units	$9,504,000
Guam	Andersen Air Force Base	Family Housing Office	$1,700,000
Turkey	Incirlik Air Base	150 units	$10,146,000

(b) PLANNING AND DESIGN.—Using amounts appropriated pursuant to the authorization of appropriations in section 2304(a)(5)(A), the Secretary of the Air Force may carry out architectural and engineering services and construction design activities with respect to the construction or improvement of military family housing units in an amount not to exceed $9,039,000.

SEC. 2303. IMPROVEMENTS TO MILITARY FAMILY HOUSING UNITS.

Subject to section 2825 of title 10, United States Code, and using amounts appropriated pursuant to the authorization of appropriations in section 2304(a)(5)(A), the Secretary of the Air Force may improve existing military family housing units in an amount not to exceed $97,071,000.

SEC. 2304. AUTHORIZATION OF APPROPRIATIONS, AIR FORCE.

(a) IN GENERAL.—Funds are hereby authorized to be appropriated for fiscal years beginning after September 30, 1995, for military

construction, land acquisition, and military family housing functions of the Department of the Air Force in the total amount of $1,740,704,000 as follows:

(1) For military construction projects inside the United States authorized by section 2301(a), $510,116,000.

(2) For military construction projects outside the United States authorized by section 2301(b), $49,400,000.

(3) For unspecified minor construction projects authorized by section 2805 of title 10, United States Code, $9,030,000.

(4) For architectural and engineering services and construction design under section 2807 of title 10, United States Code, $34,980,000.

(5) For military housing functions:

(A) For construction and acquisition, planning and design, and improvement of military family housing and facilities, $287,965,000.

(B) For support of military family housing (including the functions described in section 2833 of title 10, United States Code), $849,213,000.

(b) LIMITATION ON TOTAL COST OF CONSTRUCTION PROJECTS.—Notwithstanding the cost variations authorized by section 2853 of title 10, United States Code, and any other cost variation authorized by law, the total cost of all projects carried out under section 2301 of this Act may not exceed the total amount authorized to be appropriated under paragraphs (1) and (2) of subsection (a).

SEC. 2305. REDUCTION IN AMOUNTS AUTHORIZED TO BE APPROPRIATED FOR FISCAL YEAR 1992 MILITARY CONSTRUCTION PROJECTS.

Section 2305(a) of the Military Construction Authorization Act for Fiscal Year 1992 (division B of Public Law 102–190; 105 Stat. 1525), as amended by section 2308(a)(2)(A) of the Military Construction Authorization Act for Fiscal Year 1993 (division B of Public Law 102–484; 106 Stat. 2598) and by section 2305(a)(3)(A) of the Military Construction Authorization Act for Fiscal Year 1994 (division B of Public Law 103–160; 107 Stat. 1871), is further amended in the matter preceding paragraph (1) by striking out "$2,033,833,000" and inserting in lieu thereof "$2,017,828,000".

TITLE XXIV—DEFENSE AGENCIES

SEC. 2401. AUTHORIZED DEFENSE AGENCIES CONSTRUCTION AND LAND ACQUISITION PROJECTS.

(a) INSIDE THE UNITED STATES.—Using amounts appropriated pursuant to section 2405(a)(1), the Secretary of Defense may acquire real property and carry out military construction projects for the installations and locations inside the United States, and in the amounts, set forth in the following table:

Defense Agencies: Inside the United States

Agency	Installation Or Location	Amount
Ballistic Missile Defense Organization:		
	Fort Bliss, Texas	$13,600,000
Defense Finance & Accounting Service:		
	Columbus Center, Ohio	$72,403,000
Defense Intelligence Agency:		
	Bolling Air Force Base, District of Columbia	$1,743,000
Defense Logistics Agency:		
	Defense Distribution Anniston, Alabama	$3,550,000
	Defense Distribution Stockton, California	$15,000,000
	Defense Fuel Supply Center, Point Mugu, California	$750,000
	Defense Fuel Supply Center, Dover Air Force Base, Delaware	$15,554,000
	Defense Fuel Supply Center, Eglin Air Force Base, Florida	$2,400,000
	Defense Fuel Supply Center, Barksdale Air Force Base, Louisiana	$13,100,000
	Defense Fuel Supply Center, McGuire Air Force Base, New Jersey	$12,000,000
	Defense Distribution Depot, New Cumberland, Pennsylvania	$4,600,000
	Defense Distribution Depot, Norfolk, Virginia	$10,400,000
Defense Mapping Agency:		
	Defense Mapping Agency Aerospace Center, Missouri	$40,300,000
Defense Medical Facility Office:		
	Maxwell Air Force Base, Alabama	$10,000,000
	Luke Air Force Base, Arizona	$8,100,000
	Fort Irwin, California	$6,900,000
	Marine Corps Base, Camp Pendleton, California	$1,700,000
	Vandenberg Air Force Base, California	$5,700,000
	Dover Air Force Base, Delaware	$4,400,000
	Fort Benning, Georgia	$5,600,000
	Barksdale Air Force Base, Louisiana	$4,100,000
	Bethesda Naval Hospital, Maryland	$1,300,000
	Walter Reed Army Institute of Research, Maryland	$1,550,000
	Fort Hood, Texas	$5,500,000
	Lackland Air Force Base, Texas	$6,100,000
	Reese Air Force Base, Texas	$1,000,000
	Northwest Naval Security Group Activity, Virginia	$4,300,000
National Security Agency:		
	Fort Meade, Maryland	$18,733,000
Office of the Secretary of Defense:		
	Classified Location Inside the United States	$11,500,000
Department of Defense Dependents Schools:		
	Maxwell Air Force Base, Alabama	$5,479,000
	Fort Benning, Georgia	$1,116,000
	Fort Jackson, South Carolina	$576,000
Special Operations Command:		
	Marine Corps Air Station, Camp Pendleton, California	$5,200,000
	Eglin Air Force Base, Florida	$2,400,000
	Eglin Auxiliary Field 9, Florida	$14,150,000
	Fort Bragg, North Carolina	$9,400,000
	Olmstead Field, Harrisburg International Airport, Pennsylvania	$1,643,000
	Damneck, Virginia	$4,500,000
	Naval Amphibious Base, Little Creek, Virginia	$6,100,000

(b) OUTSIDE THE UNITED STATES.—Using amounts appropriated pursuant to section 2405(a)(2), the Secretary of Defense may acquire real property and carry out military construction projects for the installations and locations outside the United States, and in the amounts, set forth in the following table:

Defense Agencies: Outside the United States

Agency	Installation or Location	Amount
Defense Logistics Agency:		
	Defense Fuel Support Point, Roosevelt Roads, Puerto Rico	$6,200,000
	Defense Fuel Supply Center, Rota, Spain	$7,400,000
Defense Medical Facility Office:		
	Naval Support Activity, Naples, Italy	$5,000,000
Department of Defense Dependents Schools:		
	Ramstein Air Force Base, Germany	$19,205,000
	Naval Air Station, Sigonella, Italy	$7,595,000
National Security Agency:		

Defense Agencies: Outside the United States—Continued

Agency	Installation or Location	Amount
Special Operations Command:	Menwith Hill Station, United Kingdom	$677,000
	Naval Station, Guam	$8,800,000

SEC. 2402. MILITARY HOUSING PRIVATE INVESTMENT.

(a) AVAILABILITY OF FUNDS FOR INVESTMENT.—Of the amount authorized to be appropriated pursuant to section 2405(a)(11)(A) of this Act, $22,000,000 shall be available for crediting to the Department of Defense Housing Improvement Fund established by section 2883 of title 10, United States Code (as added by section 2811 of this Act).

(b) USE OF FUNDS.—Notwithstanding section 2883(c)(2) of title 10, United States Code (as so added), the Secretary of Defense may use funds credited to the Department of Defense Housing Improvement Fund under subsection (a) to carry out any activities authorized by subchapter IV of chapter 169 of such title (as so added).

SEC. 2403. IMPROVEMENTS TO MILITARY FAMILY HOUSING UNITS.

Subject to section 2825 of title 10, United States Code, and using amounts appropriated pursuant to the authorization of appropriation in section 2405(a)(11)(A), the Secretary of Defense may improve existing military family housing units in an amount not to exceed $3,772,000.

SEC. 2404. ENERGY CONSERVATION PROJECTS.

Using amounts appropriated pursuant to the authorization of appropriations in section 2405(a)(9), the Secretary of Defense may carry out energy conservation projects under section 2865 of title 10, United States Code.

SEC. 2405. AUTHORIZATION OF APPROPRIATIONS, DEFENSE AGENCIES.

(a) IN GENERAL.—Funds are hereby authorized to be appropriated for fiscal years beginning after September 30, 1995, for military construction, land acquisition, and military family housing functions of the Department of Defense (other than the military departments), in the total amount of $4,493,583,000 as follows:

(1) For military construction projects inside the United States authorized by section 2401(a), $317,444,000.

(2) For military construction projects outside the United States authorized by section 2401(b), $54,877,000.

(3) For military construction projects at Portsmouth Naval Hospital, Virginia, authorized by section 2401(a) of the Military Construction Authorization Act for Fiscal Years 1990 and 1991 (division B of Public Law 101–189; 103 Stat. 1640), $47,900,000.

(4) For military construction projects at Elmendorf Air Force Base, Alaska, hospital replacement, authorized by section 2401(a) of the Military Construction Authorization Act for Fiscal Year 1993 (division B of Public Law 102–484; 106 Stat. 2599), $28,100,000.

(5) For military construction projects at Walter Reed Army Institute of Research, Maryland, authorized by section 2401(a) of the Military Construction Authorization Act for Fiscal Year 1993 (division B of Public Law 102–484; 106 Stat. 2599), $27,000,000.

(6) For unspecified minor construction projects under section 2805 of title 10, United States Code, $23,007,000.

(7) For contingency construction projects of the Secretary of Defense under section 2804 of title 10, United States Code, $11,037,000.

(8) For architectural and engineering services and construction design under section 2807 of title 10, United States Code, $68,837,000.

(9) For energy conservation projects authorized by section 2404, $50,000,000.

(10) For base closure and realignment activities as authorized by the Defense Base Closure and Realignment Act of 1990 (part A of title XXIX of Public Law 101–510; 10 U.S.C. 2687 note), $3,799,192,000.

(11) For military family housing functions:

(A) For construction and acquisition and improvement of military family housing and facilities, $25,772,000.

(B) For support of military housing (including functions described in section 2833 of title 10, United States Code), $30,467,000, of which not more than $24,874,000 may be obligated or expended for the leasing of military family housing units worldwide.

(b) LIMITATION OF TOTAL COST OF CONSTRUCTION PROJECTS.—Notwithstanding the cost variation authorized by section 2853 of title 10, United States Code, and any other cost variations authorized by law, the total cost of all projects carried out under section 2401 of this Act may not exceed—

(1) the total amount authorized to be appropriated under paragraphs (1) and (2) of subsection (a); and

(2) $35,003,000 (the balance of the amount authorized under section 2401(a) for the construction of the Defense Finance and Accounting Service, Columbus Center, Ohio).

SEC. 2406. MODIFICATION OF AUTHORITY TO CARRY OUT FISCAL YEAR 1995 PROJECTS.

The table in section 2401 of the Military Construction Authorization Act for Fiscal Year 1995 (division B of the Public Law 103–337; 108 Stat. 3040) is amended—

(1) in the item relating to Pine Bluff Arsenal, Arkansas, by striking out "$3,000,000" in the amount column and inserting in lieu thereof "$97,000,000"; and

(2) in the item relating to Umatilla Army Depot, Oregon, by striking out "$12,000,000" in the amount column and inserting in lieu thereof "$179,000,000".

SEC. 2407. REDUCTION IN AMOUNTS AUTHORIZED TO BE APPROPRIATED FOR PRIOR YEAR MILITARY CONSTRUCTION PROJECTS.

(a) FISCAL YEAR 1991 AUTHORIZATIONS.—Section 2405(a) of the Military Construction Authorization Act for Fiscal Year 1991 (division B of Public Law 101–510; 104 Stat. 1779), as amended by section 2409(b)(1) of the Military Construction Authorization Act for Fiscal Year 1992 (division B of Public Law 102–190; 105 Stat. 1991), is further amended in the matter preceding paragraph (1) by striking out "$1,644,478,000" and inserting in lieu thereof "$1,641,244,000".

(b) FISCAL YEAR 1992 AUTHORIZATIONS.—Section 2404(a) of the Military Construction Authorization Act for Fiscal Year 1992 (105 Stat. 1531), as amended by section 2404(b)(1)(A) of the Military Construction Authorization Act for Fiscal Year 1994 (division B of Public Law 103–160; 107 Stat. 1877), is further amended in the matter preceding paragraph (1) by striking out "$1,665,440,000" and inserting in lieu thereof "$1,658,640,000".

(c) FISCAL YEAR 1993 AUTHORIZATIONS.—Section 2403(a) of the Military Construction Authorization Act for Fiscal Year 1993 (division B of Public Law 102–484; 106 Stat. 2600) is amended in the matter preceding paragraph (1) by striking out "$2,567,146,000" and inserting in lieu thereof "$2,558,556,000".

TITLE XXV—NORTH ATLANTIC TREATY ORGANIZATION INFRASTRUCTURE

SEC. 2501. AUTHORIZED NATO CONSTRUCTION AND LAND ACQUISITION PROJECTS.

The Secretary of Defense may make contributions for the North Atlantic Treaty Organization Infrastructure Program as provided in section 2806 of title 10, United States Code, in an amount not to exceed the sum of the amount authorized to be appropriated for this purpose in section 2502 and the amount collected from the North Atlantic Treaty Organization as a result of construction previously financed by the United States.

SEC. 2502. AUTHORIZATION OF APPROPRIATIONS, NATO.

Funds are hereby authorized to be appropriated for fiscal years beginning after September 30, 1995, for contributions by the Secretary of Defense under section 2806 of title 10, United States Code, for the share of the United States of the cost of projects for the North Atlantic Treaty Organization Infrastructure Program, as authorized by section 2501, in the amount of $179,000,000.

TITLE XXVI—GUARD AND RESERVE FORCES FACILITIES

SEC. 2601. AUTHORIZED GUARD AND RESERVE CONSTRUCTION AND LAND ACQUISITION PROJECTS.

There are authorized to be appropriated for fiscal years beginning after September 30, 1995, for the costs of acquisition, architectural and engineering services, and construction of facilities for the Guard and Reserve Forces, and for contributions therefore, under chapter 133 of title 10, United State Code (including the cost of acquisition of land for those facilities), the following amounts:

(1) For the Department of the Army—

(A) for the Army National Guard of the United States, $148,589,000; and

(B) for the Army Reserve, $79,895,000.

(2) For the Department of the Navy, for the Naval and Marine Corps Reserve, $7,920,000.

(3) For the Department of the Air Force—

(A) for the Air National Guard of the United States, $167,503,000; and

(B) for the Air Force Reserve, $35,132,000.

SEC. 2602. REDUCTION IN AMOUNT AUTHORIZED TO BE APPROPRIATED FOR FISCAL YEAR 1994 AIR NATIONAL GUARD PROJECTS.

Section 2601(3)(A) of the Military Construction Authorization Act for Fiscal Year 1994 (division B of Public Law 103–160; 107 Stat. 1878) is amended by striking out "$236,341,000" and inserting in lieu thereof "$229,641,000".

TITLE XXVII—EXPIRATION AND EXTENSION OF AUTHORIZATIONS

SEC. 2701. EXPIRATION OF AUTHORIZATIONS AND AMOUNTS REQUIRED TO BE SPECIFIED BY LAW.

(a) EXPIRATION OF AUTHORIZATIONS AFTER THREE YEARS.—Except as provided in subsection (b), all authorizations contained in titles XXI through XXVI for military construction projects, land acquisition, family

housing projects and facilities, and contributions to the North Atlantic Treaty Organization Infrastructure program (and authorizations of appropriations therefore) shall expire on the later of—

(1) October 1, 1998; or

(2) the date of the enactment of an Act authorizing funds for military construction for fiscal year 1999.

(b) EXCEPTION.—Subsection (a) shall not apply to authorizations for military construction projects, land acquisition, family housing projects and facilities, and contributions to the North Atlantic Treaty Organization Infrastructure program (and authorizations of appropriations therefor), for which appropriated funds have been obligated before the later of—

(1) October 1, 1998; or

(2) the date of the enactment of an Act authorizing funds for fiscal year 1999 for military construction projects, land acquisition, family housing projects and facilities, or contributions to the North Atlantic Treaty Organization Infrastructure program.

SEC. 2702. EXTENSION OF AUTHORIZATIONS OF CERTAIN FISCAL YEAR 1993 PROJECTS.

(a) EXTENSIONS.—Notwithstanding section 2701 of the Military Construction Authorization Act for Fiscal Year 1993 (division B of Public Law 102–484; 106 Stat. 2602), authorizations for the projects set forth in the tables in subsection (b), as provided in section 2101, 2102, 2103, or 2106 of that Act, shall remain in effect until October 1, 1996, or the date of the enactment of an Act authorizing funds for military construction for fiscal year 1997, whichever is later.

(b) TABLES.—The tables referred to in subsection (a) are as follows:

Army: Extension of 1993 Project Authorizations

State	Installation or Location	Project	Amount
Arkansas	Pine Bluff Arsenal	Ammunition Demilitarization Support Facility.	$15,000,000
Hawaii	Schofield Barracks	Add/Alter Sewage Treatment Plant.	$17,500,000
Virginia	Fort Picket	Family Housing (26 units)	$2,300,000

Navy: Extension of 1993 Project Authorizations

State	Installation or Location	Project	Amount
California	Camp Pendleton Marine Corps Base	Sewage Treatment Plant Modifications.	$19,740,000
Maryland	Patuxent River Naval Warfare Center	Large Anechoic Chamber, Phase I.	$60,990,000
Mississippi	Meridian Naval Air Station	Child Development Center	$1,100,000

Air Force: Extension of 1993 Project Authorizations

State	Installation or Location	Project	Amount
Arkansas	Little Rock Air Force Base	Fire Training Facility	$710,000
District of Columbia	Bolling Air Force Base	Civil Engineer Complex	$9,400,000
Mississippi	Keesler Air Force Base	Alter Student Dormitory	$3,100,000
Nebraska	Offut Air Force Base	Fire Training Facility	$840,000
North Carolina	Pope Air Force Base	Construct Bridge Road and Utilities.	$4,000,000
	Pope Air Force Base	Munitions Storage Complex	$4,300,000
South Carolina	Shaw Air Force Base	Fire Training Facility	$680,000
Virginia	Langley Air Force Base	Base Engineer Complex	$5,300,000
Guam	Andersen Air Base	Landfill	$10,000,000
Portugal	Lajes Field	Water Wells	$865,000
	Lajes Field	Fire Training Facility	$950,000

Army Reserve: Extension of 1993 Project Authorizations

State	Installation or Location	Project	Amount
West Virginia	Bluefield	United States Army Reserve Center.	$1,921,000
	Clarksburg	United States Army Reserve Center.	$5,358,000
	Grantville	United States Army Reserve Center.	$2,785,000
	Jane Lew	United States Army Reserve Center.	$1,566,000
	Lewisburg	United States Army Reserve Center.	$1,631,000
	Weirton	United States Army Reserve Center.	$3,481,000

Army National Guard: Extension of 1993 Project Authorizations

State	Installation or Location	Project	Amount
Alabama	Tuscaloosa	Armory	$2,273,000
	Union Springs	Armory	$813,000
California	Los Alamitos Armed Forces Reserve Center	Fuel Facility	$1,553,000
New Jersey	Fort Dix	State Headquarters	$4,750,000
Oregon	La Grande	Organizational Maintenance Shop.	$1,220,000
	La Grande	Armory Addition	$3,049,000
Rhode Island	North Kingston	Add/Alter Armory	$3,330,000

SEC. 2703. EXTENSION OF AUTHORIZATIONS OF CERTAIN FISCAL YEAR 1992 PROJECTS.

(a) EXTENSIONS.—Notwithstanding section 2701 of the Military Construction Authorization Act for Fiscal Year 1992 (division B of Public Law 102–190; 105 Stat. 1535), authorizations for the projects set forth in the tables in subsection (b), as provided in section 2101 or 2601 of that Act, and extended by section 2702 of the Military Construction Authorization Act for Fiscal Year 1995 (division B of Public Law 103–337; 108 Stat. 3047), shall remain in effect until October 1, 1996, or the date of the enactment of an Act authorizing funds for military construction for fiscal year 1997, whichever is later.

(b) TABLES.—The tables referred to in subsection (a) are as follows:

Army: Extension of 1992 Project Authorizations

State	Installation or Location	Project	Amount
Oregon	Umatilla Army Depot	Ammunition Demilitarization Support Facility.	$3,600,000
	Umatilla Army Depot	Ammunition Demilitarization Utilities.	$7,500,000

Army National Guard: Extension of 1992 Project Authorization

State	Installation or Location	Project	Amount
Ohio	Toledo	Armory	$3,183,000

Army Reserve: Extension of 1992 Project Authorization

State	Installation or Location	Project	Amount
Tennessee	Jackson	Joint Training Facility	$1,537,000

SEC. 2704. EFFECTIVE DATE.

Titles XXI, XXII, XXIII, XXIV, XXV, and XXVI shall take effect on the later of—

(1) October 1, 1995; or

(2) the date of the enactment of this Act.

TITLE XXVIII—GENERAL PROVISIONS

Subtitle A—Military Construction Program and Military Family Housing Changes

SEC. 2801. SPECIAL THRESHOLD FOR UNSPECIFIED MINOR CONSTRUCTION PROJECTS TO CORRECT LIFE, HEALTH, OR SAFETY DEFICIENCIES.

(a) SPECIAL THRESHOLD.—Section 2805 of title 10, United States Code, is amended—

(1) in subsection (a)(1), by adding at the end the following new sentence: "However, if the military construction project is intended solely to correct a life-, health-, or safety-threatening deficiency, a minor military construction project may have an approved cost equal to or less than $3,000,000."; and

(2) in subsection (c)(1), by striking out "not more than $300,000." and inserting in lieu thereof "not more than—

"(A) $1,000,000, in the case of an unspecified military construction project intended solely to correct a life-, health-, or safety-threatening deficiency; or

"(B) $300,000, in the case of other unspecified military construction projects.".

(b) TECHNICAL AMENDMENT.—Section 2861(b)(6) of such title is amended by striking out "section 2805(a)(2)" and inserting in lieu thereof "section 2805(a)(1)".

SEC. 2802. CLARIFICATION OF SCOPE OF UNSPECIFIED MINOR CONSTRUCTION AUTHORITY.

Section 2805(a)(1) of title 10, United States Code, as amended by section 2801 of this Act, is further amended by striking out "(1) that is for a single undertaking at a military installation, and (2)" in the second sentence.

SEC. 2803. TEMPORARY WAIVER OF NET FLOOR AREA LIMITATION FOR FAMILY HOUSING ACQUIRED IN LIEU OF CONSTRUCTION.

Section 2824(c) of title 10, United States Code, is amended by adding at the end the following sentence: "The limitation set forth in the preceding sentence does not apply to family housing units acquired under this section during the 5-year period beginning on the date of the enactment of the National Defense Authorization Act for Fiscal Year 1996.".

SEC. 2804. REESTABLISHMENT OF AUTHORITY TO WAIVE NET FLOOR AREA LIMITATION ON ACQUISITION BY PURCHASE OF CERTAIN MILITARY FAMILY HOUSING.

(a) REESTABLISHMENT.—Section 2826(e) of title 10, United States Code, is amended by striking out the second sentence.

(b) APPLICABILITY.—The Secretary concerned may exercise the authority provided in section 2826(e) of title 10, United States Code, as amended by subsection (a), on or after the date of the enactment of this Act.

(c) DEFINITION.—In this section, the term "Secretary concerned" has the meaning given such term in section 101(a)(9) of title 10, United States Code, and includes the meaning given such term in section 2801(b)(3) of such title.

SEC. 2805. TEMPORARY WAIVER OF LIMITATIONS ON SPACE BY PAY GRADE FOR MILITARY FAMILY HOUSING UNITS.

Section 2826 of title 10, United States Code, as amended by section 2804 of this Act, is further amended by adding at the end the following:

"(i)(1) This section does not apply to the construction, acquisition, or improvement of military family housing units during the 5-year period beginning on October 1, 1995.

"(2) The total number of military family housing units constructed, acquired, or improved during any fiscal year in the period referred to in paragraph (1) shall be the total number of such units authorized by law for that fiscal year.".

SEC. 2806. INCREASE IN NUMBER OF FAMILY HOUSING UNITS SUBJECT TO FOREIGN COUNTRY MAXIMUM LEASE AMOUNT.

(a) INCREASE IN NUMBER.—(1) Paragraph (1) of section 2828(e) of title 10, United States Code, is amended by striking out "300 units" in the first sentence and inserting in lieu thereof "450 units".

(2) Paragraph (2) of such section is amended by striking out "300 units" and inserting in lieu thereof "450 units".

(b) WAIVER FOR UNITS FOR INCUMBENTS OF SPECIAL POSITIONS AND OTHER PERSONNEL.—Paragraph (1) of such section is further amended by striking out "220 such units" in the second sentence and inserting in lieu thereof "350 such units".

SEC. 2807. EXPANSION OF AUTHORITY FOR LIMITED PARTNERSHIPS FOR DEVELOPMENT OF MILITARY FAMILY HOUSING.

(a) PARTICIPATION OF OTHER MILITARY DEPARTMENTS.—(1) Subsection (a)(1) of section 2837 of title 10, United States Code, is amended by striking out "of the naval service" and inserting in lieu thereof "of the Army, Navy, Air Force, and Marine Corps".

(2) Subsection (b)(1) of such section is amended by striking out "of the naval service" and inserting in lieu thereof "of the military department under the jurisdiction of such Secretary".

(b) ADMINISTRATION.—(1) Such subsection (a)(1) is further amended by striking out "the Secretary of the Navy" in the first sentence and inserting in lieu thereof "the Secretary of a military department".

(2) Subsection (c)(2) of such section is amended by striking out "the Secretary shall" in the first sentence and inserting in lieu thereof "the Secretary of the military department concerned shall".

(3) Subsection (f) of such section is amended by striking out "the Secretary carries out" and inserting in lieu thereof "the Secretary of a military department carries out".

(4) Subsection (g) of such section is amended by striking out "Secretary," and inserting in lieu thereof "Secretary of a military department,".

(c) ACCOUNT.—Subsection (d) of such section is amended to read as follows:

"(d) ACCOUNT.—(1) There is hereby established on the books of the Treasury an account to be known as the 'Defense Housing Investment Account'.

"(2) There shall be deposited into the account—

"(A) such funds as may be authorized for and appropriated to the account;

"(B) any proceeds received by the Secretary of a military department from the repayment of investments or profits on investments of the Secretary under subsection (a); and

"(C) any unobligated balances which remain in the Navy Housing Investment Account as of the date of the enactment of the National Defense Authorization Act for Fiscal Year 1996.

"(3) From such amounts as is provided in advance in appropriation Acts, funds in the account shall be available to the Secretaries of the military departments in amounts determined by the Secretary of Defense for contracts, investments, and expenses necessary for the implementation of this section.

"(4) The Secretary of a military department may not enter into a contract in connection with a limited partnership under subsection (a) or a collateral incentive agreement under subsection (b) unless a sufficient amount of the unobligated balance of the funds in the account is available to the Secretary, as of the time the contract is entered into, to satisfy the total obligations to be incurred by the United States under the contract.".

(d) TERMINATION OF NAVY HOUSING INVESTMENT BOARD.—Such section is further amended—

(1) by striking out subsection (e); and

(2) in subsection (h)—

(A) by striking out "(1)"; and

(B) by striking out paragraph (2).

(e) EXTENSION OF AUTHORITY.—Subsection (h) of such section, as amended by subsection (d) of this section, is further amended by striking out "September 30, 1999" and inserting in lieu thereof "September 30, 2000".

(f) CONFORMING AMENDMENT.—Subsection (g) of such section is further amended by

striking out "NAVY" in the subsection caption.

SEC. 2808. CLARIFICATION OF SCOPE OF REPORT REQUIREMENT ON COST INCREASES UNDER CONTRACTS FOR MILITARY FAMILY HOUSING CONSTRUCTION.

Subsection (d) of section 2853 of title 10, United States Code, is amended to read as follows:

"(d) The limitation on cost increases in subsection (a) does not apply to—

"(1) the settlement of a contractor claim under a contract; or

"(2) a within-scope modification to a contract, but only if—

"(A) the increase in cost is approved by the Secretary concerned; and

"(B) the Secretary concerned promptly submits written notification of the facts relating to the proposed increase in cost to the appropriate committees of Congress.".

SEC. 2809. AUTHORITY TO CONVEY DAMAGED OR DETERIORATED MILITARY FAMILY HOUSING.

(a) AUTHORITY.—(1) Subchapter III of chapter 169 of title 10, United States Code, is amended by inserting after section 2854 the following new section:

"§ 2854a. Conveyance of damaged or deteriorated military family housing; use of proceeds

"(a) AUTHORITY TO CONVEY.—(1) Subject to paragraph (3), the Secretary concerned may convey any family housing facility, including family housing facilities located in the United States and family housing facilities located outside the United States, that, due to damage or deterioration, is in a condition that is uneconomical to repair. Any conveyance of a family housing facility under this section may include a conveyance of the real property associated with the facility conveyed.

"(2) The authority of this section does not apply to family housing facilities located at military installations approved for closure under a base closure law or family housing facilities located at installation outside the United States at which the Secretary of Defense terminates operations.

"(3) The aggregate total value of the family housing facilities conveyed by the Department of Defense under the authority in this subsection in any fiscal year may not exceed $5,000,000.

"(4) For purposes of this subsection, a family housing facility is in a condition that is uneconomical to repair if the cost of the necessary repairs for the facility would exceed the amount equal to 70 percent of the cost of constructing a family housing facility to replace such facility.

"(b) CONSIDERATION.—(1) As consideration for the conveyance of a family housing facility under subsection (a), the person to whom the facility is conveyed shall pay the United States an amount equal to the fair market value of the facility conveyed, including any real property conveyed along with the facility.

"(2) The Secretary concerned shall determine the fair market value of any family housing facility and associated real property that is conveyed under subsection (a). Such determinations shall be final.

"(c) NOTICE AND WAIT REQUIREMENTS.—The Secretary concerned may not enter into an agreement to convey a family housing facility under this section until—

"(1) the Secretary submits to the appropriate committees of Congress, in writing, a justification for the conveyance under the agreement, including—

"(A) an estimate of the consideration to be provided the United States under the agreement;

"(B) an estimate of the cost of repairing the family housing facility to be conveyed; and

"(C) an estimate of the cost of replacing the family housing facility to be conveyed; and

"(2) a period of 21 calendar days has elapsed after the date on which the justification is received by the committees.

"(d) INAPPLICABILITY OF CERTAIN PROPERTY DISPOSAL LAWS.—The following provisions of law do not apply to the conveyance of a family housing facility under this section:

"(1) The provisions of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 471 et seq.).

"(2) The provisions of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11301 et seq.).

"(e) USE OF PROCEEDS.—(1) The proceeds of any conveyance of a family housing facility under this section shall be credited to the Department of Defense Military Housing Improvement Fund established under section 2883 of this title and available for the purposes described in paragraph (2).

"(2) The proceeds of a conveyance of a family housing facility under this section may be used for the following purposes:

"(A) To construct family housing units to replace the family housing facility conveyed under this section, but only to the extent that the number of units constructed with such proceeds does not exceed the number of units of military family housing of the facility conveyed.

"(B) To repair or restore existing military family housing.

"(C) To reimburse the Secretary concerned for the costs incurred by the Secretary in conveying the family housing facility.

"(3) Notwithstanding section 2883(c) of this title, proceeds in the account under this subsection shall be available under paragraph (1) for purposes described in paragraph (2) without any further appropriation.

"(f) DESCRIPTION OF PROPERTY.—The exact acreage and legal description of any family housing facility conveyed under this section, including any real property associated with such facility, shall be determined by such means as the Secretary concerned considers satisfactory, including by survey in the case of real property.

"(g) ADDITIONAL TERMS AND CONDITIONS.—The Secretary concerned may require such additional terms and conditions in connection with the conveyance of family housing facilities under this section as the Secretary considers appropriate to protect the interests of the United States.".

(2) The table of sections at the beginning of such subchapter is amended by inserting after the item relating to section 2854 the following new item:

"Sec. 2854a. Conveyance of damaged or deteriorated military family housing; use of proceeds.".

(b) CONFORMING AMENDMENT.—Section 204(h) of the Federal Property and Administrative Services Act 1949 (40 U.S.C. 485(h)) is amended—

(1) by redesignating paragraph (4) as paragraph (5); and

(2) by inserting after paragraph (3) the following new paragraph (4):

"(4) This subsection does not apply to family housing facilities covered by section 2854a of title 10, United States Code.".

SEC. 2810. ENERGY AND WATER CONSERVATION SAVINGS FOR THE DEPARTMENT OF DEFENSE.

(a) INCLUSION OF WATER EFFICIENT MAINTENANCE IN ENERGY PERFORMANCE PLAN.—Paragraph (3) of section 2865(a) of title 10, United States Code, is amended by striking out "energy efficient maintenance" and inserting in lieu thereof "energy efficient maintenance or water efficient maintenance".

(b) SCOPE OF TERM.—Paragraph (4) of such section is amended—

(1) in the matter preceding subparagraph (A), by striking out "'energy efficient maintenance'" and inserting in lieu thereof "'energy efficient maintenance or water efficient maintenance'";

(2) in subparagraph (A), by striking out "systems or industrial processes," in the matter preceding clause (i) and inserting in lieu thereof "systems, industrial processes, or water efficiency applications,"; and

(3) in subparagraph (B), by inserting "or water cost savings" before the period at the end.

SEC. 2811. ALTERNATIVE AUTHORITY FOR CONSTRUCTION AND IMPROVEMENT OF MILITARY HOUSING.

(a) ALTERNATIVE AUTHORITY TO CONSTRUCT AND IMPROVE MILITARY HOUSING.—(1) Chapter 169 of title 10, United States Code, is amended by adding at the end the following:

"SUBCHAPTER IV—ALTERNATIVE AUTHORITY FOR ACQUISITION AND IMPROVEMENT OF MILITARY HOUSING

"Sec.
"2871. Definitions.
"2872. General authority.
"2873. Direct loans and loan guarantees.
"2874. Leasing of housing to be constructed.
"2875. Investments in nongovernmental entities.
"2876. Rental guarantees.
"2877. Differential lease payments.
"2878. Conveyance or lease of existing property and facilities.
"2879. Interim leases.
"2880. Unit size and type.
"2881. Support facilities.
"2882. Assignment of members of the armed forces to housing units.
"2883. Department of Defense Housing Improvement Fund.
"2884. Reports.
"2885. Expiration of authority.

"§ 2871. Definitions

"In this subchapter:

"(1) The term 'base closure law' means the following:

"(A) Section 2687 of this title.

"(B) Title II of the Defense Authorization Amendments and Base Closure and Realignment Act (Public Law 100–526; 10 U.S.C. 2687 note).

"(C) The Defense Base Closure and Realignment Act of 1990 (part A of title XXIX of Public Law 101–510; 10 U.S.C. 2687 note).

"(2) The term 'Secretary concerned' includes the Secretary of Defense.

"(3) The term 'support facilities' means facilities relating to military housing units, including child care centers, day care centers, community centers, housing offices, maintenance complexes, dining facilities, unit offices, fitness centers, parks, and other similar facilities for the support of military housing.

"§ 2872. General authority

"In addition to any other authority provided under this chapter for the acquisition, construction, or improvement of military family housing or military unaccompanied housing, the Secretary concerned may exercise any authority or any combination of authorities provided under this subchapter in order to provide for the acquisition, construction, improvement, or rehabilitation by private persons of the following:

"(1) Family housing units on or near military installations within the United States and its territories and possessions.

"(2) Unaccompanied housing units on or near such military installations.

"§ 2873. Direct loans and loan guarantees

"(a) DIRECT LOANS.—(1) Subject to subsection (c), the Secretary concerned may make direct loans to persons in the private sector in order to provide funds to such persons for the acquisition, construction, improvement, or rehabilitation of housing units that the Secretary determines are suitable for use as military family housing or as military unaccompanied housing.

"(2) The Secretary concerned shall establish such terms and conditions with respect to loans made under this subsection as the Secretary considers appropriate to protect the interests of the United States, including the period and frequency for repayment of such loans and the obligations of the obligors on such loans upon default.

"(b) LOAN GUARANTEES.—(1) Subject to subsection (c), the Secretary concerned may guarantee a loan made to any person in the private sector if the proceeds of the loan are to be used by the person to acquire, construct, improve, or rehabilitate housing units that the Secretary determines are suitable for use as military family housing or as military unaccompanied housing.

"(2) The amount of a guarantee on a loan that may be provided under paragraph (1) may not exceed the amount equal to the lesser of—

"(A) the amount equal to 80 percent of the value of the project; or

"(B) the amount of the outstanding principal of the loan.

"(3) The Secretary concerned shall establish such terms and conditions with respect to guarantees of loans under this subsection as the Secretary considers appropriate to protect the interests of the United States, including the rights and obligations of obligors of such loans and the rights and obligations of the United States with respect to such guarantees.

"(c) LIMITATION ON DIRECT LOAN AND GUARANTEE AUTHORITY.—Direct loans and loan guarantees may be made under this section only to the extent that appropriations of budget authority to cover their cost (as defined in section 502(5) of the Federal Credit Reform Act of 1990 (2 U.S.C. 661a(5)) are made in advance, or authority is otherwise provided in appropriations Acts. If such appropriation or other authority is provided, there may be established a financing account (as defined in section 502(7) of such Act (2 U.S.C. 661a(7)) which shall be available for the disbursement of direct loans or payment of claims for payment on loan guarantees under this section and for all other cash flows to and from the Government as a result of direct loans and guarantees made under this section.

"§ 2874. Leasing of housing to be constructed

"(a) BUILD AND LEASE AUTHORIZED.—The Secretary concerned may enter into contracts for the lease of family housing units or unaccompanied housing units to be constructed, improved, or rehabilitated under this subchapter.

"(b) LEASE TERMS.—A contract under this section may be for any period that the Secretary concerned determines appropriate.

"§ 2875. Investments in nongovernmental entities

"(a) INVESTMENTS AUTHORIZED.—The Secretary concerned may make investments in nongovernmental entities carrying out projects for the acquisition, construction, improvement, or rehabilitation of housing units suitable for use as military family housing or as military unaccompanied housing.

"(b) FORMS OF INVESTMENT.—An investment under this section may take the form of a direct investment by the United States, an acquisition of a limited partnership interest by the United States, a purchase of stock or other equity instruments by the United States, a purchase of bonds or other debt instruments by the United States, or any combination of such forms of investment.

"(c) LIMITATION ON VALUE OF INVESTMENT.—(1) The cash amount of an investment under this section in a nongovernmental entity may not exceed an amount equal to 35 percent of the capital cost (as determined by the Secretary concerned) of the project or projects that the entity proposes to carry out under this section with the investment.

"(2) If the Secretary concerned conveys land or facilities to a nongovernmental entity as all or part of an investment in the entity under this section, the total value of the investment by the Secretary under this section may not exceed an amount equal to 45 percent of the capital cost (as determined by the Secretary) of the project or projects that the entity proposes to carry out under this section with the investment.

"(3) In this subsection, the term 'capital cost', with respect to a project for the acquisition, construction, improvement, or rehabilitation of housing, means the total amount of the costs included in the basis of the housing for Federal income tax purposes.

"(d) COLLATERAL INCENTIVE AGREEMENTS.—The Secretary concerned may enter into collateral incentive agreements with nongovernmental entities in which the Secretary makes an investment under this section to ensure that a suitable preference will be afforded members of the armed forces in the lease or purchase, as the case may be, of a reasonable number of the housing units covered by the investment.

"§ 2876. Rental guarantees

"The Secretary concerned may enter into agreements with private persons that acquire, construct, improve, or rehabilitate family housing units or unaccompanied housing units under this subchapter in order to assure—

"(1) the occupancy of such units at levels specified in the agreements; or

"(2) rental income derived from rental of such units at levels specified in the agreements.

"§ 2877. Differential lease payments

"The Secretary concerned, pursuant to an agreement entered into by the Secretary and a private lessor of family housing or unaccompanied housing to members of the armed forces, may pay the lessor an amount in addition to the rental payments for the housing made by the members as the Secretary determines appropriate to encourage the lessor to make the housing available to members of the armed forces as family housing or as unaccompanied housing.

"§ 2878. Conveyance or lease of existing property and facilities

"(a) CONVEYANCE OR LEASE AUTHORIZED.—The Secretary concerned may convey or lease property or facilities (including support facilities) to private persons for purposes of using the proceeds of such conveyance or lease to carry out activities under this subchapter.

"(b) INAPPLICABILITY TO PROPERTY AT INSTALLATION APPROVED FOR CLOSURE.—The authority of this section does not apply to property or facilities located on or near a military installation approved for closure under a base closure law.

"(c) TERMS AND CONDITIONS.—(1) The conveyance or lease of property or facilities under this section shall be for such consideration and upon such terms and conditions as the Secretary concerned considers appropriate for the purposes of this subchapter and to protect the interests of the United States.

"(2) As part or all of the consideration for a conveyance or lease under this section, the purchaser or lessor (as the case may be) may enter into an agreement with the Secretary to ensure that a suitable preference will be afforded members of the armed forces in the lease or sublease of a reasonable number of the housing units covered by the conveyance or lease, as the case may be, or in the lease of other suitable housing units made available by the purchaser or lessee.

"(d) INAPPLICABILITY OF CERTAIN PROPERTY MANAGEMENT LAWS.—The conveyance or lease of property or facilities under this section shall not be subject to the following provisions of law:

"(1) Section 2667 of this title.

"(2) The Federal Property and Administrative Services Act of 1949 (40 U.S.C. 471 et seq.).

"(3) Section 321 of the Act of June 30, 1932 (commonly known as the Economy Act) (47 Stat. 412, chapter 314; 40 U.S.C. 303b).

"(4) The Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11301 et seq.).

"§ 2879. Interim leases

"Pending completion of a project to acquire, construct, improve, or rehabilitate family housing units or unaccompanied housing units under this subchapter, the Secretary concerned may provide for the interim lease of such units of the project as are complete. The term of a lease under this section may not extend beyond the date of the completion of the project concerned.

"§ 2880. Unit size and type

"(a) CONFORMITY WITH SIMILAR HOUSING UNITS IN LOCALE.—The Secretary concerned shall ensure that the room patterns and floor areas of family housing units and unaccompanied housing units acquired, constructed, improved, or rehabilitated under this subchapter are generally comparable to the room patterns and floor areas of similar housing units in the locality concerned.

"(b) INAPPLICABILITY OF LIMITATIONS ON SPACE BY PAY GRADE.—(1) Section 2826 of this title does not apply to family housing units acquired, constructed, improved, or rehabilitated under this subchapter.

"(2) The regulations prescribed under section 2856 of this title do not apply to unaccompanied housing units acquired, constructed, improved, or rehabilitated under this subchapter.

"§ 2881. Support facilities

"Any project for the acquisition, construction, improvement, or rehabilitation of family housing units or unaccompanied housing units under this subchapter may include the acquisition, construction, or improvement of support facilities for the housing units concerned.

"§ 2882. Assignment of members of the armed forces to housing units

"(a) IN GENERAL.—The Secretary concerned may assign members of the armed forces to housing units acquired, constructed, improved, or rehabilitated under this subchapter.

"(b) EFFECT OF CERTAIN ASSIGNMENTS ON ENTITLEMENT TO HOUSING ALLOWANCES.—(1) Except as provided in paragraph (2), housing referred to in subsection (a) shall be considered as quarters of the United States or a housing facility under the jurisdiction of a uniformed service for purposes of section 403(b) of title 37.

"(2) A member of the armed forces who is assigned in accordance with subsection (a) to a housing unit not owned or leased by the United States shall be entitled to a basic allowance for quarters under section 403 of title 37 and, if in a high housing cost area, a variable housing allowance under section 403a of that title.

"(c) LEASE PAYMENTS THROUGH PAY ALLOTMENTS.—The Secretary concerned may require members of the armed forces who lease housing in housing units acquired, constructed, improved, or rehabilitated under this subchapter to make lease payments for such housing pursuant to allotments of the pay of such members under section 701 of title 37.

"§ 2883. Department of Defense Housing Improvement Fund

"(a) ESTABLISHMENT.—There is hereby established on the books of the Treasury an account to be known as the Department of Defense Housing Improvement Fund (in this section referred to as the 'Fund'). The Secretary of Defense shall administer the Fund as a single account.

"(b) CREDITS TO FUND.—There shall be credited to the Fund the following:

"(1) Funds appropriated to the Fund.

"(2) Any funds that the Secretary of Defense may, to the extent provided in appropriations Acts, transfer to the Fund from funds appropriated to the Department of Defense for family housing, except that such funds may be transferred only after the Secretary of Defense transmits written notice of, and justification for, such transfer to the appropriate committees of Congress.

"(3) Any funds that the Secretary of Defense may, to the extent provided in appropriations Acts, transfer to the Fund from funds appropriated to the Department of Defense for military unaccompanied housing or for the operation and maintenance of military unaccompanied housing, except that such funds may be transferred only after the Secretary of Defense transmits written notice of, and justification for, such transfer to the appropriate committees of Congress.

"(4) Proceeds from the conveyance or lease of property or facilities under section 2878 of this title.

"(5) Income from any activities under this subchapter, including interest on loans made under section 2873 of this title, income and gains realized from investments under section 2875 of this title, and any return of capital invested as part of such investments.

"(c) USE OF FUNDS.—(1) To the extent provided in appropriations Acts and except as provided in paragraphs (2) and (3), the Secretary of Defense may use amounts in the Fund to carry out activities under this subchapter (including activities required in connection with the planning, execution, and administration of contracts or agreements entered into under the authority of this subchapter) and may transfer funds to the Secretaries of the military departments to permit such Secretaries to carry out such activities.

"(2)(A) Funds in the fund that are derived from appropriations or transfers of funds for military family housing, or from income from activities under this subchapter with respect to such housing, may be used in accordance with paragraph (1) only to carry out activities under this subchapter with respect to military family housing.

"(B) Funds in the fund that are derived from appropriations or transfers of funds for military unaccompanied housing, or from income from activities under this subchapter with respect to such housing, may be used in accordance with paragraph (1) only to carry out activities under this subchapter with respect to military unaccompanied housing.

"(3) The Secretary may not enter into a contract or agreement to carry out activities under this subchapter unless the Fund contains sufficient amounts, as of the time the contract or agreement is entered into, to satisfy the total obligations to be incurred by the United States under the contract or agreement.

"(d) LIMITATION ON AMOUNT OF BUDGET AUTHORITY.—The total value in budget authority of all contracts, agreements, and investments undertaken using the authorities provided in this subchapter shall not exceed $1,000,000,000.

"§ 2884. Reports

"(a) PROJECT REPORTS.—The Secretary of Defense shall transmit to the appropriate committees of Congress a report on each contract or agreement for a project for the acquisition, construction, improvement, or rehabilitation of family housing units or unaccompanied housing units that the Secretary proposes to solicit under this subchapter. The report shall describe the project and the intended method of participation of the United States in the project and provide a justification of such method of participation.

"(b) ANNUAL REPORTS.—The Secretary of Defense shall include each year in the materials that the Secretary submits to Congress in support of the budget submitted by the President pursuant to section 1105 of title 31 the following:

"(1) A report on the expenditures and receipts during the preceding fiscal year from the Department of Defense Housing Improvement Fund established under section 2883 of this title.

"(2) A methodology for evaluating the extent and effectiveness of the use of the authorities under this subchapter during such preceding fiscal year.

"(3) A description of the objectives of the Department of Defense for providing military family housing and military unaccompanied housing for members of the armed forces.

"§ 2885. Expiration of authority

"The authority to enter into a transaction under this subchapter shall expire 5 years after the date of the enactment of the National Defense Authorization Act for Fiscal Year 1996.".

(2) The table of subchapters at the beginning of such chapter is amended by inserting after the item relating to subchapter III the following new item:

"IV. Alternative Authority for Acquisition and Improvement of Military Housing ..... 2870".

(b) FINAL REPORT.—Not later than March 1, 2000, the Secretary of Defense shall submit to the congressional defense committees a report on the use by the Secretary of Defense and the Secretaries of the military departments of the authorities provided by subchapter IV of chapter 169 of title 10, United States Code, as added by subsection (a). The report shall assess the effectiveness of such authority in providing for the construction and improvement of military family housing and military unaccompanied housing.

(c) CROSS REFERENCE AMENDMENT.—(1) Chapter 169 of title 10, United States Code, is further amended by inserting after section 2822 the following new section:

"§ 2822a. Additional authority relating to military housing

"For additional authority regarding the acquisition, construction, or improvement of military family housing and military unaccompanied housing, see subchapter IV of this chapter.".

(2) The table of sections at the beginning of subchapter II of such chapter is amended by inserting after the item relating to section 2822 the following new item:

"2822a. Additional authority relating to military housing.".

SEC. 2812. PERMANENT AUTHORITY TO ENTER INTO LEASES OF LAND FOR SPECIAL OPERATIONS ACTIVITIES.

(a) PERMANENT AUTHORITY.—Section 2680 of title 10, United States Code, is amended by striking out subsection (d).

(b) REPORTING REQUIREMENT.—Such section is further amended by adding at the end the following new subsection (d):

"(d) REPORTS.—Not later than March 1 of each year, the Secretary of Defense shall submit to the Committee on the Armed Services of the Senate and the Committee on National Security of the House of Representatives a report that—

"(1) identifies each leasehold interest acquired during the previous fiscal year under subsection (a); and

"(2) contains a discussion of each project for the construction or modification of facilities carried out pursuant to subsection (c) during such fiscal year.".

SEC. 2813. AUTHORITY TO USE FUNDS FOR CERTAIN EDUCATIONAL PURPOSES.

Section 2008 of title 10, United States Code, is amended by striking out "section 10" and all that follows through the period at the end and inserting in lieu thereof "construction, as defined in section 8013(3) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7713(3)), or to carry out section 8008 of such Act (20 U.S.C. 7708), relating to impact aid.".

Subtitle B—Defense Base Closure and Realignment

SEC. 2821. IN-KIND CONSIDERATION FOR LEASES AT INSTALLATIONS TO BE CLOSED OR REALIGNED.

Section 2667(f) of title 10, United States Code, is amended by adding at the end the following:

"(4) The Secretary concerned may accept under subsection (b)(5) services of a lessee for an entire installation to be closed or realigned under a base closure law, or for any part of such installation, without regard to the requirement in subsection (b)(5) that a substantial part of the installation be leased.".

SEC. 2822. CLARIFICATION OF AUTHORITY REGARDING CONTRACTS FOR COMMUNITY SERVICES AT INSTALLATIONS BEING CLOSED.

(a) 1988 LAW.—Section 204(b)(8)(A) of the Defense Authorization Amendments and Base Closure and Realignment Act (Public Law 100-526; 10 U.S.C. 2687 note) is amended—

(1) by striking out "may contract" and inserting in lieu thereof "may enter into agreements (including contracts, cooperative agreements, or other arrangements)"; and

(2) by adding at the end the following new sentence: "An agreement under the authority in the preceding sentence may provide for the reimbursement of the local government concerned by the Secretary for the cost

of any services provided under the agreement by that government.".

(b) 1990 LAW.—Section 2905(b)(8)(A) of the Defense Base Closure and Realignment Act of 1990 (part A of title XXIX of Public Law 101-510; 10 U.S.C. 2687 note) is amended—

(1) by striking out "may contract" and inserting in lieu thereof "may enter into agreements (including contracts, cooperative agreements, or other arrangements)"; and

(2) by adding at the end the following new sentence: "An agreement under the authority in the preceding sentence may provide for the reimbursement of the local government concerned by the Secretary for the cost of any services provided under the agreement by that government.".

SEC. 2823. CLARIFICATION OF FUNDING FOR ENVIRONMENTAL RESTORATION AT INSTALLATIONS APPROVED FOR CLOSURE OR REALIGNMENT IN 1995.

Subsection (e) of section 2906 of the Defense Base Closure and Realignment Act of 1990 (part A of title XXIX of Public Law 101-510; 10 U.S.C. 2687 note) is amended to read as follows:

"(e) ACCOUNT EXCLUSIVE SOURCE OF FUNDS FOR ENVIRONMENTAL RESTORATION PROJECTS.—(1) Except for funds deposited into the Account under subsection (a), and except as provided in paragraph (2), funds appropriated to the Department of Defense may not be used for purposes described in section 2905(a)(1)(C). The prohibition in this subsection shall expire upon the termination of the Secretary's authority to carry out a closure or realignment under this part.

"(2) Funds in the Defense Environmental Restoration Account established under section 2703(a) of title 10, United States Code, may be used in fiscal year 1996 for environmental restoration at installations approved for closure or realignment under this part in 1995.".

SEC. 2824. AUTHORITY TO LEASE PROPERTY REQUIRING ENVIRONMENTAL REMEDIATION AT INSTALLATIONS APPROVED FOR CLOSURE.

Section 120(h)(3) of the Comprehensive Environmental Response Compensation and Liability Act of 1980 (42 U.S.C. 9620(h)(3)) is amended in the matter following subparagraph (C)—

(1) by striking out the first sentence; and

(2) by adding at the end, flush to the paragraph margin, the following:

"The requirements of subparagraph (B) shall not apply in any case in which the person or entity to whom the real property is transferred is a potentially responsible party with respect to such property.

"The requirements of subparagraph (B) shall not apply in any case in which the transfer of the property occurs or has occurred by means of a lease, without regard to whether the lessee has agreed to purchase the property or whether the duration of the lease is longer than 55 years. In the case of a lease entered into after September 30, 1995, with respect to real property located at an installation approved for closure or realignment under a base closure law, the agency leasing the property, in consultation with the Administrator, shall determine before leasing the property that the property is suitable for lease, that the uses contemplated for the lease are consistent with protection of human health and the environment, and that there are adequate assurances that the United States will take all remedial action referred to in subparagraph (B) that has not been taken on the date of the lease.".

SEC. 2825. FINAL FUNDING FOR DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION.

Section 2902(k) of the Defense Base Closure and Realignment Act of 1990 (part A of title XXIX of Public Law 101-510; 10 U.S.C. 2687 note) is amended by adding at the end the following:

"(3)(A) The Secretary may transfer from the account referred to in subparagraph (B) such unobligated funds in that account as may be necessary for the Commission to carry out its duties under this part during October, November, and December 1995. Funds transferred under the preceding sentence shall remain available until December 31, 1995.

"(B) The account referred to in subparagraph (A) is the Department of Defense Base Closure Account established under section 207(a) of the Defense Authorization Amendments and Base Closure and Realignment Act (Public Law 100-526; 10 U.S.C. 2687 note).".

SEC. 2826. IMPROVEMENT OF BASE CLOSURE AND REALIGNMENT PROCESS.

(a) APPLICABILITY.—Subparagraph (A) of section 2905(b)(7) of the Defense Base Closure and Realignment Act of 1990 (part A of title XXIX of Public Law 101-510; 10 U.S.C. 2687 note) is amended by striking out "Determinations of the use to assist the homeless of buildings and property located at installations approved for closure under this part" and inserting in lieu thereof "Procedures for the disposal of buildings and property located at installations approved for closure or realignment under this part".

(b) REDEVELOPMENT AUTHORITIES.—Subparagraph (B) of such section is amended by adding at the end the following:

"(iii) The chief executive officer of the State in which an installation covered by this paragraph is located may assist in resolving any disputes among citizens or groups of citizens as to the individuals and groups constituting the redevelopment authority for the installation.".

(c) AGREEMENTS UNDER REDEVELOPMENT PLANS.—Subparagraph (F)(ii)(I) of such section is amended in the second sentence by striking out "the approval of the redevelopment plan by the Secretary of Housing and Urban Development under subparagraph (H) or (J)" and inserting in lieu thereof "the decision regarding the disposal of the buildings and property covered by the agreements by the Secretary of Defense under subparagraph (K) or (L)".

(d) REVISION OF REDEVELOPMENT PLANS.—Subparagraph (I) of such section is amended by inserting "the Secretary of Defense and" before "the Secretary of Housing and Urban Development" each place it appears.

(e) DISPOSAL OF BUILDINGS AND PROPERTY.—(1) Subparagraph (K) of such section is amended to read as follows:

"(K)(i) Upon receipt of a notice under subparagraph (H)(iv) or (J)(ii) of the determination of the Secretary of Housing and Urban Development that a redevelopment plan for an installation meets the requirements set forth in subparagraph (H)(i), the Secretary of Defense shall dispose of the buildings and property at the installation.

"(ii) For purposes of carrying out an environmental assessment of the closure or realignment of an installation, the Secretary shall treat the redevelopment plan for the installation (including the aspects of the plan providing for disposal to State or local governments, representatives of the homeless, and other interested parties) as part of the proposed Federal action for the installation.

"(iii) The Secretary shall dispose of buildings and property under clause (i) in accordance with the record of decision or other decision document prepared by the Secretary in accordance with the National Environmental Policy Act of 1969 (42 U.S.C. 4331 et seq.) In preparing the record of decision or other decision document, the Secretary shall give substantial deference to the redevelopment plan concerned.

"(iv) The disposal under clause (i) of buildings and property to assist the homeless shall be without consideration.

"(v) In the case of a request for a conveyance under clause (i) of buildings and property for public benefit under section 203(k) of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 484(k)) and subchapter II of chapter 471 of title 49, United States Code, the applicant and use proposed in the request shall be determined to be eligible for the public benefit conveyance under the eligibility criteria set forth in such section or such subchapter. The determination of such eligibility should be made before the redevelopment plan concerned under subparagraph (G) ".

(2) Subparagraph (L) of such section is amended by striking out clauses (iii) and (iv) and inserting in lieu thereof the following new clauses (iii) and (iv):

"(iii) Not later than 90 days after the date of the receipt of a revised plan for an installation under subparagraph (J), the Secretary of Housing and Urban Development shall—

"(I) notify the Secretary of Defense and the redevelopment authority concerned of the buildings and property at an installation under clause (i)(IV) that the Secretary of Housing and Urban Development determines are suitable for use to assist the homeless; and

"(II) notify the Secretary of Defense of the extent to which the revised plan meets the criteria set forth in subparagraph (H)(i).

"(iv)(I) Upon notice from the Secretary of Housing and Urban Development with respect to an installation under clause (iii), the Secretary of Defense shall, after consultation with the Secretary of Housing and Urban Development and redevelopment authority concerned, dispose of buildings and property at the installation.

"(II) For purposes of carrying out an environmental assessment of the closure or realignment of an installation, the Secretary shall treat the redevelopment plan for the installation (including the aspects of the plan providing for disposal to State or local governments, representatives of the homeless, and other interested parties) as part of the proposed Federal action for the installation.

"(III) The Secretary shall dispose of buildings and property under subclause (I) in accordance with the record of decision or other decision document prepared by the Secretary in accordance with the National Environmental Policy Act of 1969 (42 U.S.C. 4331 et seq.) In preparing the record of decision or other decision document, the Secretary shall give deference to the redevelopment plan concerned.

"(IV) The disposal under subclause (I) of buildings and property to assist the homeless shall be without consideration.

"(V) In the case of a request for a conveyance under clause (i) of buildings and property for public benefit under section 203(k) of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 484(k)) and subchapter II of chapter 471 of title 49, United States Code, the applicant and use proposed in the request shall be determined to

be eligible for the public benefit conveyance under the eligibility criteria set forth in such section or such subchapter. The determination of such eligibility should be made before the redevelopment plan concerned under subparagraph (G) ".

(f) CONFORMING AMENDMENT.—Subparagraph (M)(i) of such section is amended by inserting "or (L)" after "subparagraph (K)".

(g) CLARIFICATION OF PARTICIPANTS IN PROCESS.—Such section is further amended by adding at the end the following:

"(P) For purposes of this paragraph, the term 'other interested parties', in the case of an installation, includes any parties eligible for the conveyance of property of the installation under section 203(k) of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 484(k)) or subchapter II of chapter 471 of title 49, United States Code, whether or not the parties assist the homeless.".

(h) TECHNICAL AMENDMENTS.—Section 2910 of such Act is amended—

(1) by designating the paragraph (10) added by section 2(b) of the Base Closure Community Redevelopment and Homeless Assistance Act of 1994 (Public Law 103–421; 108 Stat. 4352) as paragraph (11); and

(2) in such paragraph, as so designated, by striking out "section 501(h)(4) of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11411(h)(4))" and inserting in lieu thereof "section 501(i)(4) of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11411(i)(4))".

SEC. 2827. EXERCISE OF AUTHORITY DELEGATED BY THE ADMINISTRATOR OF GENERAL SERVICES.

Section 2905(b)(2) of the Defense Base Closure and Realignment Act of 1990 (part A of title XXIX of Public Law 101–510; 10 U.S.C. 2687 note) is amended—

(1) in subparagraph (A)—

(A) by striking out "Subject to subparagraph (C)" in the matter preceding clause (i) and inserting in lieu thereof "Subject to subparagraph (B)"; and

(B) by striking out "in effect on the date of the enactment of this Act" each place it appears in clauses (i) and (ii);

(2) by striking out subparagraphs (B) and (C) and inserting in lieu thereof the following new subparagraph (B):

"(B) The Secretary may, with the concurrence of the Administrator of General Services—

"(i) prescribe general policies and methods for utilizing excess property and disposing of surplus property pursuant to the authority delegated under paragraph (1); and

"(ii) issue regulations relating to such policies and methods which regulations supersede the regulations referred to in subparagraph (A) with respect to that authority."; and

(3) by redesignating subparagraphs (D) and (E) as subparagraphs (C) and (D), respectively.

SEC. 2828. LEASE BACK OF PROPERTY DISPOSED FROM INSTALLATIONS APPROVED FOR CLOSURE OR REALIGNMENT.

(a) AUTHORITY.—Section 2905(b)(4) of the Defense Base Closure and Realignment Act of 1990 (part A of title XXIX of Public Law 101–510; 10 U.S.C. 2687 note) is amended—

(1) by redesignating subparagraphs (C), (D), and (E) as subparagraphs (D), (E), and (F), respectively; and

(2) by inserting after subparagraph (B) the following new subparagraph (C):

"(C)(i) The Secretary may transfer real property at an installation approved for closure or realignment under this part (including property at an installation approved for realignment which property will be retained by the Department of Defense or another Federal agency after realignment) to the redevelopment authority for the installation if the redevelopment authority agrees to lease, directly upon transfer, all or a significant portion of the property transferred under this subparagraph to the Secretary or to the head of another department or agency of the Federal Government. Subparagraph (B) shall apply to a transfer under this subparagraph.

"(ii) A lease under clause (i) shall be for a term of not to exceed 50 years, but may provide for options for renewal or extension of the term by the department or agency concerned.

"(iii) A lease under clause (i) may not require rental payments by the United States.

"(iv) A lease under clause (i) shall include a provision specifying that if the department or agency concerned ceases requiring the use of the leased property before the expiration of the term of the lease, the remainder of the lease term may, upon approval by the redevelopment authority concerned, be satisfied by the same or another department or agency of the Federal Government using the property for a use similar to the use under the lease.".

(b) USE OF FUNDS TO IMPROVE LEASED PROPERTY.—Notwithstanding any other provision of law, a department or agency of the Federal Government that enters into a lease of property under section 2905(b)(4)(C) of the such Act, as amended by subsection (a), may use funds appropriated or otherwise available to the department or agency for such purpose to improve the leased property.

SEC. 2829. PROCEEDS OF LEASES AT INSTALLATIONS APPROVED FOR CLOSURE OR REALIGNMENT.

(a) INTERIM LEASES.—Section 2667(d) of title 10, United States Code, is amended—

(1) in paragraph (1)(A)—

(A) by striking out "and" at the end of clause (i);

(B) by striking out the period at the end of clause (ii) and inserting in lieu thereof "; and"; and

(C) by adding at the end the following:

"(iii) money rentals referred to in paragraph (5).."; and

(2) by adding at the end the following:

"(5) Money rentals received by the United States under subsection (f) shall be deposited in the Department of Defense Base Closure Account 1990 established under section 2906(a) of the Defense Base Closure and Realignment Act of 1990 (part A of title XXIX of Public Law 101–510; 10 U.S.C. 2687 note).".

(b) DEPOSIT IN 1990 ACCOUNT.—Section 2906(a)(2) of the Defense Base Closure and Realignment Act of 1990 (part A of title XXIX of Public Law 101–510; 10 U.S.C. 2687 note) is amended—

(1) in subparagraph (C)—

(A) by striking out "transfer or disposal" and inserting in lieu thereof "transfer, lease, or other disposal"; and

(B) by striking out "and" at the end;

(2) in subparagraph (D)—

(A) by striking out "transfer or disposal" and inserting in lieu thereof "transfer, lease, or other disposal"; and

(B) by striking out the period at the end and inserting in lieu thereof "; and"; and

(3) by adding at the end the following:

"(E) money rentals received by the United States under section 2667(f) of title 10, United States Code.".

SEC. 2830. CONSOLIDATION OF DISPOSAL OF PROPERTY AND FACILITIES AT FORT HOLABIRD, MARYLAND.

(a) CONSOLIDATION.—Notwithstanding any other provision of law, the Secretary of Defense shall dispose of the property and facilities at Fort Holabird, Maryland, described in subsection (b) in accordance with subparagraph (2)(e) of the Base Closure Community Redevelopment and Homeless Assistance Act of 1994 (P.L. 103–421), treating the property described in subsection (b) as if the CEO of the State had submitted a timely request to the Secretary of Defense under subparagraph (2)(e)(1)(B)(ii) of the Base Closure Community Redevelopment and Homeless Assistance Act of 1994 (P.L. 103–421).

(b) COVERED PROPERTY AND FACILITIES.—Subsection (a) applies to the following property and facilities at Fort Holabird, Maryland:

(1) Property and facilities that were approved for closure or realignment under the 1988 base closure law that are not disposed of as of the date of the enactment of this Act, including buildings 305 and 306 and the parking lots and other property associated with such buildings.

(2) Property and facilities that are approved for closure or realignment under the 1990 base closure law in 1995.

(c) USE OF SURVEYS AND OTHER EVALUATIONS OF PROPERTY.—In carrying out the disposal of the property and facilities referred to in subsection (b)(1), the Secretary shall utilize any surveys and other evaluations of such property and facilities that are prepared by the Corps of Engineers before the date of the enactment of this Act as part of the process for the disposal of such property and facilities under the 1988 base closure law.

(d) DEFINITIONS.—In this section:

(1) The term "1988 base closure law" means title II of the Defense Authorization Amendments and Base Closure and Realignment Act (Public Law 100–526; 10 U.S.C. 2687 note).

(2) The term "1990 base closure law" means the Defense Base Closure and Realignment Act of 1990 (part A of title XXIX of Public Law 101–510; 10 U.S.C. 2687 note).

SEC. 2830A. LAND CONVEYANCE, PROPERTY UNDERLYING CUMMINS APARTMENT COMPLEX, FORT HOLABIRD, MARYLAND.

(a) CONVEYANCE AUTHORIZED.—Notwithstanding any other provision of law, the Secretary of the Army may convey to the existing owner of the improvements thereon all right, title, and interest of the United States in and to a parcel of real property underlying the Cummins Apartment Complex at Fort Holabird, Maryland, consisting of approximately 6 acres and any interest the United States may have in the improvements thereon.

(b) CONSIDERATION.—As consideration for the conveyance under subsection (a), the owner of the improvements referred to in that subsection shall provide compensation to the United States in an amount equal to the fair market value (as determined by the Secretary) of the property interest to be conveyed.

(c) DESCRIPTION OF PROPERTY.—The exact acreage and legal description of the real property to be conveyed under subsection (a) shall be determined by a survey that is satisfactory to the Secretary.

(d) ADDITIONAL TERMS AND CONDITIONS.—The Secretary may require such additional terms and conditions in connection with the conveyance under subsection (a) as the Secretary considers appropriate to protect the interests of the United States.

SEC. 2830B. INTERIM LEASES OF PROPERTY APPROVED FOR CLOSURE OR REALIGNMENT.

Section 2667(f) of title 10, United States Code, is amended by adding at the end the following:

"(4)(A) Notwithstanding the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.), the scope of any environmental impact analysis necessary to support an interim lease of property under this subsection shall be limited to the environmental consequences of activities authorized under the proposed lease and the cumulative impacts of other past, present, and reasonably foreseeable future actions during the period of the proposed lease.

"(B) Interim leases entered into under this subsection shall be deemed not to prejudice the final property disposal decision, even if final property disposal may be delayed until completion of the interim lease term. An interim lease under this subsection shall not be entered into without prior consultation with the redevelopment authority concerned.

"(C) The provisions of subparagraphs (A) and (B) shall not apply to an interim lease under this subsection if authorized activities under the lease would—

"(i) significantly effect the quality of the human environment; or

"(ii) irreversibly alter the environment in a way that would preclude any reasonable disposal alternative of the property concerned.".

SEC. 2830C. SENSE OF THE CONGRESS REGARDING FITZSIMONS ARMY MEDICAL CENTER, COLORADO.

(a) FINDINGS.—The Congress finds that—

(1) Fitzsimons Army Medical Center in Aurora, Colorado has been recommended for closure in 1995 under the Defense Base Closure and Realignment Act of 1990;

(2) The University of Colorado Health Sciences Center and the University of Colorado Hospital Authority are in urgent need of space to maintain their ability to deliver health care to meet the growing demand for their services;

(3) Reuse of the Fitzsimons facility at the earliest opportunity would provide significant benefit to the cities of Aurora and Denver; and

(4) Reuse of the Fitzsimons facility by the local community ensures that the property is fully utilized by providing a benefit to the community.

(b) SENSE OF CONGRESS.—Therefore, it is the sense of Congress that upon acceptance of the Base Closure list:

(1) The Federal screening process for all military installations, including Fitzsimons Army Medical Center should be accomplished at the earliest opportunity;

(2) To the extent possible, the Secretary of the military departments should consider on an expedited basis transferring appropriate facilities to Local Redevelopment Authorities while still operational to ensure continuity of use to all parties concerned, in particular, the Secretary of the Army should consider an expedited transfer of Fitzsimons Army Medical Center because of significant preparations underway by the Local Redevelopment Authority;

(3) The Secretaries should not enter into leases with Local Redevelopment Authorities until the Secretary concerned has established that the lease falls within the categorical exclusions established by the Military Departments pursuant to the National Environmental Policy Act (42 U.S.C. 4321 et seq.);

(4) This section is in no way intended to circumvent the decisions of the 1995 BRAC or other applicable laws.

(c) REPORT.—180 days after the enactment of this Act the Secretary of the Army shall provide a report to the appropriate committees of the Congress on the Fitzsimons Army Medical Center that covers:

(1) The results of the Federal screening process for Fitzsimons and any actions that have been taken to expedite the review;

(2) Any impediments raised during the Federal screening process to the transfer or lease of Fitzsimons Army Medical Center;

(3) Any actions taken by the Secretary of the Army to lease the Fitzsimons Army Medical Center to the local redevelopment authority;

(4) The results of any environmental reviews under the National Environmental Policy Act in which such a lease would fall into the categorical exclusions established by the Secretary of the Army; and

(5) The results of the environmental baseline survey and a finding of suitability or nonsuitability.

Subtitle C—Land Conveyances

SEC. 2831. LAND ACQUISITION OR EXCHANGE, SHAW AIR FORCE BASE, SOUTH CAROLINA.

(a) LAND ACQUISITION.—The Secretary of the Air Force may, by means of an exchange of property, acceptance as a gift, or other means that does not require the use of appropriated funds, acquire all right, title, and interest in and to a parcel of real property (together with any improvements thereon) consisting of approximately 1,100 acres that is located adjacent to the eastern end of Shaw Air Force Base, South Carolina, and extends to Stamey Livestock Road in Sumter County, South Carolina.

(b) ACQUISITION THROUGH EXCHANGE OF LANDS.—For purposes of acquiring the real property described in subsection (a) by means of an exchange of lands, the Secretary may convey all right, title, and interest of the United States in and to a parcel of real property in the possession of the Air Force if—

(1) the Secretary determines that the land exchange is in the best interests of the Air Force; and

(2) the fair market value of the Air Force parcel to be conveyed does not exceed the fair market value of the parcel to be acquired.

(c) REVERSION OF GIFT CONVEYANCE.—If the Secretary acquires the real property described in subsection (a) by way of gift, the Secretary may accept in the deed of conveyance terms or conditions requiring that the land be reconveyed to the donor, or the donor's heirs, if Shaw Air Force Base ceases operations and is closed.

(d) DETERMINATIONS OF FAIR MARKET VALUE.—The Secretary shall determine the fair market value of the parcels of real property to be acquired pursuant to subsection (a) or acquired and conveyed pursuant to subsection (b). Such determinations shall be final.

(e) DESCRIPTIONS OF PROPERTY.—The exact acreage and legal descriptions of the parcels of real property to be acquired pursuant to subsection (a) or acquired and conveyed pursuant to subsection (b) shall be determined by surveys that are satisfactory to the Secretary.

(f) ADDITIONAL TERMS AND CONDITIONS.—The Secretary may require such additional terms and conditions in connection with the acquisition under subsection (a) or the acquisition and conveyance under subsection (b) as the Secretary considers appropriate to protect the interests of the United States.

SEC. 2832. AUTHORITY FOR PORT AUTHORITY OF STATE OF MISSISSIPPI TO USE CERTAIN NAVY PROPERTY IN GULFPORT, MISSISSIPPI.

(a) JOINT USE AGREEMENT AUTHORIZED.—The Secretary of the Navy may enter into an agreement with the Port Authority of the State of Mississippi (in this section referred to as the "Port Authority"), under which the Port Authority may use up to 50 acres of real property and associated facilities located at the Naval Construction Battalion Center, Gulfport, Mississippi (in this section referred to as the "Center").

(b) TERM OF AGREEMENT.—The agreement authorized under subsection (a) may be for an initial period of not more than 15 years. Under the agreement, the Secretary shall provide the Port Authority with an option to extend the agreement for 3 additional periods of 5 years each and for such additional periods as the Secretary and the Port Authority mutually agree.

(c) RESTRICTIONS ON USE.—The agreement authorized under subsection (a) shall require the Port Authority—

(1) to suspend operations at the Center in the event that Navy contingency operations are conducted at the Center; and

(2) to use the property covered by the agreement in a manner consistent with the Navy operations at the Center.

(d) CONSIDERATION.—(1) As consideration for the use of the property covered by the agreement under subsection (a), the Port Authority shall pay to the Navy an amount equal to the fair market rental value of the property, as determined by the Secretary taking into consideration the nature and extent of the Port Authority's use of the property.

(2) The Secretary may include a provision in the agreement requiring the Port Authority—

(A) to pay the Navy an amount (as determined by the Secretary) to cover the costs of replacing at the Center any facilities vacated by the Navy on account of the agreement or to construct suitable replacement facilities for the Navy; and

(B) to pay the Navy an amount (as determined by the Secretary) for the costs of relocating Navy operations from the vacated facilities to the replacement facilities.

(e) CONGRESSIONAL NOTIFICATION.—The Secretary may not enter into the agreement authorized by subsection (a) until the end of the 21-day period beginning on the date on which the Secretary submits to Congress a report containing an explanation of the terms of the proposed agreement and a description of the consideration that the Secretary expects to receive under the agreement.

(f) USE OF PAYMENT.—(1) The Secretary may use amounts received under subsection (d)(1) to pay for general supervision, administration, and overhead expenses and for improvement, maintenance, repair, construction, or restoration of facilities at the Center or of the roads and railways serving the Center.

(2) The Secretary may use amounts received under subsection (d)(2) to pay for constructing new facilities, or making modifications to existing facilities, that are necessary to replace facilities vacated by the Navy on account of the agreement under subsection (a) and for relocating operations of the Navy from the vacated facilities to replacement facilities.

(g) CONSTRUCTION BY PORT AUTHORITY.—The Secretary may authorize the Port Authority to demolish existing facilities located on the property covered by the agreement under subsection (a) and, consistent with the restriction provided under subsection (c)(2), construct new facilities on the property for the joint use of the Port Authority and the Navy.

(h) ADDITIONAL TERMS AND CONDITIONS.—The Secretary may require such additional terms and conditions in connection with the agreement authorized under subsection (a) as the Secretary considers appropriate to protect the interests of the United States.

SEC. 2833. CONVEYANCE OF RESOURCE RECOVERY FACILITY, FORT DIX, NEW JERSEY.

(a) AUTHORITY TO CONVEY.—The Secretary of the Army may convey to Burlington County, New Jersey (in this section referred to as the "County"), without consideration, all right, title, and interest of the United States in and to a parcel of real property at Fort Dix, New Jersey, consisting of approximately two acres and containing a resource recovery facility known as the Fort Dix resource recovery facility.

(b) RELATED EASEMENTS.—The Secretary may grant to the County any easement that is necessary for access to and operation of the resource recovery facility conveyed under subsection (a).

(c) REQUIREMENT RELATING TO CONVEYANCE.—The Secretary may not carry out the conveyance of the resource recovery facility authorized in subsection (a) unless the County agrees to accept the facility in its existing condition at the time of conveyance.

(d) CONDITIONS ON CONVEYANCE.—The conveyance of the resource recovery facility authorized by subsection (a) is subject to the following conditions:

(1) That the County provide refuse service and steam service to Fort Dix, New Jersey, at the rate mutually agreed upon by the Secretary and the County and approved by the appropriate Federal or State regulatory authority.

(2) That the County comply with all applicable environmental laws and regulations (including any permit or license requirements) relating to the resource recovery facility.

(3) That, consistent with its ownership of the resource recovery facility conveyed, the County assume full responsibility for operation, maintenance, and repair of the facility and for compliance of the facility with all applicable regulatory requirements.

(4) That the County not commence any expansion of the resource recovery facility without approval of such expansion by the Secretary.

(e) DESCRIPTION OF THE PROPERTY.—The exact legal description of the real property to be conveyed under subsection (a), including the resource recovery facility conveyed therewith, and any easements granted under subsection (b), shall be determined by a survey and by other means satisfactory to the Secretary. The cost of any survey or other services performed at the direction of the Secretary under the authority in the preceding sentence shall be borne by the County.

(f) ADDITIONAL TERMS AND CONDITIONS.—The Secretary may require such additional terms and conditions in connection with the conveyance under subsection (a) and the grant of any easement under subsection (b) as the Secretary considers appropriate to protect the interests of the United States.

SEC. 2834. CONVEYANCE OF WATER AND WASTEWATER TREATMENT PLANTS, FORT GORDON, GEORGIA.

(a) AUTHORITY TO CONVEY.—The Secretary of the Army may convey to the City of Augusta, Georgia (in this section referred to as the "City"), without consideration, all right, title, and interest of the United States in and to two parcels of real property located at Fort Gordon, Georgia, consisting of approximately seven acres each. The parcels are improved with a water filtration plant, a water distribution system with storage tanks, a sewage treatment plant, and a sewage collection system.

(b) RELATED EASEMENTS.—The Secretary may grant to the City any easement that is necessary for access to the real property conveyed under subsection (a) and operation of the conveyed facilities.

(c) REQUIREMENT RELATING TO CONVEYANCE.—The Secretary may not carry out the conveyance of the water and wastewater treatment plants and water and wastewater distribution and collection systems authorized in subsection (a) unless the City agrees to accept the plants and systems in their existing condition at the time of conveyance.

(d) CONDITIONS ON CONVEYANCE.—The conveyance authorized by subsection (a) is subject to the following conditions:

(1) That the City provide water and sewer service to Fort Gordon, Georgia, at a rate mutually agreed upon by the Secretary and the City and approved by the appropriate Federal or State regulatory authority.

(2) That the City comply with all applicable environmental laws and regulations (including any permit or license requirements) relating to the water and wastewater treatment plants and water and wastewater distribution and collection systems conveyed under that subsection.

(3) That, consistent with its ownership of the water and wastewater treatment plants and water and wastewater distribution and collection systems conveyed, the City assume full responsibility for operation, maintenance, and repair of the plants and water and systems conveyed under that subsection and for compliance of the plants and systems with all applicable regulatory requirements.

(4) That the City not commence any expansion of the water or wastewater treatment plant or water or wastewater distribution or collection system conveyed under that subsection without approval of such expansion by the Secretary.

(e) DESCRIPTION OF PROPERTY.—The exact legal description of the real property to be conveyed under subsection (a), including the water and wastewater treatment plants and water and wastewater distribution and collection systems conveyed therewith, and of any easements granted under subsection (b), shall be determined by a survey and by other means satisfactory to the Secretary. The cost of any survey or other services performed at the direction of the Secretary under the authority in the preceding sentence shall be borne by the City.

(f) ADDITIONAL TERMS AND CONDITIONS.—The Secretary may require such additional terms and conditions in connection with the conveyance under subsection (a) and the grant of any easement under subsection (b) as the Secretary considers appropriate to protect the interests of the United States.

SEC. 2835. CONVEYANCE OF WATER TREATMENT PLANT, FORT PICKETT, VIRGINIA.

(a) AUTHORITY TO CONVEY.—(1) The Secretary of the Army may convey to the Town of Blackstone, Virginia (in this section referred to as the "Town"), without consideration, all right, title, and interest of the United States in and to the property described in paragraph (2).

(2) The property referred to in paragraph (1) is the following property located at Fort Pickett, Virginia:

(A) A parcel of real property consisting of approximately 10 acres, including a reservoir and improvements thereon, the site of the Fort Pickett water treatment plant.

(B) Any equipment, fixtures, structures, or other improvements (including any water transmission lines, water distribution and service lines, fire hydrants, water pumping stations, and other improvements) not located on the parcel described in subparagraph (A) that are jointly identified by the Secretary and the Town as owned and utilized by the Federal Government in order to provide water to and distribute water at Fort Pickett.

(b) RELATED EASEMENTS.—The Secretary may grant to the Town the following easements relating to the conveyance of the property authorized by subsection (a):

(1) Such easements, if any, as the Secretary and the Town jointly determine are necessary in order to provide access to the water distribution system referred to in paragraph (2) of such subsection for maintenance, safety, and other purposes.

(2) Such easements, if any, as the Secretary and the Town jointly determine are necessary in order to provide access to the finished water lines from the system to the Town.

(3) Such rights of way appurtenant, if any, as the Secretary and the Town jointly determine are necessary in order to satisfy requirements imposed by any Federal, State, or municipal agency relating to the maintenance of a buffer zone around the water distribution system.

(c) WATER RIGHTS.—The Secretary shall grant to the Town as part of the conveyance under subsection (a) all right, title, and interest of the United States in and to any water of the Nottoway River, Virginia, that is connected with the reservoir referred to in paragraph (2)(A) of such subsection.

(d) REQUIREMENTS RELATING TO CONVEYANCE.—(1) The Secretary may not carry out the conveyance of the water distribution system authorized under subsection (a) unless the Town agrees to accept the system in its existing condition at the time of the conveyance.

(2) The Secretary shall complete any environmental removal or remediation required under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. 9601 et seq.) with respect to the system to be conveyed under this section before carrying out the conveyance.

(e) CONDITIONS.—The conveyance authorized in subsection (a) shall be subject to the following conditions:

(1) That the Town reserve for provision to Fort Pickett, and provide to Fort Pickett on demand, not less than 1,500,000 million gallons per day of treated water from the water distribution system.

(2) That the Town provide water to and distribute water at Fort Pickett at a rate that is no less favorable than the rate that the Town would charge a public or private entity similar to Fort Pickett for the provision and distribution of water.

(3) That the Town maintain and operate the water distribution system in compliance with all applicable Federal and State environmental laws and regulations (including any permit and license requirements).

(f) DESCRIPTION OF PROPERTY.—The exact legal description of the property to be conveyed under subsection (a), of any easements granted under subsection (b), and of any water rights granted under subsection (c) shall be determined by a survey and other means satisfactory to the Secretary. The cost of any survey or other services performed at the direction of the Secretary under the authority in the preceding sentence shall be borne by the Town.

(g) ADDITIONAL TERMS AND CONDITIONS.—The Secretary may require such additional

terms and conditions in connection with the conveyance authorized under subsection (a), the easements granted under subsection (b), and the water rights granted under subsection (c) that the Secretary considers appropriate to protect the interests of the United States.

SEC. 2836. CONVEYANCE OF ELECTRIC POWER DISTRIBUTION SYSTEM, FORT IRWIN, CALIFORNIA.

(a) AUTHORITY TO CONVEY.—(1) The Secretary of the Army may convey to the Southern California Edison Company, California (in this section referred to as the "Company"), without consideration, all right, title, and interest of the United States in and to the electric power distribution system described in subsection (b).

(2) The Secretary may not convey any real property under the authority in paragraph (1).

(b) COVERED SYSTEM.—The electric power distribution system referred to in subsection (a) is the electric power distribution system located at Fort Irwin, California, and includes the equipment, fixtures, structures, and other improvements (including approximately 115 miles of electrical distribution lines, poles, switches, reclosers, transformers, regulators, switchgears, and service lines) that the Federal Government utilizes to provide electric power at Fort Irwin.

(c) RELATED EASEMENTS.—The Secretary may grant to the Company any easement that is necessary for access to and operation of the electric power distribution system conveyed under subsection (a).

(d) REQUIREMENT RELATING TO CONVEYANCE.—The Secretary may not carry out the conveyance of the electric power distribution system authorized in subsection (a) unless the Company agrees to accept that system in its existing condition at the time of the conveyance.

(e) CONDITIONS ON CONVEYANCE.—The conveyance authorized by subsection (a) is subject to the following conditions:

(1) That the Company provide electric power to Fort Irwin, California, at a rate mutually agreed upon by the Secretary and the Company and approved by the appropriate Federal or State regulatory authority.

(2) That the Company comply with all applicable environmental laws and regulations (including any permit or license requirements) relating to the electric power distribution system.

(3) That, consistent with its ownership of the electric power distribution system conveyed, the Company assume full responsibility for operation, maintenance, and repair of the system and for compliance of the system with all applicable regulatory requirements.

(4) That the Company not commence any expansion of the electric power distribution system without approval of such expansion by the Secretary.

(f) DESCRIPTION OF PROPERTY.—The exact legal description of the electric power distribution system to be conveyed pursuant to subsection (a), including any easement granted under subsection (b), shall be determined by a survey and by other means satisfactory to the Secretary. The cost of any survey or other services performed at the direction of the Secretary pursuant to the authority in the preceding sentence shall be borne by the Company.

(g) ADDITIONAL TERMS AND CONDITIONS.—The Secretary may require such additional terms and conditions in connection with the conveyance under subsection (a) and the grant of any easement under subsection (b) as the Secretary considers appropriate to protect the interests of the United States.

SEC. 2837. LAND EXCHANGE, FORT LEWIS, WASHINGTON.

(a) IN GENERAL.—(1) The Secretary of the Army may convey to the Weyerhaeuser Real Estate Company, Washington (in this section referred to as the "Company"), all right, title, and interest of the United States in and to the parcels of real property described in paragraph (2).

(2) The authority in paragraph (1) applies to the following parcels of real property located on the Fort Lewis Military Reservation, Washington:

(A) An unimproved portion of Tract 1000 (formerly being in the DuPont-Steilacoom Road), consisting of approximately 1.23 acres.

(B) Tract 26E, consisting of approximately 0.03 acres.

(b) CONSIDERATION.—As consideration for the conveyance authorized by subsection (a), the Company shall—

(1) convey (or acquire and then convey) to the United States all right, title, and interest in and to a parcel of real property consisting of approximately 0.39 acres, together with improvements thereon, located within the boundaries of Fort Lewis Military Reservation;

(2) construct an access road from Pendleton Street to the DuPont Recreation Area and a walkway path through DuPont Recreation Area;

(3) construct as improvements to the recreation area a parking lot, storm drains, perimeter fencing, restroom facilities, and initial grading of the DuPont baseball fields; and

(4) provide such other consideration as may be necessary (as determined by the Secretary) to ensure that the fair market value of the consideration provided by the Company under this subsection is not less than the fair market value of the parcels of real property conveyed under subsection (a).

(c) DETERMINATIONS OF FAIR MARKET VALUE.—The determinations of the Secretary regarding the fair market value of the real property to be conveyed pursuant to subsections (a) and (b), and of any other consideration provided by the Company under subsection (b), shall be final.

(d) TREATMENT OF OTHER INTERESTS IN PARCELS TO BE CONVEYED.—The Secretary may enter into an agreement with the appropriate officials of Pierce County, Washington, which provides for—

(1) Pierce County to release the existing reversionary interest of Pierce County in the parcels of real property to be conveyed by the United States under subsection (a); and

(2) the United States, in exchange for the release, to convey or grant to Pierce County an interest in the parcel of real property conveyed to the United States under subsection (b)(1) that is similar in effect (as to that parcel) to the reversionary interest released by Pierce County under paragraph (1).

(e) DESCRIPTION OF PROPERTY.—The exact acreages and legal descriptions of the parcels of real property to be conveyed under subsections (a) and (b) shall be determined by surveys satisfactory to the Secretary. The cost of such surveys shall be borne by the Company.

(f) ADDITIONAL TERMS AND CONDITIONS.—The Secretary may require any additional terms and conditions in connection with the conveyances under this section that the Secretary considers appropriate to protect the interest of the United States.

SEC. 2838. LAND CONVEYANCE, NAVAL SURFACE WARFARE CENTER, MEMPHIS, TENNESSEE.

(a) AUTHORITY TO CONVEY.—The Secretary of the Navy may convey to the Memphis and Shelby County Port Commission, Memphis, Tennessee (in this section referred to as the "Port"), all right, title, and interest of the United States in and to a parcel of real property (including any improvements thereon) consisting of approximately 26 acres that is located at the Carderock Division, Naval Surface Warfare Center, Memphis Detachment, Presidents Island, Memphis, Tennessee.

(b) CONSIDERATION.—As consideration for the conveyance of real property under subsection (a), the Port shall—

(1) grant to the United States a restrictive easement in and to a parcel of real property consisting of approximately 100 acres that is adjacent to the Memphis Detachment, Presidents Island, Memphis, Tennessee; and

(2) if the fair market value of the easement granted under paragraph (1) exceeds the fair market value of the real property conveyed under subsection (a), provide the United States such additional consideration as the Secretary and the Port jointly determine appropriate so that the value of the consideration received by the United States under this subsection is equal to or greater than the fair market value of the real property conveyed under subsection (a).

(c) CONDITION OF CONVEYANCE.—The conveyance authorized by subsection (a) shall be carried out in accordance with the provisions of the Land Exchange Agreement between the United States of America and the Memphis and Shelby County Port Commission, Memphis, Tennessee.

(d) DETERMINATION OF FAIR MARKET VALUE.—The Secretary shall determine the fair market value of the real property to be conveyed under subsection (a) and of the easement to be granted under subsection (b)(1). Such determinations shall be final.

(e) USE OF PROCEEDS.—The Secretary shall deposit any proceeds received under subsection (b)(2) as consideration for the conveyance of real property authorized under subsection (a) in the special account established pursuant to section 204(h) of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 485(h)).

(f) DESCRIPTION OF PROPERTY.—The exact acreage and legal description of the real property to be conveyed under subsection (a) and the easement to be granted under subsection (b)(1) shall be determined by surveys satisfactory to the Secretary. The cost of the surveys shall be borne by the Port.

(g) ADDITIONAL TERMS AND CONDITIONS.—The Secretary may require such additional terms and conditions in connection with the conveyance authorized by subsection (a) and the easement granted under subsection (b)(1) as the Secretary considers appropriate to protect the interests of the United States.

SEC. 2839. LAND CONVEYANCE, RADAR BOMB SCORING SITE, FORSYTH, MONTANA.

(a) AUTHORITY TO CONVEY.—The Secretary of the Air Force may convey, without consideration, to the City of Forsyth, Montana (in this section referred to as the "City"), all right, title, and interest of the United States in and to the parcel of property (including any improvements thereon) consisting of approximately 58 acres located in Forsyth, Montana, which has served as a support complex and recreational facilities for the Radar Bomb Scoring Site, Forsyth, Montana.

(b) CONDITION OF CONVEYANCE.—The conveyance under subsection (a) shall be subject to the condition that the City—

(1) utilize the property and recreational facilities conveyed under that subsection for housing and recreation purposes; or

(2) enter into an agreement with an appropriate public or private entity to lease such

property and facilities to that entity for such purposes.

(c) REVERSION.—If the Secretary determines at any time that the property conveyed under subsection (a) is not being utilized in accordance with paragraph (1) or paragraph (2) of subsection (b), all right, title, and interest in and to the conveyed property, including any improvements thereon, shall revert to the United States and the United States shall have the right of immediate entry onto the property.

(d) DESCRIPTION OF PROPERTY.—The exact acreage and legal description of the property conveyed under this section shall be determined by a survey satisfactory to the Secretary. The cost of such survey shall be borne by the City.

(e) ADDITIONAL TERMS AND CONDITIONS.—The Secretary may require such additional terms and conditions in connection with the conveyance under this section as the Secretary determines appropriate to protect the interests of the United States.

SEC. 2840. LAND CONVEYANCE, RADAR BOMB SCORING SITE, POWELL, WYOMING.

(a) AUTHORITY TO CONVEY.—The Secretary of the Air Force may convey, without consideration, to the Northwest College Board of Trustees (in this section referred to as the "Board"), all right, title, and interest of the United States in and to a parcel of real property (including any improvements thereon) consisting of approximately 24 acres located in Powell, Wyoming, which has served as the location of a support complex, recreational facilities, and housing facilities for the Radar Bomb Scoring Site, Powell, Wyoming.

(b) CONDITION OF CONVEYANCE.—The conveyance authorized under subsection (a) shall be subject to the condition that the Board use the property conveyed under that subsection for housing and recreation purposes and for such other purposes as the Secretary and the Board jointly determine appropriate.

(c) REVERSIONARY INTEREST.—During the 5-year period beginning on the date that the Secretary makes the conveyance authorized under subsection (a), if the Secretary determines that the conveyed property is not being used in accordance with subsection (b), all right, title, and interest in and to the conveyed property, including any improvements thereon, shall revert to the United States and the United States shall have the right of immediate entry onto the property.

(d) DESCRIPTION OF PROPERTY.—The exact acreage and legal description of the property conveyed under this section shall be determined by a survey satisfactory to the Secretary. The cost of the survey shall be borne by the Board.

(e) ADDITIONAL TERMS AND CONDITIONS.—The Secretary may require such additional terms and conditions in connection with the conveyance under this section as the Secretary considers appropriate to protect the interests of the United States.

SEC. 2841. REPORT ON DISPOSAL OF PROPERTY, FORT ORD MILITARY COMPLEX, CALIFORNIA.

Not later than 60 days after the date of the enactment of this Act, the Secretary of Defense shall submit to Congress a report describing the plans of the Secretary for the disposal of a parcel of real property consisting of approximately 477 acres at the former Fort Ord Military Complex, California, including the Black Horse Golf Course, the Bayonet Golf Course, and a portion of the Hayes Housing Facility.

SEC. 2842. LAND CONVEYANCE, NAVY PROPERTY, FORT SHERIDAN, ILLINOIS.

(a) AUTHORITY TO CONVEY.—Subject to subsections (b) and (l), the Secretary of the Navy may convey to any transferee selected under subsection (i) all right, title, and interest of the United States in and to a parcel of real property (including any improvements thereon) at Fort Sheridan, Illinois, consisting of approximately 182 acres and comprising the Navy housing areas at Fort Sheridan.

(b) REQUIREMENT FOR FEDERAL SCREENING OF PROPERTY.—The Secretary may not carry out the conveyance of property authorized by subsection (a) unless the Secretary determines that no department or agency of the Federal Government will accept the transfer of the property.

(c) CONSIDERATION.—(1) As consideration for the conveyance under subsection (a), the transferee selected under subsection (i) shall—

(A) convey to the United States a parcel of real property that meets the requirements of subsection (d);

(B) design for and construct on the property conveyed under subparagraph (A) such housing facilities (including support facilities and infrastructure) to replace the housing facilities conveyed pursuant to the authority in subsection (a) as the Secretary considers appropriate;

(C) pay the cost of relocating Navy personnel residing in the housing facilities located on the real property conveyed pursuant to the authority in subsection (a) to the housing facilities constructed under subparagraph (B);

(D) provide for the education of dependents of such personnel under subsection (e); and

(E) carry out such activities for the maintenance and improvement of the facilities constructed under subparagraph (B) as the Secretary and the transferee jointly determine appropriate.

(2) The Secretary shall ensure that the fair market value of the consideration provided by the transferee under paragraph (1) is not less than the fair market value of the property interest conveyed by the Secretary under subsection (a).

(d) REQUIREMENTS RELATING TO PROPERTY TO BE CONVEYED TO UNITED STATES.—The property interest conveyed to the United States under subsection (c)(1)(A) by the transferee selected under subsection (i) shall—

(1) be located not more than 25 miles from the Great Lakes Naval Training Center, Illinois;

(2) be located in a neighborhood or area having social and economic conditions similar to the social and economic conditions of the area in which Fort Sheridan is located; and

(3) be acceptable to the Secretary.

(e) EDUCATION OF DEPENDENTS OF NAVY PERSONNEL.—In providing for the education of dependents of Navy personnel under subsection (c)(1)(D), the transferee selected under subsection (i) shall ensure that such dependents may enroll at the schools of one or more school districts in the vicinity of the real property conveyed to the United States under subsection (c)(1)(A) which schools and districts—

(1) meet such standards for schools and schools districts as the Secretary shall establish; and

(2) will continue to meet such standards after the enrollment of such dependents regardless of the receipt by such school districts of Federal impact aid.

(f) INTERIM RELOCATION OF NAVY PERSONNEL.—Pending completion of the construction of all the housing facilities proposed to be constructed under subsection (c)(1)(B) by the transferee selected under subsection (i), the Secretary may relocate Navy personnel residing in housing facilities located on the property to be conveyed pursuant to the authority in subsection (a) to the housing facilities that have been constructed by the transferee under such subsection (c)(1)(B).

(g) APPLICABILITY OF CERTAIN AGREEMENTS.—The property conveyed by the Secretary pursuant to the authority in subsection (a) shall be subject to the Memorandum of Understanding concerning the Transfer of Certain Properties at Fort Sheridan, Illinois, dated August 8, 1991, between the Department of the Army and the Department of the Navy.

(h) DETERMINATION OF FAIR MARKET VALUE.—The Secretary shall determine the fair market value of the real property interest to be conveyed under subsection (a) and of the consideration to be provided under subsection (c)(1). Such determination shall be final.

(i) SELECTION OF TRANSFEREE.—(1) The Secretary shall use competitive procedures for the selection of a transferee under subsection (a).

(2) In evaluating the offers of prospective transferees, the Secretary shall—

(A) consider the technical sufficiency of the offers and the adequacy of the offers in meeting the requirements for consideration set forth in subsection (c)(1); and

(B) consult with the communities and jurisdictions in the vicinity of Fort Sheridan (including the City of Lake Forest, the City of Highwood, and the City of Highland Park and the County of Lake) in order to determine the most appropriate use of the property to be conveyed.

(j) DESCRIPTIONS OF PROPERTY.—The exact acreage and legal descriptions of the real property to be conveyed by the Secretary under subsection (a) and the real property to be conveyed under subsection (c)(1)(A) shall be determined by surveys satisfactory to the Secretary. The cost of such surveys shall be borne by the transferee selected under subsection (i).

(k) ADDITIONAL TERMS AND CONDITIONS.—The Secretary may require such additional terms and conditions in connection with the conveyances under this section as the Secretary considers appropriate to protect the interests of the United States.

SEC. 2843. LAND CONVEYANCE, ARMY RESERVE PROPERTY, FORT SHERIDAN, ILLINOIS.

(a) AUTHORITY TO CONVEY.—Subject to subsection (b), the Secretary of the Army may convey to any transferee selected under subsection (g) all right, title, and interest of the United States in and to a parcel of real property (including improvements thereon) at Fort Sheridan, Illinois, consisting of approximately 114 acres and comprising an Army Reserve area.

(b) REQUIREMENT FOR FEDERAL SCREENING OF PROPERTY.—The Secretary may not carry out the conveyance of property authorized by subsection (a) unless the Secretary determines that no department or agency of the Federal Government will accept the transfer of the property.

(c) CONSIDERATION.—(1) As consideration for the conveyance under subsection (a), the transferee selected under subsection (g) shall—

(A) convey to the United States a parcel of real property that meets the requirements of subsection (d);

(B) design for and construct on the property conveyed under subparagraph (A) such

facilities (including support facilities and infrastructure) to replace the facilities conveyed pursuant to the authority in subsection (a) as the Secretary considers appropriate; and

(C) pay the cost of relocating Army personnel in the facilities located on the real property conveyed pursuant to the authority in subsection (a) to the facilities constructed under subparagraph (B).

(2) The Secretary shall ensure that the fair market value of the consideration provided by the transferee under paragraph (1) is not less than the fair market value of the real property conveyed by the Secretary under subsection (a).

(d) REQUIREMENTS RELATING TO PROPERTY TO BE CONVEYED TO UNITED STATES.—The real property conveyed to the United States under subsection (c)(1)(A) by the transferee selected under subsection (g) shall—

(1) be located not more than 25 miles from Fort Sheridan;

(2) be located in a neighborhood or area having social and economic conditions similar to the social and economic conditions of the area in which Fort Sheridan is located; and

(3) be acceptable to the Secretary.

(e) INTERIM RELOCATION OF ARMY PERSONNEL.—Pending completion of the construction of all the facilities proposed to be constructed under subsection (c)(1)(B) by the transferee selected under subsection (g), the Secretary may relocate Army personnel in the facilities located on the property to be conveyed pursuant to the authority in subsection (a) to the facilities that have been constructed by the transferee under such subsection (c)(1)(B).

(f) DETERMINATION OF FAIR MARKET VALUE.—The Secretary shall determine the fair market value of the real property to be conveyed under subsection (a) and of the consideration to be provided under subsection (c)(1). Such determination shall be final.

(g) SELECTION OF TRANSFEREE.—(1) The Secretary shall use competitive procedures for the selection of a transferee under subsection (a).

(2) In evaluating the offers of prospective transferees, the Secretary shall—

(A) consider the technical sufficiency of the offers and the adequacy of the offers in meeting the requirements for consideration set forth in subsection (c)(1); and

(B) consult with the communities and jurisdictions in the vicinity of Fort Sheridan (including the City of Lake Forest, the City of Highwood, and the City of Highland Park and the County of Lake) in order to determine the most appropriate use of the property to be conveyed.

(h) DESCRIPTIONS OF PROPERTY.—The exact acreage and legal descriptions of the real property to be conveyed by the Secretary under subsection (a) and the real property to be conveyed under subsection (c)(1)(A) shall be determined by surveys satisfactory to the Secretary. The cost of such surveys shall be borne by the transferee selected under subsection (g).

(i) ADDITIONAL TERMS AND CONDITIONS.—The Secretary may require such additional terms and conditions in connection with the conveyances under this section as the Secretary considers appropriate to protect the interests of the United States.

SEC. 2844. LAND CONVEYANCE, NAVAL COMMUNICATIONS STATION, STOCKTON, CALIFORNIA.

(a) AUTHORITY TO CONVEY.—The Secretrary of the Navy may, upon the concurrence of the Administrator of General Services and the Secretary of Housing and Urban Development, convey to the Port of Stockton (in this section referred to as the "Port"), all right, title, and interest of the United States in and to a parcel of real property, including any improvements thereon, consisting of approximately 1,450 acres at the Naval Communication Station, Stockton, California.

(b) INTERIM LEASE.—Until such time as the real property described in subsection (a) is conveyed by deed, the Secretary may lease the property, along with improvements thereon, to the Port under terms and conditions satisfactory to the Secretary.

(c) CONSIDERATION.—The conveyance may be as a public benefit conveyance for port development as defined in section 203 of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 484), as amended, provided the Port satisfies the criteria in section 203 and such regulations as the Administrator of General Services may prescribe to implement that section. Should the Port fail to qualify for a public benefit conveyance and still desire to acquire the property, then the Port shall, as consideration for the conveyance, pay to the United States an amount equal to the fair market value of the property to be conveyed, as determined by the Secretary.

(d) FEDERAL LEASE OF CONVEYED PROPERTY.—Notwithstanding any other provision of law, as a condition for transfer of this property under subparagraph (a), the Secretary may require that the Port agree to lease all or a part of the property currently under Federal use at the time of conveyance to the United States for use by the Department of Defense or any other Federal agency under the same terms and conditions now presently in force. Such terms and conditions will continue to include payment (to the Port) for maintenance of facilities leased to the Federal Government. Such maintenance of the Federal premises shall be to the reasonable satisfaction of the United States, or as required by all applicable Federal, State and local laws and ordinances.

(e) DESCRIPTION OF PROPERTY.—The exact acreage and legal description of the property to be conveyed under subsection (a) shall be determined by a survey satisfactory to the Secretary. The cost of such survey shall be borne by Port

(f) ADDITIONAL TERMS.—The Secretary may require such additional terms and conditions in connection with the conveyance under subsection (a) or the lease under subsection (b) as the Secretary considers appropriate to protect the interests of the United States.

(g) ENVIRONMENTAL QUALITY OF PROPERTY.—Any contract for sale, deed, or other transfer of real property under this section shall be carried out in compliance with section 120(h) of the CERCLA (42 U.S.C. 9620(h)) and other environmental laws.

SEC. 2845. LAND CONVEYANCE, WILLIAM LANGER JEWEL BEARING PLANT, ROLLA, NORTH DAKOTA.

(a) AUTHORITY TO CONVEY.—The Administrator of General Services may convey, without consideration, to the Job Development Authority of the City of Rolla, North Dakota (in this section referred to as the "Authority"), all right, title, and interest of the United States in and to a parcel of real property, with improvements thereon and all associated personal property, consisting of approximately 9.77 acres and comprising the William Langer Jewel Bearing Plant in Rolla, North Dakota.

(b) CONDITION OF CONVEYANCE.—The conveyance authorized under subsection (a) shall be subject to the condition that the Authority—

(1) use the real and personal property and improvements conveyed under that subsection for economic development relating to the jewel bearing plant;

(2) enter into an agreement with an appropriate public or private entity or person to lease such property and improvements to that entity or person for such economic development; or

(3) enter into an agreement with an appropriate public or private entity or person to sell such property and improvements to that entity or person for such economic development.

(c) PREFERENCE FOR DOMESTIC DISPOSAL OF JEWEL BEARINGS.—(1) In offering to enter into agreements pursuant to any provision of law for the disposal of jewel bearings from the National Defense Stockpile, the President shall give a right of first refusal on all such offers to the Authority or to the appropriate public or private entity or person with which the Authority enters into an agreement under subsection (b).

(2) For the purposes of this section, the term "National Defense Stockpile" means the stockpile provided for in section 4 of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98(c)).

(d) AVAILABILITY OF FUNDS FOR MAINTENANCE AND CONVEYANCE OF PLANT.—Notwithstanding any other provision of law, funds available in fiscal year 1995 for the maintenance of the William Langer Jewel Bearing Plant in Public Law 103-335 shall be available for the maintenance of that plant in fiscal year 1996, pending conveyance, and for the conveyance of that plant under this section.

(e) DESCRIPTION OF PROPERTY.—The exact acreage and legal description of the property conveyed under this section shall be determined by a survey satisfactory to the Administrator. The cost of such survey shall be borne by the Administrator.

(f) ADDITIONAL TERMS AND CONDITIONS.—The Administrator may require such additional terms and conditions in connection with the conveyance under this section as the Administrator determines appropriate to protect the interests of the United States.

SEC. 2846. LAND EXCHANGE, UNITED STATES ARMY RESERVE CENTER, GAINESVILLE, GEORGIA.

(a) IN GENERAL.—The Secretary of the Army may convey to the City of Gainesville, Georgia (in this section referred to as the "City"), all right, title, and interest of the United States in and to a parcel of real property (together with any improvements thereon) consisting of approximately 4.2 acres located on Shallowford Road, in the City of Gainesville, Georgia.

(b) CONSIDERATION.—As consideration for the conveyance authorized by subsection (a), the city shall—

(1) convey to the United States all right, title, and interest in and to a parcel of real property consisting of approximately 8 acres of land, acceptable to the Secretary, in the Atlas Industrial Park, Gainesville, Georgia;

(2) design and construct on such real property suitable replacement facilities in accordance with the requirements of the Secretary, for the training activities of the United States Army Reserve;

(3) fund and perform any environmental and cultural resource studies, analysis, documentation that may be required in connection with the land exchange and construction considered by this section;

(4) reimburse the Secretary for the costs of relocating the United States Army Reserve

units from the real property to be conveyed under subsection (a) to the replacement facilities to be constructed by the City under subsection (b)(2). The Secretary shall deposit such funds in the same account used to pay for the relocation;

(5) pay to the United States an amount as may be necessary to ensure that the fair market value of the consideration provided by the City under this subsection is not less than fair market value of the parcel of real property conveyed under subsection (a); and

(6) assume all environmental liability under the Comprehensive Environmental Response, Compensation, and Liability Act (42 U.S.C. 9620(h)) for the real property to be conveyed under subsection (b)(1).

(c) DETERMINATION OF FAIR MARKET VALUE.—The determination of the Secretary regarding the fair market value of the real property to be conveyed pursuant to subsection (a), and of any other consideration provided by the City under subsection (b), shall be final.

(d) DESCRIPTION OF PROPERTY.—The exact acreage and legal description of the parcels of real property to be conveyed under subsections (a) and (b) shall be determined by surveys satisfactory to the Secretary. The cost of such surveys shall be borne by the City.

(e) ADDITIONAL TERMS AND CONDITIONS.—The Secretary may require any additional terms and conditions in connection with the conveyances under this section that the Secretary considers appropriate to protect the interest of the United States.

Subtitle D—Transfer of Jurisdiction and Establishment of Midewin National Tallgrass Prairie

SEC. 2851. SHORT TITLE.

This subtitle may be cited as the "Illinois Land Conservation Act of 1995".

SEC. 2852. DEFINITIONS.

As used in this subtitle:

(1) The term "Administrator" means the Administrator of the Environmental Protection Agency.

(2) The term "agricultural purposes" means, with respect to land, the use of land for row crops, pasture, hay, or grazing.

(3) The term "Arsenal" means the Joliet Army Ammunition Plant located in the State of Illinois.

(4) The term "Arsenal Land Use Concept" refers to the proposals that were developed and unanimously approved on April 8, 1994, by the Joliet Arsenal Citizen Planning Commission.

(5) The term "CERCLA" means the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. 9601 et seq.).

(6) The term "Defense Environmental Restoration Program" means the Defense Environmental Restoration Program established under section 2701 of title 10, United States Code.

(7) The term "environmental law" means all applicable Federal, State, and local laws, regulations, and requirements related to the protection of human health, natural and cultural resources, or the environment, including—

(A) CERCLA;

(B) the Solid Waste Disposal Act (42 U.S.C. 6901 et seq.);

(C) the Federal Water Pollution Control Act (commonly known as the "Clean Water Act"; 33 U.S.C. 1251 et seq.);

(D) the Clean Air Act (42 U.S.C. 7401 et seq.);

(E) the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. 136 et seq.);

(F) the Toxic Substances Control Act (15 U.S.C. 2601 et seq.); and

(G) title XIV of the Public Health Service Act (commonly known as the "Safe Drinking Water Act") (42 U.S.C. 300f et seq.).

(8) The term "hazardous substance" has the meaning given the term in section 101(14) of CERCLA (42 U.S.C. 9601(14)).

(9) The term "MNP" means the Midewin National Tallgrass Prairie established under section 2853 and managed as part of the National Forest System.

(10) The term "national cemetery" means a cemetery that is part of the National Cemetery System under chapter 24 of title 38, United States Code.

(11) The term "person" has the meaning given the term in section 101(21) of CERCLA (42 U.S.C. 9601(21)).

(12) The term "pollutant or contaminant" has the meaning given the term in section 101(33) of CERCLA (42 U.S.C. 9601(33)).

(13) The term "release" has the meaning given the term in section 101(22) of CERCLA (42 U.S.C. 9601(22)).

(14) The term "response" has the meaning given the term in section 101(25) of CERCLA (42 U.S.C. 9601(25)).

(15) The term "Secretary" means the Secretary of Agriculture.

SEC. 2853. ESTABLISHMENT OF MIDEWIN NATIONAL TALLGRASS PRAIRIE.

(a) ESTABLISHMENT.—On the date of the initial transfer of jurisdiction of portions of the Arsenal to the Secretary under section 2854(a)(1), the Secretary shall establish the MNP described in subsection (b).

(b) DESCRIPTION.—The MNP shall consist of all portions of the Arsenal transferred to the Secretary under this subtitle.

(c) ADMINISTRATION.—The Secretary shall manage the MNP as a part of the National Forest System in accordance with this subtitle and the laws, rules, and regulations pertaining to the National Forests, except that the Bankhead-Jones Farm Tenant Act (7 U.S.C. 1000 et seq.) shall not apply to the MNP.

(d) LAND ACQUISITION FUNDS.—Notwithstanding section 7 of the Land and Water Conservation Fund Act of 1965 (16 U.S.C. 4601-9), money appropriated from the land and water conservation fund established under section 2 of that Act (16 U.S.C. 4601-5) may be used for acquisition of lands and interests in land for inclusion in the MNP.

(e) LAND AND RESOURCE MANAGEMENT PLAN.—The Secretary shall develop a land and resource management plan for the MNP, after consulting with the Illinois Department of Conservation and local governments adjacent to the MNP and providing an opportunity for public comment.

(f) PRE-PLAN MANAGEMENT.—In order to expedite the administration and public use of the MNP, the Secretary may, prior to the development of a land and resource management plan for the MNP under subsection (e), manage the MNP for the purposes described in subsection (g).

(g) PURPOSES OF MNP.—In establishing the MNP, the Secretary shall—

(1) conserve and enhance populations and habitats of fish, wildlife, and plants, including populations of grassland birds, raptors, passerines, and marsh and water birds;

(2) restore and enhance, where practicable, habitats for species listed as threatened or endangered, or proposed to be listed, under section 4 of the Endangered Species Act of 1973 (16 U.S.C. 1533);

(3) provide fish- and wildlife-oriented public uses at levels compatible with the conservation, enhancement, and restoration of native wildlife and plants and the habitats of native wildlife and plants;

(4) provide opportunities for scientific research;

(5) provide opportunities for environmental and land use education;

(6) manage the land and water resources of the MNP in a manner that will conserve and enhance the natural diversity of native fish, wildlife, and plants;

(7) conserve and enhance the quality of aquatic habitat; and

(8) provide for public recreation insofar as the recreation is compatible with paragraphs (1) through (7).

(h) PROHIBITION AGAINST THE CONSTRUCTION OF NEW THROUGH ROADS.—(1) Subject to paragraph (2), no new construction of a highway, public road, or part of the interstate system, whether Federal, State, or local, shall be permitted through or across any portion of the MNP.

(2) This subsection does not preclude—

(A) construction and maintenance of roads for use within the MNP;

(B) the granting of authorizations for utility rights-of-way under applicable Federal, State, or local law;

(C) necessary access by the Secretary of the Army for purposes of restoration and cleanup as provided in this subtitle;

(D) such other access as is necessary.

(i) AGRICULTURAL LEASES AND SPECIAL USE AUTHORIZATIONS.—(1) If, at the time of transfer of jurisdiction under section 2854(a), there exists a lease issued by the Secretary of the Army, Secretary of Defense, or an employee of the Secretary of the Army or the Secretary of Defense, for agricultural purposes on the land transferred, the Secretary, on the transfer of jurisdiction, shall issue a special use authorization. Subject to paragraph (3), the terms of the special use authorization shall be identical in substance to the lease, including terms prescribing the expiration date and any payments owed to the United States. On issuance of the special use authorization, the lease shall become void.

(2) The Secretary may issue a special use authorization to a person for use of the MNP for agricultural purposes. The special use authorization shall require payment of a rental fee, in advance, that is based on the fair market value of the use allowed. Fair market value shall be determined by appraisal or a competitive bidding process. Subject to paragraph (3), the special use authorization shall include such terms and conditions as the Secretary considers appropriate.

(3) No special use authorization shall be issued under this subsection that has a term extending beyond the date that is 20 years after the date of enactment of this Act, unless the special use authorization is issued primarily for purposes related to—

(A) erosion control;

(B) provision for food and habitat for fish and wildlife; or

(C) resource management activities consistent with the purposes of the MNP.

(j) TREATMENT OF RENTAL FEES.—Funds received under a special use authorization issued under subsection (i) shall be subject to distribution to the State of Illinois and affected counties in accordance with the Act of May 23, 1908 (35 Stat. 260, chapter 192; 16 U.S.C. 500) and section 13 of the Act of March 1, 1911 (36 Stat. 963, chapter 186; 16 U.S.C. 500). All funds not distributed under such Acts shall be credited to an MNP Rental Fee Account, to be maintained by the Secretary of the Treasury. Amounts in the Account shall remain available until expended, without fiscal year limitation. The Secretary

may use funds in the Account to carry out prairie-improvement work. Any funds in the account that the Secretary determines to be in excess of the cost of doing prairie-improvement work shall be transferred, on the determination, to miscellaneous receipts, Forest Service Fund, as a National Forest receipt for the fiscal year in which the transfer is made.

(k) USER FEES.—The Secretary may charge reasonable fees for the admission, occupancy, and use of the MNP and may prescribe a fee schedule providing for a reduction or a waiver of fees for a person engaged in an activity authorized by the Secretary, including volunteer services, research, or education. The Secretary shall permit admission, occupancy, and use of the MNP at no charge for a person possessing a valid Golden Eagle Passport or Golden Age Passport.

(l) SALVAGE OF IMPROVEMENTS.—The Secretary may sell for salvage value any facility or improvement that is transferred to the Secretary under this subtitle.

(m) TREATMENT OF USER FEES AND SALVAGE RECEIPTS.—Funds collected under subsections (k) and (l) shall be credited to a Midewin National Tallgrass Prairie Restoration Fund, to be maintained by the Secretary of the Treasury. Amounts in the Fund shall remain available, subject to appropriation, without fiscal year limitation. The Secretary may use amounts in the Fund for restoration and administration of the MNP, including construction of a visitor and education center, restoration of ecosystems, construction of recreational facilities (such as trails), construction of administrative offices, and operation and maintenance of the MNP.

(n) COOPERATION WITH STATES, LOCAL GOVERNMENTS, AND OTHER ENTITIES.—In the management of the MNP, the Secretary shall, to the extent practicable, cooperate with affected appropriate Federal, State, and local governmental agencies, private organizations, and corporations. The cooperation may include entering a cooperative agreement or exercising authority under the Cooperative Forestry Assistance Act of 1978 (16 U.S.C. 2101 et seq.) or the Forest and Rangeland Renewable Resources Research Act of 1978 (16 U.S.C. 1641 et seq.). The purpose of the cooperation may include public education, land and resource protection, or cooperative management among government, corporate, and private landowners in a manner that is consistent with this subtitle.

SEC. 2854. TRANSFER OF MANAGEMENT RESPONSIBILITIES AND JURISDICTION OVER ARSENAL.

(a) PHASED TRANSFER OF JURISDICTION.—(1) Not later than 180 days after the date of the enactment of this Act, the Secretary of the Army may transfer to the Secretary of Agriculture those portions of the Arsenal property identified for transfer to the Secretary of Agriculture under subsection (c), and may transfer to the Secretary of Veterans Affairs those portions identified for transfer to the Secretary of Veterans Affairs under section 2855(a). In the case of the Arsenal property to be transferred to the Secretary of Agriculture, the Secretary of the Army shall transfer to the Secretary of Agriculture only those portions for which the Secretary of the Army and the Administrator concur in finding that no further action is required under any environmental law and that have been eliminated from the areas to be further studied pursuant to the Defense Environmental Restoration Program for the Arsenal. Not later than 120 days after the date of the enactment of this Act, the Secretary of the Army and the Administrator shall provide to the Secretary—

(A) all documentation that exists on the date the documentation is provided that supports the finding; and

(B) all information that exists on the date the information is provided that relates to the environmental conditions of the portions of the Arsenal to be transferred to the Secretary under this paragraph.

(2)(A) The Secretary of the Army may transfer to the Secretary of Agriculture any portion of the property generally identified in subsection (c) and not transferred pursuant to paragraph (1) when the Secretary of the Army and the Administrator concur in finding that no further action is required at that portion of property under any environmental law and that the portion has been eliminated from the areas to be further studied pursuant to the Defense Environmental Restoration Program for the Arsenal.

(B) Not later than 60 days before a transfer under this paragraph, the Secretary of the Army and the Administrator shall provide to the Secretary—

(i) all documentation that exists on the date the documentation is provided that supports the finding; and

(ii) all information that exists on the date the information is provided that relates to the environmental conditions of the portions of the Arsenal to be transferred to the Secretary under this paragraph.

(C) Transfer of jurisdiction under this paragraph may be accomplished on a parcel-by-parcel basis.

(b) TRANSFER WITHOUT REIMBURSEMENT.—The Secretary of the Army may transfer the area constituting the MNP to the Secretary without reimbursement.

(c) IDENTIFICATION OF PORTIONS FOR TRANSFER FOR MNP.—The lands to be transferred to the Secretary under subsection (a) shall be identified in an agreement between the Secretary of the Army and the Secretary. All the real property and improvements comprising the Arsenal, except for lands and facilities described in subsection (g) or designated for transfer or disposal to parties other than the Secretary under section 2855, shall be transferred to the Secretary.

(d) SECURITY MEASURES.—The Secretary, the Secretary of the Army, and the Secretary of Veterans Affairs, shall each provide and maintain physical and other security measures on such portion of the Arsenal as is under the administrative jurisdiction of the respective Secretary. The security measures (which may include fences and natural barriers) shall include measures to prevent members of the public from gaining unauthorized access to such portions of the Arsenal as are under the administrative jurisdiction of each respective Secretary and that may endanger health or safety.

(e) COOPERATIVE AGREEMENTS.—The Secretary, the Secretary of the Army, and the Administrator individually and collectively may enter into a cooperative agreement or a memoranda of understanding among each other, with another affected Federal agency, State or local government, private organization, or corporation to carry out the purposes described in section 2853(g).

(f) INTERIM ACTIVITIES OF THE SECRETARY.—Prior to transfer and subject to such reasonable terms and conditions as the Secretary of the Army may prescribe, the Secretary may enter on the Arsenal property for purposes related to planning, resource inventory, fish and wildlife habitat manipulation (which may include prescribed burning), and other such activities consistent with the purposes for which the MNP is established.

(g) PROPERTY USED FOR ENVIRONMENTAL CLEANUP.—(1) The Secretary of the Army shall retain jurisdiction, authority, and control over real property at the Arsenal that is used for—

(A) water treatment;

(B) the treatment, storage, or disposal of a hazardous substance, pollutant or contaminant, hazardous material, or petroleum product or a derivative of the product;

(C) purposes related to a response at the Arsenal; and

(D) actions required at the Arsenal under an environmental law to remediate contamination or conditions of noncompliance with an environmental law.

(2) In the case of a conflict between management of the property by the Secretary and a response or other action required under an environmental law, or necessary to remediate a petroleum product or a derivative of the product, the response or other action shall take priority.

(3)(A) All costs of necessary surveys for the transfer of jurisdiction of a property to a Federal agency under this subtitle shall be borne by the agency to which the property is transferred.

(B) The Secretary of the Army shall bear the costs of any surveys necessary for the transfer of land to a non-Federal agency under section 2855.

SEC. 2855. DISPOSAL FOR INDUSTRIAL PARKS, A COUNTY LANDFILL, AND A NATIONAL VETERANS CEMETERY AND TO THE ADMINISTRATOR OF GENERAL SERVICES.

(a) NATIONAL VETERANS CEMETERY.—The Secretary of the Army may convey to the Department of Veterans Affairs, without compensation, an area of real property to be used for a national cemetery, as authorized under section 2337 of the Military Construction Authorization Act, 1988 and 1989 (division B of Public Law 100–180; 101 Stat. 1225), consisting of approximately 910 acres, the approximate legal description of which includes part of sections 30 and 31 Jackson Township, T. 34 N. R. 10 E., and including part of sections 25 and 36 Channahon Township, T. 34 N. R. 9 E., Will County, Illinois, as depicted on the Arsenal Land Use Concept.

(b) COUNTY OF WILL LANDFILL.—(1) Subject to paragraphs (2) through (6), the Secretary of the Army may convey an area of real property to Will County, Illinois, without compensation, to be used for a landfill by the County, consisting of approximately 425 acres of the Arsenal, the approximate legal description of which includes part of sections 8 and 17, Florence Township, T. 33 N. R. 10 E., Will County, Illinois, as depicted in the Arsenal Land Use Concept.

(2) Additional acreage shall be added to the landfill described in paragraph (1) as is necessary to reasonably accommodate needs for the disposal of refuse and other materials from the restoration and cleanup of the Arsenal property.

(3) Use of the landfill described in paragraph (1) or additional acreage under paragraph (2) by any agency of the Federal Government shall be at no cost to the Federal Government.

(4) The Secretary of the Army may require such additional terms and conditions in connection with a conveyance under this subsection as the Secretary of the Army considers appropriate to protect the interests of the United States.

(5) Any conveyance of real property under this subsection shall contain a reversionary interest that provides that the property

shall revert to the Secretary of Agriculture for inclusion in the MNP if the property is not operated as a landfill.

(6) Liability for environmental conditions at or related to the landfill described in paragraph (1) resulting from activities occurring at the landfill after the date of enactment of this Act and before a revision under paragraph (5) shall be borne by Will County.

(c) VILLAGE OF ELWOOD INDUSTRIAL PARK.—The Secretary of the Army may convey an area of real property to the Village of Elwood, Illinois, to be used for an industrial park, consisting of approximately 1,900 acres of the Arsenal, the approximate legal description of which includes part of section 30, Jackson Township, T. 34 N. R. 10 E., and sections or part of sections 24, 25, 26, 35, and 36 Channahon Township, T. 34 N. R. 9 E., Will County, Illinois, as depicted on the Arsenal Land Use Concept. The conveyance shall be at fair market value, as determined in accordance with Federal appraisal standards and procedures. Any funds received by the Village of Elwood from the sale or other transfer of the property, or portions of the property, less any costs expended for improvements on the property, shall be remitted to the Secretary of the Army.

(d) CITY OF WILMINGTON INDUSTRIAL PARK.—The Secretary of the Army may convey an area of real property to the City of Wilmington, Illinois, to be used for an industrial park, consisting of approximately 1,100 acres of the Arsenal, the approximate legal description of which includes part of sections 16, 17, and 18 Florence Township, T. 33 N. R. 10 E., Will County, Illinois, as depicted on the Arsenal Land Use Concept. The conveyance shall be at fair market value, as determined in accordance with Federal appraisal standards and procedures. Any funds received by the City of Wilmington from the sale or other transfer of the property, or portions of the property, less any costs expended for improvements on the property, shall be remitted to the Secretary of the Army.

(e) OPTIONAL ADDITIONAL AREAS.—(1) Not later than 180 days after the construction and installation of any remedial design approved by the Administrator and required for any lands described in paragraph (2), the Administrator shall provide to the Secretary all information existing on the date the information is provided regarding the implementation of the remedy, including information regarding the effectiveness of the remedy. Not later than 180 days after the Administrator provides the information to the Secretary, the Secretary of the Army shall offer the Secretary the option of accepting a conveyance of the areas described in paragraph (2), without reimbursement, to be added to the MNP subject to the terms and conditions, including the limitations on liability, contained in this subtitle. If the Secretary declines the offer, the property may be disposed of as the Secretary of the Army would ordinarily dispose of the property under applicable provisions of law. The conveyance of property under this paragraph may be accomplished on a parcel-by-parcel basis.

(2)(A) The areas on the Arsenal Land Use Concept that may be conveyed under paragraph (1) are—

(i) manufacturing area, study area 1, southern ash pile;

(ii) study area 2, explosive burning ground;

(iii) study area 3, flashing-grounds;

(iv) study area 4, lead azide area;

(v) study area 10, toluene tank farms;

(vi) study area 11, landfill;

(vii) study area 12, sellite manufacturing area;

(viii) study area 14, former pond area;

(ix) study area 15, sewage treatment plant;

(x) study area L1, load assemble packing area, group 61;

(xi) study area L2, explosive burning ground;

(xii) study area L3, demolition area;

(xiii) study area L4, landfill area;

(xiv) study area L5, salvage yard;

(xv) study area L7, group 1;

(xvi) study area L8, group 2;

(xvii) study area L9, group 3;

(xviii) study area L10, group 3A;

(xix) study area L12, Doyle Lake;

(xx) study area L14, group 4;

(xxi) study area L15, group 5;

(xxii) study area L18, group 8;

(xxiii) study area L19, group 9;

(xxiv) study area L20, group 20;

(xxv) study area L22, group 25;

(xxvi) study area L23, group 27;

(xxvii) study area L25, group 62;

(xxviii) study area L31, extraction pits;

(xxix) study area L33, PVC area;

(xxx) study area L34, former burning area; and

(xxxi) study area L35, fill area.

(B) The areas referred to in subparagraph (A) shall include all associated inventoried buildings and structures as identified in the Joliet Army Ammunition Plant Plantwide Building and Structures Report and the contaminate study sites for both the manufacturing and load assembly and packing sides of the Joliet Arsenal as shown in the Dames and Moore Final Report, Phase 2 Remedial Investigation Manufacturing (MFG) Area Joliet Army Ammunition Plant Joliet, Illinois (May 30, 1993. Contract No. DAAA15-90-D-0015 task order No. 6 prepared for: United States Army Environmental Center).

(C) Notwithstanding subparagraphs (A) and (B), the landfill and national cemetery described in paragraphs (3) and (4) shall not be subject to paragraph (1).

SEC. 2856. CONTINUATION OF RESPONSIBILITY AND LIABILITY OF THE SECRETARY OF THE ARMY FOR ENVIRONMENTAL CLEANUP.

(a) RESPONSIBILITY.—The Secretary of the Army shall retain the responsibility to complete any remedial, response, or other restoration actions required under any environmental law in order to carry out a transfer of property under section 2854 before carrying out the transfer of the property under that section.

(b) LIABILITY FOR ARSENAL.—(1) The Secretary of the Army shall retain any obligation or other liability at the Arsenal that the Secretary had under CERCLA and other environmental laws. Following transfer of a portion of the Arsenal under this subtitle, the Secretary of the Army shall be accorded any easement or access to the property that may be reasonably required to carry out the obligation or satisfy the liability.

(2) The Secretary of Agriculture shall not be responsible for the cost of any remedial, response, or other restoration action required under any environmental law for a matter that is related directly or indirectly to an activity of the Secretary of the Army, or a party acting under the authority of the Secretary of the Army, in connection with the Defense Environmental Restoration Program, at or related to the Arsenal, including—

(A) the costs or performance of responses required under CERCLA;

(B) the costs, penalties, or fines related to noncompliance with an environmental law at or related to the Arsenal or related to the presence, release, or threat of release of a, hazardous substance, pollutant or contaminant, hazardous waste, or hazardous material of any kind at or related to the Arsenal, including contamination resulting from migration of a hazardous substance, pollutant or contaminant, a hazardous material, or a petroleum product or a derivative of the product disposed during an activity of the Secretary of the Army; and

(C) the costs of an action necessary to remedy noncompliance or another problem specified in subparagraph (B).

(c) PAYMENT OF RESPONSE COSTS.—A Federal agency that had or has operations at the Arsenal resulting in the release or threatened release of a hazardous substance or pollutant or contaminant shall pay the cost of a related response and shall pay the costs of a related action to remediate petroleum products or the derivatives of the products, including motor oil and aviation fuel.

(d) CONSULTATION.—The Secretary shall consult with the Secretary of the Army with respect to the management by the Secretary of real property included in the MNP subject to a response or other action at the Arsenal being carried out by or under the authority of the Secretary of the Army under any environmental law. The Secretary shall consult with the Secretary of the Army prior to undertaking an activity on the MNP that may disturb the property to ensure that the activity shall not exacerbate contamination problems or interfere with performance by the Secretary of the Army of a response at the property.

SEC. 2857. DEGREE OF ENVIRONMENTAL CLEANUP.

(a) IN GENERAL.—Nothing in this subtitle shall restrict or lessen the degree of cleanup at the Arsenal required to be carried out under any environmental law.

(b) RESPONSE.—The establishment of the MNP shall not restrict or lessen in any way a response or degree of cleanup required under CERCLA or other environmental law, or a response required under any environmental law to remediate petroleum products or the derivatives of the products, including motor oil and aviation fuel, required to be carried out by the Secretary of the Army at the Arsenal or surrounding areas.

(c) ENVIRONMENTAL QUALITY OF PROPERTY.—Any contract for sale, deed, or other transfer of real property under section 2855 shall be carried out in compliance with section 120(h) of the CERCLA (42 U.S.C. 9620(h)) and other environmental laws.

Subtitle E—Other Matters

SEC. 2861. DEPARTMENT OF DEFENSE LABORATORY REVITALIZATION DEMONSTRATION PROGRAM.

(a) PROGRAM REQUIRED.—The Secretary of Defense shall carry out a program for the revitalization of Department of Defense laboratories to be known as the "Department of Defense Laboratory Revitalization Demonstration Program". Under the program the Secretary may carry out minor military construction projects in accordance with subsection (b) and other applicable law to improve Department of Defense laboratories covered by the program.

(b) INCREASED MAXIMUM AMOUNTS APPLICABLE TO MINOR CONSTRUCTION PROJECTS.—For purpose of any military construction project carried out under the program—

(1) the amount provided in the second sentence of subsection (a)(1) of section 2805 of title 10, United States Code (as amended by section 2801 of this Act), shall be deemed to be $3,000,000;

(2) the amount provided in subsection (b)(1) of such section shall be deemed to be $1,500,000; and

(3) the amount provided in subsection (c)(1)(B) of such section, as so amended, shall be deemed to be $1,000,000.

(c) PROGRAM REQUIREMENTS.—(1) Not later than 30 days before commencing the program, the Secretary shall—

(A) designate the Department of Defense laboratories at which construction may be carried out under the program; and

(B) establish procedures for the review and approval of requests from such laboratories to carry out such construction.

(2) The laboratories designated under paragraph (1)(A) may not include Department of Defense laboratories that are contractor owned.

(3) The Secretary shall notify Congress of the laboratories designated under paragraph (1)(A).

(d) REPORT.—Not later than September 30, 1998, the Secretary shall submit to Congress a report on the program. The report shall include the Secretary's conclusions and recommendations regarding the desirability of extending the authority set forth in subsection (b) to cover all Department of Defense laboratories.

(e) EXCLUSIVITY OF PROGRAM.—Nothing in this section may be construed to limit any other authority provided by law for any military construction project at a Department of Defense laboratory covered by the program.

(f) DEFINITIONS.—In this section:

(1) The term "laboratory" includes—

(A) a research, engineering, and development center;

(B) a test and evaluation activity owned, funded, and operated by the Federal Government through the Department of Defense; and

(C) a supporting facility of a laboratory.

(2) The term "supporting facility", with respect to a laboratory, means any building or structure that is used in support of research, development, test, and evaluation at the laboratory.

(g) EXPIRATION OF AUTHORITY.—The Secretary may not commence a construction project under the program after September 30, 1999.

SEC. 2862. PROHIBITION ON JOINT CIVIL AVIATION USE OF MIRAMAR NAVAL AIR STATION, CALIFORNIA.

The Secretary of the Navy may not enter into any agreement that provides for or permits civil aircraft to use regularly Miramar Naval Air Station, California.

SEC. 2863. REPORT ON AGREEMENT RELATING TO CONVEYANCE OF LAND, FORT BELVOIR, VIRGINIA.

Not later than 60 days after the date of the enactment of this Act, the Secretary of the Army shall submit to the Committee on Armed Services of the Senate and the Committee on National Security of the House of Representatives a report on the status of negotiations for the agreement required under subsection (b) of section 2821 of the Military Construction Authorization Act for Fiscal Years 1990 and 1991 (division B of Public Law 101-189; 103 Stat. 1658) in connection with the land conveyance authorized under subsection (a) of that section. The report shall assess the likelihood that the negotiations will lead to an agreement and describe the alternative uses, if any, for the land referred to in such subsection (a) that have been identified by the Secretary.

SEC. 2864. RESIDUAL VALUE REPORT.

(a) The Secretary of Defense, in coordination with the Director of the Office of Management and Budget (OMB), shall submit to the congressional defense committees status reports on the results of residual value negotiations between the United States and Germany, within 30 days of the receipt of such reports to the OMB.

(b) The reports shall include the following information:

(1) The estimated residual value of United States capital value and improvements to facilities in Germany that the United States has turned over to Germany.

(2) The actual value obtained by the United States for each facility or installation turned over to the Government of Germany.

(3) The reason(s) for any difference between the estimated and actual value obtained.

SEC. 2865. RENOVATION OF THE PENTAGON RESERVATION.

The Secretary of Defense shall take such action as is necessary to reduce the total cost of the renovation of the Pentagon Reservation to not more than $1,118,000,000.

DEPARTMENT OF ENERGY NATIONAL SECURITY ACT FOR FISCAL YEAR 1996

The text of the bill (S. 1126) to authorize appropriations for fiscal year 1996 for defense activities of the Department of Energy, and for other purposes, as passed by the Senate on September 6, 1995, is as follows:

S. 1126

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

SEC. 3001. SHORT TITLE.

This Act may be cited as the "Department of Energy National Security Act for Fiscal Year 1996".

SEC. 3002. TABLE OF CONTENTS.

The table of contents for this Act is as follows:

TITLE XXXI—DEPARTMENT OF ENERGY NATIONAL SECURITY PROGRAMS

Subtitle A—National Security Programs Authorizations

Sec. 3101. Weapons activities.
Sec. 3102. Environmental restoration and waste management.
Sec. 3103. Other defense activities.
Sec. 3104. Defense nuclear waste disposal.
Sec. 3105. Payment of penalties assessed against Rocky Flats Site.
Sec. 3106. Standardization of ethics and reporting requirements affecting the Department of Energy with Government-wide standards.
Sec. 3107. Certain environmental restoration requirements.
Sec. 3108. Amending the hydronuclear provisions of this Act.

Subtitle B—Recurring General Provisions

Sec. 3121. Reprogramming.
Sec. 3122. Limits on general plant projects.
Sec. 3123. Limits on construction projects.
Sec. 3124. Fund transfer authority.
Sec. 3125. Authority for conceptual and construction design.
Sec. 3126. Authority for emergency planning, design, and construction activities.
Sec. 3127. Funds available for all national security programs of the Department of Energy.
Sec. 3128. Availability of funds.

Subtitle C—Program Authorizations, Restrictions, and Limitations

Sec. 3131. Tritium production.
Sec. 3132. Fissile materials disposition.
Sec. 3133. Tritium recycling.
Sec. 3134. Manufacturing infrastructure for refabrication and certification of enduring nuclear weapons stockpile.
Sec. 3135. Hydronuclear experiments.
Sec. 3136. Fellowship program for development of skills critical to the Department of Energy nuclear weapons complex.
Sec. 3137. Education program for development of personnel critical to the Department of Energy nuclear weapons complex.
Sec. 3138. Limitation on use of funds for certain research and development purposes.
Sec. 3139. Processing of high level nuclear waste and spent nuclear fuel rods.
Sec. 3140. Department of Energy Declassification Productivity Initiative.
Sec. 3141. Authority to reprogram funds for disposition of certain spent nuclear fuel.
Sec. 3142. Protection of workers at nuclear weapons facilities.

Subtitle D—Review of Department of Energy National Security Programs.

Sec. 3151. Review of Department of Energy national security programs.

Subtitle E—Other Matters

Sec. 3161. Responsibility for Defense Programs Emergency Response Program.
Sec. 3162. Requirements for Department of Energy weapons activities budgets for fiscal years after fiscal year 1996.
Sec. 3163. Report on proposed purchases of tritium from foreign suppliers.
Sec. 3164. Report on hydronuclear testing.
Sec. 3165. Plan for the certification and stewardship of the enduring nuclear weapons stockpile.
Sec. 3166. Applicability of Atomic Energy Community Act of 1955 to Los Alamos, New Mexico.
Sec. 3167. Sense of Senate on negotiations regarding shipments of spent nuclear fuel from naval reactors.

TITLE XXXII—DEFENSE NUCLEAR FACILITIES SAFETY BOARD

Sec. 3201. Authorization.

TITLE XXXIII—NAVAL PETROLEUM RESERVES

Sec. 3301. Sale of Naval Petroleum Reserve Numbered 1 (Elk Hills).
Sec. 3302. Future of naval petroleum reserves (other than Naval Petroleum Reserve Numbered 1).

TITLE XXXIV—NATIONAL DEFENSE STOCKPILE

Sec. 3401. Authorized uses of stockpile funds.
Sec. 3402. Disposal of obsolete and excess materials contained in the National Defense Stockpile.
Sec. 3403. Disposal of chromite and manganese ores and chromium ferro and manganese metal electrolytic.
Sec. 3404. Restrictions on disposal of manganese ferro.
Sec. 3405. Excess defense-related materials: transfer to stockpile and disposal.

TITLE XXXV—PANAMA CANAL COMMISSION

Sec. 3501. Short title.

Sec. 3502. Authorization of expenditures.

TITLE XXXI—DEPARTMENT OF ENERGY NATIONAL SECURITY PROGRAMS

Subtitle A—National Security Programs Authorizations

SEC. 3101. WEAPONS ACTIVITIES.

(a) STOCKPILE STEWARDSHIP.—Subject to subsection (d), funds are hereby authorized to be appropriated to the Department of Energy for fiscal year 1996 for stockpile stewardship in carrying out weapons activities necessary for national security programs in the amount of $1,624,080,000, to be allocated as follows:

(1) For core stockpile stewardship, $1,386,613,000, to be allocated as follows:

(A) For operation and maintenance, $1,305,308,000.

(B) For plant projects (including maintenance, restoration, planning, construction, acquisition, modification of facilities, and the continuation of projects authorized in prior years, and land acquisition related thereto), $81,305,000, to be allocated as follows: Project 96-D-102, stockpile stewardship facilities revitalization, Phase VI, various locations, $2,520,000.

Project 96-D-103, Atlas, Los Alamos National Laboratory, Los Alamos, New Mexico, $8,400,000.

Project 96-D-104, processing and environmental technology laboratory (PETL), Sandia National Laboratories, Albuquerque, New Mexico, $1,800,000.

Project 96-D-105, contained firing facility addition, Lawrence Livermore National Laboratory, Livermore, California, $6,600,000.

Project 95-D-102, Chemical and Metallurgy Research Building upgrades, Los Alamos National Laboratory, New Mexico, $9,940,000.

Project 94-D-102, nuclear weapons research, development, and testing facilities revitalization, Phase V, various locations, $12,200,000.

Project 93-D-102, Nevada support facility, North Las Vegas, Nevada, $15,650,000.

Project 90-D-102, nuclear weapons research, development, and testing facilities revitalization, Phase III, various locations, $6,200,000.

Project 88-D-106, nuclear weapons research, development, and testing facilities revitalization, Phase II, various locations, $17,995,000.

(2) For inertial fusion, $230,667,000, to be allocated as follows:

(A) For operation and maintenance, $193,267,000.

(B) For the following plant project (including maintenance, restoration, planning, construction, acquisition, modification of facilities, and land acquisition related thereto), $37,400,000:

Project 96-D-111, national ignition facility, location to be determined.

(3) For Marshall Islands activities and Nevada Test Site dose reconstruction, $6,800,000.

(b) STOCKPILE MANAGEMENT.—Subject to subsection (d), funds are hereby authorized to be appropriated to the Department of Energy for fiscal year 1996 for stockpile management in carrying out weapons activities necessary for national security programs in the amount of $2,035,483,000, to be allocated as follows:

(1) For operation and maintenance, $1,911,858,000.

(2) For plant projects (including maintenance, restoration, planning, construction, acquisition, modification of facilities, and the continuation of projects authorized in prior years, and land acquisition related thereto), $123,625,000, to be allocated as follows:

Project GPD-121, general plant projects, various locations, $10,000,000.

Project 96-D-122, sewage treatment quality upgrade (STQU), Pantex Plant, Amarillo, Texas, $600,000.

Project 96-D-123, retrofit heating, ventilation, and air conditioning and chillers for ozone protection, Y-12 Plant, Oak Ridge, Tennessee, $3,100,000.

Project 96-D-125, Washington measurements operations facility, Andrews Air Force Base, Camp Springs, Maryland, $900,000.

Project 96-D-126, tritium loading line modifications, Savannah River Site, South Carolina, $12,200,000.

Project 95-D-122, sanitary sewer upgrade, Y-12 Plant, Oak Ridge, Tennessee, $6,300,000.

Project 94-D-124, hydrogen fluoride supply system, Y-12 Plant, Oak Ridge, Tennessee, $8,700,000.

Project 94-D-125, upgrade life safety, Kansas City Plant, Kansas City, Missouri, $5,500,000.

Project 94-D-127, emergency notification system, Pantex Plant, Amarillo, Texas, $2,000,000.

Project 94-D-128, environmental safety and health analytical laboratory, Pantex Plant, Amarillo, Texas, $4,000,000.

Project 93-D-122, life safety upgrades, Y-12 Plant, Oak Ridge, Tennessee, $7,200,000.

Project 93-D-123, complex-21, various locations, $41,065,000.

Project 88-D-122, facilities capability assurance program, various locations, $8,660,000.

Project 88-D-123, security enhancements, Pantex Plant, Amarillo, Texas, $13,400,000.

(c) PROGRAM DIRECTION.—Subject to subsection (d), funds are hereby authorized to be appropriated to the Department of Energy for fiscal year 1996 for program direction in carrying out weapons activities necessary for national security programs in the amount of $118,000,000.

(d) ADJUSTMENTS.—The total amount authorized to be appropriated pursuant to this section is the sum of the amounts authorized to be appropriated in subsections (a) through (c) reduced by the sum of—

(1) $25,000,000, for savings resulting from procurement reform; and

(2) $86,344,000, for use of prior year balances.

SEC. 3102. ENVIRONMENTAL RESTORATION AND WASTE MANAGEMENT.

(a) CORRECTIVE ACTIVITIES.—Subject to subsection (i), funds are hereby authorized to be appropriated to the Department of Energy for fiscal year 1996 for corrective activities in carrying out environmental restoration and waste management activities necessary for national security programs in the amount of $3,406,000, all of which shall be available for the following plant project (including maintenance, restoration, planning, construction, acquisition, modification of facilities, and land acquisition related thereto):

Project 90-D-103, environment, safety and health improvements, weapons research and development complex, Los Alamos National Laboratory, Los Alamos, New Mexico.

(b) ENVIRONMENTAL RESTORATION.—Subject to subsection (i), funds are hereby authorized to be appropriated to the Department of Energy for fiscal year 1996 for environmental restoration for operating expenses in carrying out environmental restoration and waste management activities necessary for national security programs in the amount of $1,550,926,000.

(c) WASTE MANAGEMENT.—Subject to subsection (i), funds are hereby authorized to be appropriated to the Department of Energy for fiscal year 1996 for waste management in carrying out environmental restoration and waste management activities necessary for national security programs in the amount of $2,386,596,000, to be allocated as follows:

(1) For operation and maintenance, $2,151,266,000.

(2) For plant projects (including maintenance, restoration, planning, construction, acquisition, modification of facilities, and the continuation of projects authorized in prior years, and land acquisition related thereto), $235,330,000, to be allocated as follows:

Project GPD-171, general plant projects, various locations, $15,728,000.

Project 96-D-400, replace industrial waste piping, Kansas City Plant, Kansas City, Missouri, $200,000.

Project 96-D-401, comprehensive treatment and management plan immobilization of miscellaneous wastes, Rocky Flats Environmental Technology Site, Golden, Colorado, $1,400,000.

Project 96-D-402, comprehensive treatment and management plan building 374/774 sludge immobilization, Rocky Flats Environmental Technology Site, Golden, Colorado, $1,500,000.

Project 96-D-403, tank farm service upgrades, Savannah River, South Carolina, $3,315,000.

Project 96-D-405, T-plant secondary containment and leak detection upgrades, Richland, Washington, $2,100,000.

Project 96-D-406, K-Basin operations program, Richland, Washington, $41,000,000.

Project 96-D-409, advanced mixed waste treatment facility, Idaho National Engineering Laboratory, Idaho, $5,000,000.

Project 96-D-410, specific manufacturing characterization facility assessment and upgrade, Idaho National Engineering Laboratory, Idaho, $2,000,000.

Project 95-D-402, install permanent electrical service, Waste Isolation Pilot Plant, New Mexico, $4,314,000.

Project 95-D-405, industrial landfill V and construction/demolition landfill VII, Y-12 Plant, Oak Ridge, Tennessee, $4,600,000.

Project 95-D-406, road 5-01 reconstruction, area 5, Nevada Test Site, Nevada, $1,023,000.

Project 94-D-400, high explosive wastewater treatment system, Los Alamos National Laboratory, Los Alamos, New Mexico, $4,445,000.

Project 94-D-402, liquid waste treatment system, Nevada Test Site, Nevada, $282,000.

Project 94-D-404, Melton Valley storage tanks capacity increase, Oak Ridge National Laboratory, Oak Ridge, Tennessee, $11,000,000.

Project 94-D-407, initial tank retrieval systems, Richland, Washington, $9,400,000.

Project 94-D-411, solid waste operations complex project, Richland, Washington, $5,500,000.

Project 94-D-417, intermediate-level and low-activity waste vaults, Savannah River, South Carolina, $2,704,000.

Project 93-D-178, building 374 liquid waste treatment facility, Rocky Flats Plant, Golden, Colorado, $3,900,000.

Project 93-D-182, replacement of cross-site transfer system, Richland, Washington, $19,795,000.

Project 93-D-183, multi-tank waste storage facility, Richland, Washington, $31,000,000.

Project 93-D-187, high-level waste removal from filled waste tanks, Savannah River, South Carolina, $34,700,000.

Project 92-D-171, mixed waste receiving and storage facility, Los Alamos National Laboratory, Los Alamos, New Mexico, $1,105,000.

Project 92-D-188, waste management environmental, safety and health (ES&H) and compliance activities, various locations, $1,100,000.

Project 90-D-172, aging waste transfer lines, Richland, Washington, $2,000,000.

Project 90-D-177, RWMC transuranic (TRU) waste characterization and storage facility, Idaho National Engineering Laboratory, Idaho, $1,428,000.

Project 90-D-178, TSA retrieval containment building, Idaho National Engineering Laboratory, Idaho, $2,606,000.

Project 89-D-173, tank farm ventilation upgrade, Richland, Washington, $800,000.

Project 89-D-174, replacement high-level waste evaporator, Savannah River, South Carolina, $11,500,000.

Project 86-D-103, decontamination and waste treatment facility, Lawrence Livermore National Laboratory, California, $8,885,000.

Project 83-D-148, nonradioactive hazardous waste management, Savannah River, South Carolina, $1,000,000.

(d) TECHNOLOGY DEVELOPMENT.—Subject to subsection (i), funds are hereby authorized to be appropriated to the Department of Energy for fiscal year 1996 for technology development in carrying out environmental restoration and waste management activities necessary for national security programs in the amount of $505,510,000.

(e) TRANSPORTATION MANAGEMENT.—Subject to subsection (i), funds are hereby authorized to be appropriated to the Department of Energy for fiscal year 1996 for transportation management in carrying out environmental restoration and waste management activities necessary for national security programs in the amount of $16,158,000.

(f) NUCLEAR MATERIALS AND FACILITIES STABILIZATION.—Subject to subsection (i), funds are hereby authorized to be appropriated to the Department of Energy for fiscal year 1996 for nuclear materials and facilities stabilization in carrying out environmental restoration and waste management activities necessary for national security programs in the amount of $1,596,028,000, to be allocated as follows:

(1) For operation and maintenance, $1,463,384,000.

(2) For plant projects (including maintenance, restoration, planning, construction, acquisition, modification of facilities, and the continuation of projects authorized in prior years, and land acquisition related thereto), $132,644,000, to be allocated as follows:

Project GPD-171, general plant projects, various locations, $14,724,000.

Project 96-D-458, site drainage control, Mound Plant, Miamisburg, Ohio, $885,000.

Project 96-D-461, electrical distribution upgrade, Idaho National Engineering Laboratory, Idaho, $1,539,000.

Project 96-D-462, health physics instrument laboratory, Idaho National Engineering Laboratory, Idaho, $1,126,000.

Project 96-D-463, central facilities craft shop, Idaho National Engineering Laboratory, Idaho, $724,000.

Project 96-D-464, electrical and utility systems upgrade, Idaho Chemical Processing Plant, Idaho National Engineering Laboratory, Idaho, $4,952,000.

Project 96-D-465, 200 area sanitary sewer system, Richland, Washington, $1,800,000.

Project 96-D-470, environmental monitoring laboratory, Savannah River Site, Aiken, South Carolina, $3,500,000.

Project 96-D-471, chlorofluorocarbon heating, ventilation, and air conditioning and chiller retrofit, Savannah River Site, Aiken, South Carolina, $1,500,000.

Project 96-D-472, plant engineering and design, Savannah River Site, Aiken, South Carolina, $4,000,000.

Project 96-D-473, health physics site support facility, Savannah River Site, Aiken, South Carolina, $2,000,000.

Project 96-D-474, dry fuel storage facility, Idaho National Engineering Laboratory, Idaho, $15,000,000.

Project 96-D-475, high level waste volume reduction demonstration (pentaborane), Idaho National Engineering Laboratory, Idaho, $5,000,000.

Project 95-D-155, upgrade site road infrastructure, Savannah River, South Carolina, $2,900,000.

Project 95-D-156, radio trunking system, Savannah River, South Carolina, $10,000,000.

Project 95-D-454, 324 facility compliance/renovation, Richland, Washington, $3,500,000.

Project 95-D-456, security facilities upgrade, Idaho Chemical Processing Plant, Idaho National Engineering Laboratory, Idaho, $8,382,000.

Project 94-D-122, underground storage tanks, Rocky Flats, Golden, Colorado, $5,000,000.

Project 94-D-401, emergency response facility, Idaho National Engineering Laboratory, Idaho, $5,074,000.

Project 94-D-412, 300 area process sewer piping system upgrade, Richland, Washington, $1,000,000.

Project 94-D-415, medical facilities, Idaho National Engineering Laboratory, Idaho, $3,601,000.

Project 94-D-451, infrastructure replacement, Rocky Flats Plant, Golden, Colorado, $2,940,000.

Project 93-D-147, domestic water system upgrade, Phase I and II, Savannah River, South Carolina, $7,130,000.

Project 93-D-172, electrical upgrade, Idaho National Engineering Laboratory, Idaho, $124,000.

Project 92-D-123, plant fire/security alarms system replacement, Rocky Flats Plant, Golden, Colorado, $9,560,000.

Project 92-D-125, master safeguards and security agreement/materials surveillance task force security upgrades, Rocky Flats Plant, Golden, Colorado, $7,000,000.

Project 92-D-181, fire and life safety improvements, Idaho National Engineering Laboratory, Idaho, $6,883,000.

Project 91-D-127, criticality alarm and production annunciation utility replacement, Rocky Flats Plant, Golden, Colorado, $2,800,000.

(g) COMPLIANCE AND PROGRAM COORDINATION.—Subject to subsection (i), funds are hereby authorized to be appropriated to the Department of Energy for fiscal year 1996 for compliance and program coordination in carrying out environmental restoration and waste management activities necessary for national security programs in the amount of $81,251,000, to be allocated as follows:

(1) For operation and maintenance, $66,251,000.

(2) For the following plant project (including maintenance, restoration, planning, construction, acquisition, modification of facilities, and land acquisition related thereto), $15,000,000:

Project 95-E-600, hazardous materials training center, Richland, Washington.

(h) ANALYSIS, EDUCATION, AND RISK MANAGEMENT.—Subject to subsection (i), funds are hereby authorized to be appropriated to the Department of Energy for fiscal year 1996 for analysis, education, and risk management in carrying out environmental restoration and waste management activities necessary for national security programs in the amount of $80,022,000.

(i) ADJUSTMENTS.—The total amount authorized to be appropriated pursuant to this section is the sum of the amounts specified in subsections (a) through (h) reduced by the sum of—

(1) $276,942,000, for use of prior year balances; and

(2) $37,000,000 for recovery of overpayment to the Savannah River Pension Fund.

SEC. 3103. OTHER DEFENSE ACTIVITIES.

(a) OTHER DEFENSE ACTIVITIES.—Subject to subsection (b), funds are hereby authorized to be appropriated to the Department of Energy for fiscal year 1996 for other defense activities in carrying out programs necessary for national security in the amount of $1,408,162,000, to be allocated as follows:

(1) For verification and control technology, $430,842,000, to be allocated as follows:

(A) For nonproliferation and verification research and development, $226,142,000.

(B) For arms control, $162,364,000.

(C) For intelligence, $42,336,000.

(2) For nuclear safeguards and security, $83,395,000.

(3) For security investigations, $25,000,000.

(4) For security evaluations, $14,707,000.

(5) For the Office of Nuclear Safety, $15,050,000.

(6) For worker and community transition, $100,000,000.

(7) For fissile materials disposition, $70,000,000.

(8) For naval reactors development, $682,168,000, to be allocated as follows:

(A) For operation and infrastructure, $659,168,000.

(B) For plant projects (including maintenance, restoration, planning, construction, acquisition, modification of facilities, and the continuation of projects authorized in prior years, and land acquisition related thereto), $23,000,000, to be allocated as follows:

Project 95-D-200, laboratory systems and hot cell upgrades, various locations, $11,300,000.

Project 95-D-201, advanced test reactor radioactive waste system upgrades, Idaho National Engineering Laboratory, Idaho, $4,800,000.

Project 93-D-200, engineering services facilities, Knolls Atomic Power Laboratory, Niskayuna, New York, $3,900,000.

Project 90-N-102, expended core facility dry cell project, Naval Reactors Facility, Idaho, $3,000,000.

(b) ADJUSTMENT.—The total amount that may be appropriated pursuant to this section is the total amount authorized to be appropriated in subsection (a) reduced by $13,000,000, for use of prior year balances.

SEC. 3104. DEFENSE NUCLEAR WASTE DISPOSAL.

Funds are hereby authorized to be appropriated to the Department of Energy for fiscal year 1996 for payment to the Nuclear Waste Fund established in section 302(c) of the Nuclear Waste Policy Act of 1982 (42 U.S.C. 10222(c)) in the amount of $198,400,000.

SEC. 3105. PAYMENT OF PENALTIES ASSESSED AGAINST ROCKY FLATS SITE.

The Secretary of Energy may pay to the Hazardous Substance Superfund established under section 9507 of the Internal Revenue Code of 1986 (26 U.S.C. 9507), from funds appropriated to the Department of Energy for

environmental restoration and waste management activities pursuant to section 3102, stipulated civil penalties in the amount of $350,000 assessed under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. 9601 et seq.) against the Rocky Flats Site, Golden, Colorado.

SEC. 3106. STANDARDIZATION OF ETHICS AND REPORTING REQUIREMENTS AFFECTING THE DEPARTMENT OF ENERGY WITH GOVERNMENT-WIDE STANDARDS.

(a) REPEALS.—(1) Part A of title VI of the Department of Energy Organization Act and its catchline (42 U.S.C. 7211, 7212, and 7218) are repealed.

(2) Section 308 of the Energy Research and Development Administration Appropriation Authorization Act for Fiscal Year 1977 (42 U.S.C. 5816a) is repealed.

(3) Section 522 of the Energy Policy and Conservation Act (42 U.S.C. 6392) is repealed.

(b) CONFORMING AMENDMENTS.—(1) The table of contents for the Department of Energy Organization Act is amended by striking out the items relating to part A of title VI including sections 601 through 603.

(2) The table of contents for the Energy Policy and Conservation Act is amended by striking out the matter relating to section 522.

SEC. 3107. CERTAIN ENVIRONMENTAL RESTORATION REQUIREMENTS.

It is the sense of Congress that:

(1) No individual acting within the scope of that individual's employment with a Federal agency or department shall be personally subject to civil or criminal sanctions, for any failure to comply with an environmental cleanup requirement under the Solid Waste Disposal Act or the Comprehensive Environmental Response, Compensation, and Liability Act or an analogous requirement under comparable Federal, State, or local laws, whether the failure to comply is due to lack of funds requested or appropriated to carry out such requirement. Federal and State enforcement authorities shall refrain from enforcement action in such circumstances.

(2) If appropriations by the Congress for fiscal year 1996 or any subsequent fiscal year are insufficient to fund any such environmental cleanup requirements, the committees of Congress with jurisdiction shall examine the issue, elicit the views of Federal agencies, affected States, and the public, and consider appropriate statutory amendments to address personal criminal liability, and any related issues pertaining to potential liability of any Federal agency or department or its contractors.

SEC. 3108. AMENDING THE HYDRONUCLEAR PROVISIONS OF THIS ACT.

Notwithstanding any other provision of this Act, the provision dealing with hydronuclear experiments is qualified in the following respect:

"(c) LIMITATIONS.—Nothing in this Act shall be construed as an authorization to conduct hydronuclear tests. Furthermore, nothing in this Act shall be construed as amending or repealing the requirements of section 507 of Public Law 102-377.".

Subtitle B—Recurring General Provisions

SEC. 3121. REPROGRAMMING.

(a) IN GENERAL.—Until the Secretary of Energy submits to the congressional defense committees the report referred to in subsection (b) and a period of 30 days has elapsed after the date on which such committees receive the report, the Secretary may not use amounts appropriated pursuant to this title for any program—

(1) in amounts that exceed, in a fiscal year—

(A) 110 percent of the amount authorized for that program by this title; or

(B) $1,000,000 more than the amount authorized for that program by this title; or

(2) which has not been presented to, or requested of, Congress.

(b) REPORT.—(1) The report referred to in subsection (a) is a report containing a full and complete statement of the action proposed to be taken and the facts and circumstances relied upon in support of such proposed action.

(2) In the computation of the 30-day period under subsection (a), there shall be excluded any day on which either House of Congress is not in session because of an adjournment of more than 3 days to a day certain.

(c) LIMITATIONS.—(1) In no event may the total amount of funds obligated pursuant to this title exceed the total amount authorized to be appropriated by this title.

(2) Funds appropriated pursuant to this title may not be used for an item for which Congress has specifically denied funds.

SEC. 3122. LIMITS ON GENERAL PLANT PROJECTS.

(a) IN GENERAL.—The Secretary of Energy may carry out any construction project under the general plant projects authorized by this title if the total estimated cost of the construction project does not exceed $2,000,000.

(b) REPORT TO CONGRESS.—If, at any time during the construction of any general plant project authorized by this title, the estimated cost of the project is revised because of unforeseen cost variations and the revised cost of the project exceeds $2,000,000, the Secretary shall immediately furnish a complete report to the congressional defense committees explaining the reasons for the cost variation.

SEC. 3123. LIMITS ON CONSTRUCTION PROJECTS.

(a) IN GENERAL.—(1) Except as provided in paragraph (2), construction on a construction project may not be started or additional obligations incurred in connection with the project above the total estimated cost, whenever the current estimated cost of the construction project, which is authorized by sections 3101, 3102, and 3103, or which is in support of national security programs of the Department of Energy and was authorized by any previous Act, exceeds by more than 25 percent the higher of—

(A) the amount authorized for the project; or

(B) the amount of the total estimated cost for the project as shown in the most recent budget justification data submitted to Congress.

(2) An action described in paragraph (1) may be taken if—

(A) the Secretary of Energy has submitted to the congressional defense committees a report on the actions and the circumstances making such action necessary; and

(B) a period of 30 days has elapsed after the date on which the report is received by the committees.

(3) In the computation of the 30-day period under paragraph (2), there shall be excluded any day on which either House of Congress is not in session because of an adjournment of more than 3 days to a day certain.

(b) EXCEPTION.—Subsection (a) shall not apply to any construction project which has a current estimated cost of less than $5,000,000.

SEC. 3124. FUND TRANSFER AUTHORITY.

(a) TRANSFER TO OTHER FEDERAL AGENCIES.—The Secretary of Energy may transfer funds authorized to be appropriated to the Department of Energy pursuant to this title to other Federal agencies for the performance of work for which the funds were authorized. Funds so transferred may be merged with and be available for the same purposes and for the same period as the authorizations of the Federal agency to which the amounts are transferred.

(b) TRANSFER WITHIN DEPARTMENT OF ENERGY; LIMITATIONS.—(1) Subject to paragraph (2), the Secretary of Energy may transfer funds authorized to be appropriated to the Department of Energy pursuant to this title between any such authorizations. Amounts of authorizations so transferred may be merged with and be available for the same purposes and for the same period as the authorization to which the amounts are transferred.

(2) Not more than 5 percent of any such authorization may be transferred between authorizations under paragraph (1). No such authorization may be increased or decreased by more than 5 percent by a transfer under such paragraph.

(3) The authority provided by this section to transfer authorizations—

(A) may only be used to provide funds for items relating to weapons activities necessary for national security programs that have a higher priority than the items from which the funds are transferred; and

(B) may not be used to provide authority for an item that has been denied funds by Congress.

(c) NOTICE TO CONGRESS.—The Secretary of Energy shall promptly notify the Committee on Armed Services of the Senate and the Committee on National Security of the House of Representatives of any transfer of funds to or from authorizations under this title.

SEC. 3125. AUTHORITY FOR CONCEPTUAL AND CONSTRUCTION DESIGN.

(a) REQUIREMENT FOR CONCEPTUAL DESIGN.—(1) Subject to paragraph (2) and except as provided in paragraph (3), before submitting to Congress a request for funds for a construction project that is in support of a national security program of the Department of Energy, the Secretary of Energy shall complete a conceptual design for that project.

(2) If the estimated cost of completing a conceptual design for a construction project exceeds $3,000,000, the Secretary shall submit to Congress a request for funds for the conceptual design before submitting a request for funds for the construction project.

(3) The requirement in paragraph (1) does not apply to a request for funds—

(A) for a construction project the total estimated cost of which is less than $2,000,000; or

(B) for emergency planning, design, and construction activities under section 3126.

(b) AUTHORITY FOR CONSTRUCTION DESIGN.—(1) Within the amounts authorized by this title, the Secretary of Energy may carry out construction design (including architectural and engineering services) in connection with any proposed construction project if the total estimated cost for such design does not exceed $600,000.

(2) If the total estimated cost for construction design in connection with any construction project exceeds $600,000, funds for such design must be specifically authorized by law.

SEC. 3126. AUTHORITY FOR EMERGENCY PLANNING, DESIGN, AND CONSTRUCTION ACTIVITIES.

(a) AUTHORITY.—The Secretary of Energy may use any funds available to the Department of Energy pursuant to an authorization

in this title, including funds authorized to be appropriated under sections 3101, 3102, and 3103 for advance planning and construction design, to perform planning, design, and construction activities for any Department of Energy national security program construction project that, as determined by the Secretary, must proceed expeditiously in order to protect public health and safety, meet the needs of national defense, or to protect property.

(b) LIMITATION.—The Secretary may not exercise the authority under subsection (a) in the case of any construction project until the Secretary has submitted to the congressional defense committees a report on the activities that the Secretary intends to carry out under this section and the circumstances making such activities necessary.

(c) SPECIFIC AUTHORITY.—The requirement of section 3125(b)(2) does not apply to emergency planning, design, and construction activities conducted under this section.

(d) REPORT.—The Secretary of Energy shall report to the congressional defense committees any exercise of authority under this section.

SEC. 3127. FUNDS AVAILABLE FOR ALL NATIONAL SECURITY PROGRAMS OF THE DEPARTMENT OF ENERGY.

Subject to the provisions of appropriations Acts and section 3121 of this title, amounts appropriated pursuant to this title for management and support activities and for general plant projects are available for use, when necessary, in connection with all national security programs of the Department of Energy.

SEC. 3128. AVAILABILITY OF FUNDS.

When so specified in an appropriation Act, amounts appropriated for operating expenses, plant projects, and capital equipment may remain available until expended.

Subtitle C—Program Authorizations, Restrictions, and Limitations

SEC. 3131. TRITIUM PRODUCTION.

(a) TRITIUM PRODUCTION.—Of the funds authorized to be appropriated to the Department of Energy under section 3101, not more than $50,000,000 shall be available to conduct an assessment of alternative means of ensuring that the tritium production of the Department of Energy is adequate to meet the tritium requirements of the Department of Defense. The assessment shall include an assessment of various types of reactors and an accelerator.

(b) LOCATION OF NEW TRITIUM PRODUCTION FACILITY.—The Secretary of Energy shall locate the new tritium production facility of the Department of Energy at the Savannah River Site, South Carolina.

(c) TRITIUM TARGETS.—Of the funds authorized to be appropriated to the Department of Energy under section 3101, not more than $5,000,000 shall be available for the Idaho National Engineering Laboratory for the test and development of nuclear reactor tritium targets for the various types of reactors to be assessed by the Department under subsection (a).

SEC. 3132. FISSILE MATERIALS DISPOSITION.

Of the funds authorized to be appropriated to the Department of Energy for fiscal year 1996 under section 3103(a)(7), $70,000,000 shall be available only for purposes of completing the evaluation of, and commencing implementation of, the interim- and long-term storage and disposition of fissile materials (including plutonium, highly enriched uranium, and other fissile materials) that are excess to the national security needs of the United States, of which $10,000,000 shall be available for plutonium resource assessment on a competitive basis by an appropriate university consortium.

SEC. 3133. TRITIUM RECYCLING.

(a) IN GENERAL.—Except as provided in subsection (b), the following activities shall be carried out at the Savannah River Site, South Carolina:

(1) All tritium recycling for weapons, including tritium refitting.

(2) All activities regarding tritium formerly carried out at the Mound Plant, Ohio.

(b) EXCEPTION.—The following activities may be carried out at the Los Alamos National Laboratory, New Mexico:

(1) Research on tritium.

(2) Work on tritium in support of the defense inertial confinement fusion program.

(3) Provision of technical assistance to the Savannah River Site regarding the weapons surveillance program.

SEC. 3134. MANUFACTURING INFRASTRUCTURE FOR REFABRICATION AND CERTIFICATION OF ENDURING NUCLEAR WEAPONS STOCKPILE.

(a) MANUFACTURING PROGRAM.—The Secretary of Energy shall carry out a program for purposes of establishing within the Government a manufacturing infrastructure that has the following capabilities as specified in the Nuclear Posture Review:

(1) To develop a stockpile surveillance engineering base.

(2) To refabricate and certify weapon components and types in the enduring nuclear weapons stockpile, as necessary.

(3) To design, fabricate, and certify new nuclear warheads, as necessary.

(4) To support nuclear weapons.

(5) To supply sufficient tritium in support of nuclear weapons to ensure an upload hedge in the event circumstances require.

(b) REQUIRED CAPABILITIES.—The manufacturing infrastructure established under the program under subsection (a) shall include the following capabilities (modernized to attain the objectives referred to in that subsection):

(1) The weapons assembly capabilities of the Pantex Plant.

(2) The weapon secondary fabrication capabilities of the Y-12 Plant, Oak Ridge, Tennessee.

(3) The tritium production and recycling capabilities of the Savannah River Site.

(4) A weapon primary pit refabrication/manufacturing and reuse facility capability at Savannah River Site (if required for national security purposes).

(5) The non-nuclear component capabilities of the Kansas City Plant.

(c) NUCLEAR POSTURE REVIEW.—For purposes of subsection (a), the term "Nuclear Posture Review" means the Department of Defense Nuclear Posture Review as contained in the Report of the Secretary of Defense to the President and the Congress dated February 19, 1995, or subsequent such reports.

(d) FUNDING.—Of the funds authorized to be appropriated under section 3101(b), $143,000,000 shall be available for carrying out the program required under this section, of which—

(1) $35,000,000 shall be available for activities at the Pantex Plant;

(2) $30,000,000 shall be available for activities at the Y-12 Plant, Oak Ridge, Tennessee;

(3) $35,000,000 shall be available for activities at the Savannah River Site; and

(4) $43,000,000 shall be available for activities at the Kansas City Plant.

SEC. 3135. HYDRONUCLEAR EXPERIMENTS.

Of the funds authorized to be appropriated to the Department of Energy under section 3101, $50,000,000 shall be available for preparation for the commencement of a program of hydronuclear experiments at the nuclear weapons design laboratories at the Nevada Test Site which program shall be for the purpose of maintaining confidence in the reliability and safety of the enduring nuclear weapons stockpile.

SEC. 3136. FELLOWSHIP PROGRAM FOR DEVELOPMENT OF SKILLS CRITICAL TO THE DEPARTMENT OF ENERGY NUCLEAR WEAPONS COMPLEX.

(a) IN GENERAL.—The Secretary of Energy shall conduct a fellowship program for the development of skills critical to the ongoing mission of the Department of Energy nuclear weapons complex. Under the fellowship program, the Secretary shall—

(1) provide educational assistance and research assistance to eligible individuals to facilitate the development by such individuals of skills critical to maintaining the ongoing mission of the Department of Energy nuclear weapons complex;

(2) employ eligible individuals at the facilities described in subsection (c) in order to facilitate the development of such skills by these individuals; or

(3) provide eligible individuals with the assistance and the employment.

(b) ELIGIBLE INDIVIDUALS.—Individuals eligible for participation in the fellowship program are the following:

(1) Students pursuing graduate degrees in fields of science or engineering that are related to nuclear weapons engineering or to the science and technology base of the Department of Energy.

(2) Individuals engaged in postdoctoral studies in such fields.

(c) COVERED FACILITIES.—The Secretary shall carry out the fellowship program at or in connection with the following facilities:

(1) The Kansas City Plant, Kansas City, Missouri.

(2) The Pantex Plant, Amarillo, Texas.

(3) The Y-12 Plant, Oak Ridge, Tennessee.

(4) The Savannah River Site, Aiken, South Carolina.

(d) ADMINISTRATION.—The Secretary shall carry out the fellowship program at a facility referred to in subsection (c) through the stockpile manager of the facility.

(e) ALLOCATION OF FUNDS.—The Secretary shall, in consultation with the Assistant Secretary of Energy for Defense Programs, allocate funds available for the fellowship program under subsection (f) among the facilities referred to in subsection (c). The Secretary shall make the allocation after evaluating an assessment by the weapons program director of each such facility of the personnel and critical skills necessary at the facility for carrying out the ongoing mission of the facility.

(f) FUNDING.—Of the funds authorized to be appropriated to the Department of Energy for fiscal year 1996 under section 3101(b), $10,000,000 may be used for the purpose of carrying out the fellowship program under this section.

SEC. 3137. EDUCATION PROGRAM FOR DEVELOPMENT OF PERSONNEL CRITICAL TO THE DEPARTMENT OF ENERGY NUCLEAR WEAPONS COMPLEX.

(a) IN GENERAL.—The Secretary of Energy shall conduct an education program to ensure the long-term supply of personnel having skills critical to the ongoing mission of the Department of Energy nuclear weapons complex. Under the program, the Secretary shall provide—

(1) education programs designed to encourage and assist students in study in the fields of math, science, and engineering that are critical to maintaining the nuclear weapons complex;

(2) programs that enhance the teaching skills of teachers who teach students in such fields; and

(3) education programs that increase the scientific understanding of the general public in areas of importance to the nuclear weapons complex and to the Department of Energy national laboratories.

(b) FUNDING.—Of the funds authorized to be appropriated to the Department of Energy for fiscal year 1996 under section 3101(a), $10,000,000 may be used for the purpose of carrying out the education program under this section.

SEC. 3138. LIMITATION ON USE OF FUNDS FOR CERTAIN RESEARCH AND DEVELOPMENT PURPOSES.

Funds appropriated or otherwise made available to the Department of Energy for fiscal year 1996 under section 3101 may be obligated and expended for activities under the Department of Energy Laboratory Directed Research and Development Program or under Department of Energy technology transfer programs only if such activities support the national security mission of the Department.

SEC. 3139. PROCESSING OF HIGH LEVEL NUCLEAR WASTE AND SPENT NUCLEAR FUEL RODS.

(a) ELECTROMETALLURGICAL PROCESSING ACTIVITIES.—Of the amount authorized to be appropriated to the Department of Energy under section 3102, not more than $2,500,000 shall be available for electrometallurgical processing activities at the Idaho National Engineering Laboratory.

(b) PROCESSING OF SPENT NUCLEAR FUEL RODS AT SAVANNAH RIVER SITE.—Of the amount authorized to be appropriated to the Department of Energy under section 3102, $30,000,000 shall be available for operating and maintenance activities at the Savannah River Site, which amount shall be available for the development at the canyon facilities at the site of technological methods (including plutonium processing and reprocessing) of separating, reducing, isolating, and storing the spent nuclear fuel rods that are sent to the site from other Department of Energy facilities and from foreign facilities.

(c) PROCESSING OF SPENT NUCLEAR FUEL RODS AT IDAHO NATIONAL ENGINEERING LABORATORY.—Of the amount authorized to be appropriated to the Department of Energy under section 3102, $15,000,000 shall be available for operating and maintenance activities at the Idaho National Engineering Laboratory, which amount shall be available for the development of technological methods of processing the spent nuclear fuel rods that will be sent to the laboratory from other Department of Energy facilities.

(d) SPENT NUCLEAR FUEL DEFINED.—In this section, the term "spent nuclear fuel" has the meaning given such term in section 2(23) of the Nuclear Waste Policy Act of 1982 (42 U.S.C. 10101(23)).

SEC. 3140. DEPARTMENT OF ENERGY DECLASSIFICATION PRODUCTIVITY INITIATIVE.

Of the funds authorized to be appropriated to the Department of Energy under section 3103, $3,000,000 shall be available for the Declassification Productivity Initiative of the Department of Energy.

SEC. 3141. AUTHORITY TO REPROGRAM FUNDS FOR DISPOSITION OF CERTAIN SPENT NUCLEAR FUEL.

(a) AUTHORITY TO REPROGRAM.—Notwithstanding any other provision of law and subject to subsection (b), the Secretary of Energy may reprogram funds available to the Department of Energy for fiscal year 1996 under section 3101(b) or 3102(b) to make such funds available for use for storage pool treatment and stabilization or for canning and storage in connection with the disposition of spent nuclear fuel in the Democratic People's Republic of Korea, which treatment and stabilization or canning and storage is—

(1) necessary in order to meet International Atomic Energy Agency safeguard standards with respect to the disposition of spent nuclear fuel; and

(2) conducted in fulfillment of the Nuclear Framework Agreement between the United States and the Democratic People's Republic of Korea dated October 21, 1994.

(b) LIMITATION.—The total amount that the Secretary may reprogram under the authority in subsection (a) may not exceed $5,000,000.

(c) DEFINITION.—In this section, the term "spent nuclear fuel" has the meaning given such term in section 2(23) of the Nuclear Waste Policy Act of 1982 (42 U.S.C. 10101(23)).

SEC. 3142. PROTECTION OF WORKERS AT NUCLEAR WEAPONS FACILITIES.

Of the funds authorized to be appropriated to the Department of Energy under section 3102, $10,000,000 shall be available to carry out activities authorized under section 3131 of the National Defense Authorization Act for Fiscal Years 1992 and 1993 (Public Law 102-190; 105 Stat. 1571; 42 U.S.C. 7274d), relating to worker protection at nuclear weapons facilities.

Subtitle D—Review of Department of Energy National Security Programs

SEC. 3151. REVIEW OF DEPARTMENT OF ENERGY NATIONAL SECURITY PROGRAMS.

(a) REPORT.—Not later than March 15, 1996, the Secretary of Defense shall, in consultation with the Secretary of Energy, submit to the congressional defense committees a report on the national security programs of the Department of Energy.

(b) CONTENTS OF REPORT.—The report shall include an assessment of the following:

(1) The effectiveness of the Department of Energy in maintaining the safety and reliability of the enduring nuclear weapons stockpile.

(2) The management by the Department of the nuclear weapons complex, including—

(A) a comparison of the Department of Energy's implementation of applicable environmental, health, and safety requirements with the implementation of similar requirements by the Department of Defense; and

(B) a comparison of the costs and benefits of the national security research and development programs of the Department of Energy with the costs and benefits of similar programs sponsored by the Department of Defense.

(3) The fulfillment of the requirements established for the Department of Energy in the Nuclear Posture Review.

(c) DEFINITION.—In this section, the term "Nuclear Posture Review" means the Department of Defense Nuclear Posture Review as contained in the Report of the Secretary of Defense to the President and the Congress dated February 19, 1995, or in subsequent such reports.

Subtitle E—Other Matters

SEC. 3161. RESPONSIBILITY FOR DEFENSE PROGRAMS EMERGENCY RESPONSE PROGRAM.

The Office of Military Applications under the Assistant Secretary of Energy for Defense Programs shall retain responsibility for the Defense Programs Emergency Response Program within the Department of Energy.

SEC. 3162. REQUIREMENTS FOR DEPARTMENT OF ENERGY WEAPONS ACTIVITIES BUDGETS FOR FISCAL YEARS AFTER FISCAL YEAR 1996.

(a) IN GENERAL.—The weapons activities budget of the Department of Energy shall be developed in accordance with the Nuclear Posture Review, the Post Nuclear Posture Review Stockpile Memorandum currently under development, and the programmatic and technical requirements associated with the review and memorandum.

(b) REQUIRED DETAIL.—The Secretary of Energy shall include in the materials that the Secretary submits to Congress in support of the budget for a fiscal year submitted by the President pursuant to section 1105 of title 31, United States Code, a long-term program plan, and a near-term program plan, for the certification and stewardship of the enduring nuclear weapons stockpile.

(c) DEFINITION.—In this section, the term "Nuclear Posture Review" means the Department of Defense Nuclear Posture Review as contained in the Report of the Secretary of Defense to the President and the Congress dated February 19, 1995, or in subsequent such reports.

SEC. 3163. REPORT ON PROPOSED PURCHASES OF TRITIUM FROM FOREIGN SUPPLIERS.

(a) REQUIREMENT.—Not later than May 30, 1997, the President shall submit to the congressional defense committees a report on any plans of the President to purchase from foreign suppliers tritium to be used for purposes of the nuclear weapons stockpile of the United States.

(b) FORM OF REPORT.—The report shall be submitted in unclassified form, but may contain a classified annex.

SEC. 3164. REPORT ON HYDRONUCLEAR TESTING.

(a) REPORT.—The Secretary of Energy shall direct the joint preparation by the Lawrence Livermore National Laboratory and the Los Alamos National Laboratory of a report on the advantages and disadvantages for the safety and reliability of the enduring nuclear weapons stockpile of permitting alternative limits to the current limits on the explosive yield of hydronuclear tests. The report shall address the following explosive yield limits:

(1) 4 pounds (TNT equivalent).

(2) 400 pounds (TNT equivalent).

(3) 4,000 pounds (TNT equivalent).

(4) 40,000 pounds (TNT equivalent).

(b) FUNDING.—The Secretary shall make available funds authorized to be appropriated to the Department of Energy under section 3101 for preparation of the report required under subsection (a).

SEC. 3165. PLAN FOR THE CERTIFICATION AND STEWARDSHIP OF THE ENDURING NUCLEAR WEAPONS STOCKPILE.

(a) REQUIREMENT.—Not later than March 15, 1996, and every March 15 thereafter, the Secretary of Energy shall submit to the Secretary of Defense a plan for maintaining the enduring nuclear weapons stockpile.

(b) PLAN ELEMENTS.—Each plan under subsection (a) shall set forth the following:

(1) The numbers of weapons (including active weapons and inactive weapons) for each type of weapon in the enduring nuclear weapons stockpile.

(2) The expected design lifetime of each weapon system type, the current age of each weapon system type, and any plans (including the analytical basis for such plans) for lifetime extensions of a weapon system type.

(3) An estimate of the lifetime of the nuclear and non-nuclear components of the

weapons (including active weapons and inactive weapons) in the enduring nuclear weapons stockpile, and any plans (including the analytical basis for such plans) for lifetime extensions of such components.

(4) A schedule of the modifications, if any, required for each weapon type (including active weapons and inactive weapons) in the enduring nuclear weapons stockpile, and the cost of such modifications.

(5) The process to be used in recertifying the safety, reliability, and performance of each weapon type (including active weapons and inactive weapons) in the enduring nuclear weapons stockpile.

(6) The manufacturing infrastructure required to maintain the nuclear weapons stockpile stewardship management program.

SEC. 3166. APPLICABILITY OF ATOMIC ENERGY COMMUNITY ACT OF 1955 TO LOS ALAMOS, NEW MEXICO.

(a) DATE OF TRANSFER OF UTILITIES.—Section 72 of the Atomic Energy Community Act of 1955 (42 U.S.C. 2372) is amended by striking out "not later than five years after the date it is included within this Act" and inserting in lieu thereof "not later than June 30, 1998".

(b) DATE OF TRANSFER OF MUNICIPAL INSTALLATIONS.—Section 83 of such Act (42 U.S.C. 2383) is amended by striking out "not later than five years after the date it is included within this Act" and inserting in lieu thereof "not later than June 30, 1998".

(c) RECOMMENDATION FOR FURTHER ASSISTANCE PAYMENTS.—Section 91 of such Act (42 U.S.C. 2391) is amended—

(1) by striking out ", and the Los Alamos School Board;" and all that follows through "county of Los Alamos, New Mexico" and inserting in lieu thereof "; or not later than June 30, 1996, in the case of the Los Alamos School Board and the county of Los Alamos, New Mexico"; and

(2) by adding at the end the following new sentence: "If the recommendation under the preceding sentence regarding the Los Alamos School Board or the county of Los Alamos, New Mexico, indicates a need for further assistance for the school board or the county, as the case may be, after June 30, 1997, the recommendation shall include a report and plan describing the actions required to eliminate the need for further assistance for the school board or the county, including a proposal for legislative action to carry out the plan.".

(d) CONTRACT TO MAKE PAYMENTS.—Section 94 of such Act (42 U.S.C. 2394) is amended—

(1) by striking out "June 30, 1996" each place it appears in the proviso in the first sentence and inserting in lieu thereof "June 30, 1997"; and

(2) by striking out "July 1, 1996" in the second sentence and inserting in lieu thereof "July 1, 1997".

SEC. 3167. SENSE OF SENATE ON NEGOTIATIONS REGARDING SHIPMENTS OF SPENT NUCLEAR FUEL FROM NAVAL REACTORS.

(a) SENSE OF THE SENATE.—It is the sense of the Senate that the Secretary of Defense, the Secretary of Energy, and the Governor of the State of Idaho should continue good faith negotiations for the purpose of reaching an agreement on the issue of shipments of spent nuclear fuel from naval reactors.

(b) REPORT.—(1) Not later than September 15, 1995, the Secretary of Defense shall submit to the Committee on Armed Services of the Senate and the Committee on National Security of the House of Representatives a written report on the status or outcome of the negotiations urged under subsection (a).

(2) The report shall include the following matters:

(A) If an agreement is reached, the terms of the agreement, including the dates on which shipments of spent nuclear fuel from naval reactors will resume.

(B) If an agreement is not reached—

(i) the Secretary's evaluation of the issues remaining to be resolved before an agreement can be reached;

(ii) the likelihood that an agreement will be reached before October 1, 1995; and

(iii) the steps that must be taken regarding the shipment of spent nuclear fuel from naval reactors to ensure that the Navy can meet the national security requirements of the United States.

TITLE XXXII—DEFENSE NUCLEAR FACILITIES SAFETY BOARD

SEC. 3201. AUTHORIZATION.

There are authorized to be appropriated for fiscal year 1996, $17,000,000 for the operation of the Defense Nuclear Facilities Safety Board under chapter 21 of the Atomic Energy Act of 1954 (42 U.S.C. 2286 et seq.).

TITLE XXXIII—NAVAL PETROLEUM RESERVES

SEC. 3301. SALE OF NAVAL PETROLEUM RESERVE NUMBERED 1 (ELK HILLS).

(a) SALE OF ELK HILLS UNIT REQUIRED.—(1) Chapter 641 of title 10, United States Code, is amended by inserting after section 7421 the following new section:

"§ 7421a. Sale of Naval Petroleum Reserve Numbered 1 (Elk Hills)

"(a) SALE REQUIRED.—(1) Notwithstanding any other provision of this chapter other than section 7431(a)(2) of this title, the Secretary shall sell all right, title, and interest of the United States in and to lands owned or controlled by the United States inside Naval Petroleum Reserve Numbered 1, commonly referred to as the Elk Hills Unit, located in Kern County, California, and established by Executive order of the President, dated September 2, 1912. Subject to subsection (j), within one year after the effective date, the Secretary shall enter into one or more contracts for the sale of all of the interest of the United States in the reserve.

"(2) In this section:

"(A) The term 'reserve' means Naval Petroleum Reserve Numbered 1.

"(B) The term 'unit plan contract' means the unit plan contract between equity owners of the lands within the boundaries of Naval Petroleum Reserve Numbered 1 entered into on June 19, 1944.

"(C) The term 'effective date' means the date of the enactment of the National Defense Authorization Act for Fiscal Year 1996.

"(b) EQUITY FINALIZATION.—(1) Not later than three months after the effective date, the Secretary shall finalize equity interests of the known oil and gas zones in Naval Petroleum Reserve Numbered 1 in the manner provided by this subsection.

"(2) The Secretary shall retain the services of an independent petroleum engineer, mutually acceptable to the equity owners, who shall prepare a recommendation on final equity figures. The Secretary may accept the recommendation of the independent petroleum engineer for final equity in each known oil and gas zone and establish final equity interest in the Naval Petroleum Reserve Numbered 1 in accordance with such recommendation, or the Secretary may use such other method to establish final equity interest in the reserve as the Secretary considers appropriate.

"(3) If, on the effective date, there is an ongoing equity redetermination dispute between the equity owners under section 9(b) of the unit plan contract, such dispute shall be resolved in the manner provided in the unit plan contract within five months after the effective date. Such resolution shall be considered final for all purposes under this section.

"(c) TIMING AND ADMINISTRATION OF SALE.—(1) Not later than two months after the effective date, the Secretary shall publish a notice of intent to sell the Naval Petroleum Reserve Numbered 1. The Secretary shall make all technical, geological, and financial information relevant to the sale of the reserve available to all interested and qualified buyers upon request. The Secretary, in consultation with the Administrator of General Services, shall ensure that the sale process is fair and open to all interested and qualified parties.

"(2)(A) Not later than two months after the effective date, the Secretary shall retain the services of five independent experts in the valuation of oil and gas fields to conduct separate assessments, in a manner consistent with commercial practices, of the value of the interest of the United States in Naval Petroleum Reserve Numbered 1. In making their assessments, the independent experts shall consider (among other factors) all equipment and facilities to be included in the sale, the estimated quantity of petroleum and natural gas in the reserve, and the net present value of the anticipated revenue stream that the Secretary and the Director of the Office of Management and Budget jointly determine the Treasury would receive from the reserve if the reserve were not sold, adjusted for any anticipated increases in tax revenues that would result if the reserve were sold. The independent experts shall complete their assessments within six months after the effective date.

"(B) The independent experts shall also determine and submit to the Secretary the estimated total amount of the cost of any environmental restoration and remediation necessary at the reserve. The Secretary shall report the estimate to the Director of the Office of Management and Budget, the Secretary of the Treasury, and Congress.

"(C) The Secretary, in consultation with the Director of the Office of Management and Budget, shall set the minimum acceptable price for the reserve. The Secretary may not set the minimum acceptable price below the average of three of the assessments (after excluding the high and low assessments) made under subparagraph (A).

"(3) Not later than two months after the effective date, the Secretary shall retain the services of an investment banker to independently administer, in a manner consistent with commercial practices and in a manner that maximizes sale proceeds to the Government, the sale of Naval Petroleum Reserve Numbered 1 under this section. Notwithstanding section 7433(b) of this title, costs and fees of retaining the investment banker shall be paid out of the proceeds of the sale of the reserve.

"(4)(A) Not later than six months after the effective date, the investment banker serving as the sales administrator under paragraph (3) shall complete a draft contract or contracts for the sale of Naval Petroleum Reserve Numbered 1, which shall accompany the invitation for bids and describe the terms and provisions of the sale of the interest of the United States in the reserve.

"(B) The draft contract or contracts shall identify—

"(i) all equipment and facilities to be included in the sale; and

"(ii) any potential claim or liability (including liability for environmental restoration and remediation), and the extent of any such claim or liability, for which the United States is responsible under subsection (d).

"(C) The draft contract or contracts, including the terms and provisions of the sale of the interest of the United States in the reserve, shall be subject to review and approval by the Secretary, the Secretary of the Treasury, and the Director of the Office of Management and Budget. Each of those officials shall complete the review of, and approve or disapprove, the draft contract or contracts not later than seven months after the effective date.

"(5) Not later than seven months after the effective date, the Secretary shall publish an invitation for bids for the purchase of the reserve.

"(6) Not later than 10 months after the effective date, the Secretary shall identify the highest responsible offer or offers for purchase of the interest of the United States in Naval Petroleum Reserve Numbered 1 that, in total, meet or exceed the minimum acceptable price determined under paragraph (2).

"(7) The Secretary shall take such action immediately after the effective date as is necessary to obtain from an independent petroleum engineer within six months after that date a certification regarding the quantity of the content of the reserve. The Secretary shall use the certification in support of the preparation of the invitation for bids.

"(d) FUTURE LIABILITIES.—The United States shall hold harmless and fully indemnify the purchaser or purchasers (as the case may be) of the interest of the United States in Naval Petroleum Reserve Numbered 1 from and against any claim or liability as a result of ownership in the reserve by the United States, including any claim referred to in subsection (e).

"(e) TREATMENT OF STATE OF CALIFORNIA CLAIM.—After the costs incurred in the conduct of the sale of Naval Petroleum Reserve Numbered 1 under this section are deducted, seven percent of the remaining proceeds from the sale of the reserve shall be reserved in a contingent fund in the Treasury (for a period not to exceed 10 years after the effective date) for payment to the State of California in the event that, and to the extent that, the claims of the State against the United States regarding production and proceeds of sale from Naval Petroleum Reserve Numbered 1 are resolved in favor of the State by a court of competent jurisdiction. Funds in the contingent fund shall be available for paying any such claim to the extent provided in appropriation Acts. After final disposition of the claims, any unobligated balance in the contingent fund shall be credited to the general fund of the Treasury.

"(f) MAINTAINING ELK HILLS UNIT PRODUCTION.—Until the sale of Naval Petroleum Reserve Numbered 1 is completed under this section, the Secretary shall continue to produce the reserve at the maximum daily oil or gas rate from a reservoir, which will permit maximum economic development of the reservoir consistent with sound oil field engineering practices in accordance with section 3 of the unit plan contract. The definition of maximum efficient rate in section 7420(6) of this title shall not apply to the reserve.

"(g) EFFECT ON EXISTING CONTRACTS.—(1) In the case of any contract, in effect on the effective date, for the purchase of production from any part of the United States' share of Naval Petroleum Reserve Numbered 1, the sale of the interest of the United States in the reserve shall be subject to the contract for a period of three months after the closing date of the sale or until termination of the contract, whichever occurs first. The term of any contract entered into after the effective date for the purchase of such production shall not exceed the anticipated closing date for the sale of the reserve.

"(2) The Secretary shall exercise the termination procedures provided in the contract between the United States and Bechtel Petroleum Operation, Inc., Contract Number DE-AC01-85FE60520 so that the contract terminates not later than the date of closing of the sale of Naval Petroleum Reserve Numbered 1 under subsection (c).

"(3) The Secretary shall exercise the termination procedures provided in the unit plan contract so that the unit plan contract terminates not later than the date of closing of the sale of reserve.

"(h) EFFECT ON ANTITRUST LAWS.—Nothing in this section shall be construed to alter the application of the antitrust laws of the United States to the purchaser or purchasers (as the case may be) of Naval Petroleum Reserve Numbered 1 or to the lands in the reserve subject to sale under this section upon the completion of the sale.

"(i) PRESERVATION OF PRIVATE RIGHT, TITLE, AND INTEREST.—Nothing in this section shall be construed to adversely affect the ownership interest of any other entity having any right, title, and interest in and to lands within the boundaries of Naval Petroleum Reserve Numbered 1 and which are subject to the unit plan contract.

"(j) NOTICE TO CONGRESS.—(1) Subject to paragraph (2), the Secretary may not enter into any contract for the sale of the reserve until the end of the 31-day period beginning on the date on which the Secretary notifies the Committee on Armed Services of the Senate and the Committee on National Security and the Committee on Commerce of the House of Representatives of the conditions of the proposed sale.

"(2) If the Secretary receives only one offer for purchase of the reserve or any subcomponent thereof, the Secretary may not enter into a contract for the sale of the reserve unless—

"(A) the Secretary submits to Congress a notification of the receipt of only one offer together with the conditions of the proposed sale of the reserve or parcel to the offeror; and

"(B) a joint resolution of approval described in subsection (k) is enacted within 45 days after the date of the notification.

"(k) JOINT RESOLUTION OF APPROVAL.—(1) For the purpose of paragraph (2)(B) of subsection (j), 'joint resolution of approval' means only a joint resolution that is introduced after the date on which the notification referred to in that paragraph is received by Congress, and—

"(A) that does not have a preamble;

"(B) the matter after the resolving clause of which reads only as follows: 'That Congress approves the proposed sale of Naval Petroleum Reserve Numbered 1 reported in the notification submitted to Congress by the Secretary of Energy on _____.' (the blank space being filled in with the appropriate date); and

"(C) the title of which is as follows: 'Joint resolution approving the sale of Naval Petroleum Reserve Numbered 1'.

"(2) A resolution described in paragraph (1) introduced in the House of Representatives shall be referred to the Committee on National Security of the House of Representatives. A resolution described in paragraph (1) introduced in the Senate shall be referred to the Committee on Armed Services of the Senate. Such a resolution may not be reported before the 8th day after its introduction.

"(3) If the committee to which is referred a resolution described in paragraph (1) has not reported such resolution (or an identical resolution) at the end of 15 calendar days after its introduction, such committee shall be deemed to be discharged from further consideration of such resolution and such resolution shall be placed on the appropriate calendar of the House involved.

"(4)(A) When the committee to which a resolution is referred has reported, or has been deemed to be discharged (under paragraph (3)) from further consideration of, a resolution described in paragraph (1), it is at any time thereafter in order (even though a previous motion to the same effect has been disagreed to) for any Member of the respective House to move to proceed to the consideration of the resolution, and all points of order against the resolution (and against consideration of the resolution) are waived. The motion is highly privileged in the House of Representatives and is privileged in the Senate and is not debatable. The motion is not subject to amendment, or to a motion to postpone, or to a motion to proceed to the consideration of other business. A motion to reconsider the vote by which the motion is agreed to or disagreed to shall not be in order. If a motion to proceed to the consideration of the resolution is agreed to, the resolution shall remain the unfinished business of the respective House until disposed of.

"(B) Debate on the resolution, and on all debatable motions and appeals in connection therewith, shall be limited to not more than 10 hours, which shall be divided equally between those favoring and those opposing the resolution. A motion further to limit debate is in order and not debatable. An amendment to, or a motion to postpone, or a motion to proceed to the consideration of other business, or a motion to recommit the resolution is not in order. A motion to reconsider the vote by which the resolution is agreed to or disagreed to is not in order.

"(C) Immediately following the conclusion of the debate on a resolution described in paragraph (2), and a single quorum call at the conclusion of the debate if requested in accordance with the rules of the appropriate House, the vote on final passage of the resolution shall occur.

"(D) Appeals from the decisions of the Chair relating to the application of the rules of the Senate or the House of Representatives, as the case may be, to the procedure relating to a resolution described in paragraph (1) shall be decided without debate.

"(5) If, before the passage by one House of a resolution of that House described in paragraph (1), that House receives from the other House a resolution described in paragraph (1), then the following procedures shall apply:

"(A) The resolution of the other House shall not be referred to a committee.

"(B) With respect to a resolution described in paragraph (2) of the House receiving the resolution—

"(i) the procedure in that House shall be the same as if no resolution had been received from the other House; but

"(ii) the vote on final passage shall be on the resolution of the other House.

"(6) This subsection is enacted by Congress—

"(A) as an exercise of the rulemaking power of the Senate and House of Representatives, respectively, and as such it is deemed

a part of the rules of each House, respectively, but applicable only with respect to the procedure to be followed in that House in the case of a resolution described in paragraph (1), and it supersedes other rules only to the extent that it is inconsistent with such rules; and

"(B) with full recognition of the constitutional right of either House to change the rules (so far as relating to the procedure of that House) at any time, in the same manner, and to the same extent as in the case of any other rule of that House.

"(l) NONCOMPLIANCE WITH DEADLINES.—If, at any time during the one-year period beginning on the effective date, the Secretary determines that the actions necessary to complete the sale of the reserve within that period are not being taken or timely completed, the Secretary shall transmit to the Committee on Armed Services of the Senate and the Committees on National Security and on Commerce of the House of Representatives a notification of that determination together with a plan setting forth the actions that will be taken to ensure that the sale of the reserve will be completed within that period. The Secretary shall consult with the Director of the Office of Management and Budget in preparing the plan for submission to the committees.

"(m) OVERSIGHT.—The Comptroller General shall monitor the actions of the Secretary relating to the sale of the reserve and report to the Committee on Armed Services of the Senate and the Committee on National security of the House of Representatives any findings on such actions that the Comptroller General considers appropriate to report to such committees.

"(n) ACQUISITION OF SERVICES.—The Secretary may enter into contracts for the acquisition of services required under this section under the authority of paragraph (7) of section 303(c) of the Federal Property and Administrative Services Act of 1949 (41 U.S.C. 253(c)), except that the notification required under subparagraph (B) of such paragraph for each contract shall be submitted to Congress not less than 7 days before the award of the contract.

"(o) RECONSIDERATION OF PROCESS OF SALE.—(1) If during the course of the sale of the reserve the Secretary of Energy and the Director of the Office of Management and Budget jointly determine that—

"(A) the sale is proceeding in a manner inconsistent with achievement of a sale price that reflects the full value of the reserve, or

"(B) a course of action other than the immediate sale of the reserve is in the best interests of the United States,

the Secretary shall submit a notification of the determination to the Committee on Armed Services of the Senate and the Committees on National Security and on Commerce of the House of Representatives.

"(2) After the Secretary submits a notification under paragraph (1), the Secretary may not complete the sale the reserve under this section unless there is enacted a joint resolution—

"(A) that is introduced after the date on which the notification is received by the committees referred to in such paragraph;

"(B) that does not have a preamble;

"(C) the matter after the resolving clause of which reads only as follows: 'That the Secretary of Energy shall proceed with activities to sell Naval Petroleum Reserve Numbered 1 in accordance with section 7421a of title 10, United States Code, notwithstanding the determination set forth in the notification submitted to Congress by the Secretary of Energy on _____.' (the blank space being filled in with the appropriate date); and

"(D) the title of which is as follows: 'Joint resolution approving continuation of actions to sell Naval Petroleum Reserve Numbered 1'.

"(3) Subsection (k), except for paragraph (1) of such subsection, shall apply to the joint resolution described in paragraph (2).".

(2) The table of sections at the beginning of such chapter is amended by inserting after the item relating to section 7421 the following new item:

"7421a. Sale of Naval Petroleum Reserve Numbered 1 (Elk Hills).".

(b) AUTHORIZATION OF APPROPRIATIONS.—Funds are authorized to be appropriated for fiscal year 1996 for carrying out section 7421a of title 10, United States Code (as added by subsection (a)), in the total amount of $7,000,000.

SEC. 3302. FUTURE OF NAVAL PETROLEUM RESERVES (OTHER THAN NAVAL PETROLEUM RESERVE NUMBERED 1).

(a) STUDY OF FUTURE OF PETROLEUM RESERVES.—(1) The Secretary of Energy shall conduct a study to determine which of the following options, or combination of options, would maximize the value of the naval petroleum reserves to or for the United States:

(A) Transfer of all or a part of the naval petroleum reserves to the jurisdiction of the Department of the Interior for leasing in accordance with the Mineral Leasing Act (30 U.S.C. 181 et seq.) and surface management in accordance with the Federal Land Policy and Management Act (43 U.S.C. 1701 et seq.).

(B) Lease of the naval petroleum reserves consistent with the provisions of such Acts.

(C) Sale of the interest of the United States in the naval petroleum reserves.

(2) The Secretary shall retain such independent consultants as the Secretary considers appropriate to conduct the study.

(3) An examination of the value to be derived by the United States from the transfer, lease, or sale of the naval petroleum reserves under paragraph (1) shall include an assessment and estimate, in a manner consistent with customary property valuation practices in the oil industry, of the fair market value of the interest of the United States in the naval petroleum reserves.

(4) Not later than December 31, 1995, the Secretary shall submit to Congress and make available to the public a report describing the results of the study and containing such recommendations as the Secretary considers appropriate to implement the option, or combination of options, identified in the study that would maximize the value of the naval petroleum reserves to or for the United States.

(b) IMPLEMENTATION OF RECOMMENDATIONS.—Not earlier than 31 days after submitting to Congress the report required under subsection (a)(4), and not later than December 31, 1996, the Secretary shall carry out the recommendations contained in the report.

(c) NAVAL PETROLEUM RESERVES DEFINED.—For purposes of this section, the term "naval petroleum reserves" has the meaning given that term in section 7420(2) of title 10, United States Code, except that such term does not include Naval Petroleum Reserve Numbered 1.

TITLE XXXIV—NATIONAL DEFENSE STOCKPILE

SEC. 3401. AUTHORIZED USES OF STOCKPILE FUNDS.

(a) OBLIGATIONS AUTHORIZED.—During fiscal year 1996, the National Defense Stockpile Manager may obligate up to $77,100,000 of the funds in the National Defense Stockpile Transaction Fund established under subsection (a) of section 9 of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98h) for the authorized uses of such funds under subsection (b)(2) of such section.

(b) ADDITIONAL OBLIGATIONS.—The National Defense Stockpile Manager may obligate amounts in excess of the amount specified in subsection (a) if the National Defense Stockpile Manager notifies Congress that extraordinary or emergency conditions necessitate the additional obligations. The National Defense Stockpile Manager may make the additional obligations described in the notification after the end of the 45-day period beginning on the date Congress receives the notification.

(c) LIMITATIONS.—The authorities provided by this section shall be subject to such limitations as may be provided in appropriations Acts.

SEC. 3402. DISPOSAL OF OBSOLETE AND EXCESS MATERIALS CONTAINED IN THE NATIONAL DEFENSE STOCKPILE.

(a) DISPOSAL AUTHORIZED.—Subject to the conditions specified in subsection (b), the President may dispose of obsolete and excess materials currently contained in the National Defense Stockpile in order to modernize the stockpile. The materials subject to disposal under this subsection and the quantity of each material authorized to be disposed of by the President are set forth in the following table:

Authorized Stockpile Disposals

Material for disposal	Quantity
Aluminum	62,881 short tons
Aluminum Oxide, Abrasive Grade	2,456 short tons
Antimony	34 short tons
Bauxite, Metallurgical Grade, Jamaican	321,083 long dry tons
Bauxite, Refractory	53,788 long dry tons
Beryllium, Copper Master Alloy	7,387 short tons
Beryllium, Metal	300 short tons
Chromite, Chemical Grade Ore	34,709 short dry tons
Chromite, Metallurgical Grade Ore	580,700 short dry tons
Chromite, Refractory Grade Ore	159,282, short dry tons
Chromium, Ferro Group	712,362 short tons
Chromium Metal	2,971 short tons
Cobalt	27,868,181 pounds of contained cobalt

Authorized Stockpile Disposals—Continued

Material for disposal	Quantity
Columbium Group	2,871,194 pounds of contained columbium
Diamond, Bort	61,542 carats
Diamond Stones	3,030,087 carats
Fluorspar, Acid Grade	28,047 short dry tons
Germanium Metal	53,200 kilograms
Graphite, Natural, Ceylon Lump	5,492 short tons
Iodine	871 pounds
Indium	50,205 troy ounces
Jewel bearings	30,237,764 pieces
Manganese, Ferro, High Carbon	230,481 short tons
Manganese, Ferro, Medium Carbon	19,752 short tons
Manganese, Ferro, Silicon	202 short tons
Mica, Muscovite Block, Stained and Better	325,896 pounds
Mica, Phlogopite Block	130,745 pounds
Morphine, Sulfate & Analgesic, Refined	5,679 pounds of anhydrous morphine alkaloid
Nickel	887 short tons
Platinum	252,641 troy ounces
Palladium	1,064,601 troy ounces
Rubber, Natural	25,138 long tons
Rutile	257 short dry tons
Talc, Block & Lump	2 short tons
Tantalum, Carbide Powder	28,688 pounds of contained tantalum
Tantalum, Minerals	2,575,234 pounds of contained tantalum
Tantalum, Oxide	163,691 pounds of contained tantalum
Thorium Nitrate	551,687 pounds
Tin	1,077 metric tons
Titanium Sponge	24,830 short tons
Tungsten Group	82,312,516 pounds of contained tungsten
Vegetable Tannin, Chestnut	15 long tons
Zirconium	15,991 short dry tons

(b) CONDITIONS ON DISPOSAL.—The authority of the President under subsection (a) to dispose of materials stored in the stockpile may not be used unless and until the Secretary of Defense certifies to Congress that the disposal of such materials will not adversely affect the capability of the National Defense Stockpile to supply the strategic and critical materials necessary to meet the needs of the United States during a period of national emergency that requires a significant level of mobilization of the economy of the United States, including any reconstitution of the military and industrial capabilities necessary to meet the planning assumptions used by the Secretary of Defense under section 14(b) of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98h-5(b)).

(c) RELATIONSHIP TO OTHER DISPOSAL AUTHORITY.—The disposal authority provided in subsection (a) is in addition to any other disposal authority provided by law.

SEC. 3403. DISPOSAL OF CHROMITE AND MANGANESE ORES AND CHROMIUM FERRO AND MANGANESE METAL ELECTROLYTIC.

(a) DOMESTIC UPGRADING.—In offering to enter into agreements pursuant to any provision of law for the disposal from the National Defense Stockpile of chromite and manganese ores of metallurgical grade or chromium ferro and manganese metal electrolytic, the President shall give a right of first refusal on all such offers to domestic ferroalloy upgraders.

(b) DOMESTIC FERROALLOY UPGRADER DEFINED.—For purposes of this section, the term "domestic ferroalloy upgrader" means a company or other business entity that, as determined by the President—

(1) is engaged in operations to upgrade chromite or manganese ores of metallurgical grade or chromium ferro and manganese metal electrolytic; and

(2) conducts a significant level of its research, development, engineering, and upgrading operations in the United States.

SEC. 3404. RESTRICTIONS ON DISPOSAL OF MANGANESE FERRO.

(a) DISPOSAL OF LOWER GRADE MATERIAL FIRST.—The President may not dispose of high carbon manganese ferro in the National Defense Stockpile that meets the National Defense Stockpile classification of Grade One, Specification 30(a), as revised on May 22, 1992, until completing the disposal of all manganese ferro in the National Defense Stockpile that does not meet such classification. The President may not reclassify manganese ferro in the National Defense Stockpile after the date of the enactment of this Act.

(b) REQUIREMENT FOR REMELTING BY DOMESTIC FERROALLOY PRODUCERS.—Manganese ferro in the National Defense Stockpile that does not meet the classification specified in subsection (a) may be sold only for remelting by a domestic ferroalloy producer.

(c) DOMESTIC FERROALLOY PRODUCER DEFINED.—For purposes of this section, the term "domestic ferroalloy producer" means a company or other business entity that, as determined by the President—

(1) is engaged in operations to upgrade manganese ores of metallurgical grade or manganese ferro; and

(2) conducts a significant level of its research, development, engineering, and upgrading operations in the United States.

SEC. 3405. EXCESS DEFENSE-RELATED MATERIALS: TRANSFER TO STOCKPILE AND DISPOSAL.

(a) TRANSFER AND DISPOSAL.—The Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98 et seq.) is amended by adding at the end the following:

"EXCESS DEFENSE-RELATED MATERIALS: TRANSFER TO STOCKPILE AND DISPOSAL

"SEC. 17. (a) The Secretary of Energy, in consultation with the Secretary of Defense, shall transfer to the stockpile for disposal in accordance with this Act uncontaminated materials that are in the inventory of Department of Energy materials for production of defense-related items, are excess to the requirements of the department for that purpose, and are suitable for transfer to the stockpile and disposal through the stockpile.

"(b) The Secretary of Defense shall determine whether materials are suitable for transfer to the stockpile under this section, are suitable for disposal through the stockpile, and are uncontaminated.".

(b) CONFORMING AMENDMENT.—Section 4(a) of such Act (50 U.S.C. 98c(a)) is amended by adding at the end the following:

"(10) Materials transferred to the stockpile under section 17.".

TITLE XXXV—PANAMA CANAL COMMISSION

SEC. 3501. SHORT TITLE.

This title may be cited as the "Panama Canal Commission Authorization Act for Fiscal Year 1996".

SEC. 3502. AUTHORIZATION OF EXPENDITURES.

(a) IN GENERAL.—Subject to subsection (b), the Panama Canal Commission is authorized to make such expenditures within the limits of funds and borrowing authority available to it in accordance with law, and to make such contracts and commitments without regard to fiscal year limitations, as may be necessary under the Panama Canal Act of 1979 (22 U.S.C. 3601 et seq.) for the operation, maintenance, and improvement of the Panama Canal for fiscal year 1996.

(b) LIMITATIONS.—For fiscal year 1996, the Panama Canal Commission may expend from funds in the Panama Canal Revolving Fund not more than $50,741,000 for administrative expenses, of which not more than—

(1) $15,000 may be used for official reception and representation expenses of the Supervisory Board of the Commission;

(2) $10,000 may be used for official reception and representation expenses of the Secretary of the Commission; and

(3) $45,000 may be used for official reception and representation expenses of the Administrator of the Commission.

(c) REPLACEMENT VEHICLES.—Funds available to the Panama Canal Commission shall be available for the purchase of not to exceed 38 passenger motor vehicles (including large

heavy-duty vehicles to be used to transport Commission personnel across the isthmus of Panama) at a cost per vehicle of not more than $19,500. A vehicle may be purchased with such funds only as necessary to replace another passenger motor vehicle of the Commission.

EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, which were referred as indicated:

EC–1407. A communication from the Chairman of the Board of Governors of the Federal Reserve System, transmitting, pursuant to law, the report on retail fees and services of depository institutions; to the Committee on Banking, Housing, and Urban Affairs.

EC–1408. A communication from the Chairman of the Board of Governors of the Federal Reserve System, transmitting, pursuant to law, the report on the profitability of credit card operations of depository institutions; to the Committee on Banking, Housing, and Urban Affairs.

EC–1409. A communication from the Secretary of Housing and Urban Development, transmitting, pursuant to law, the report under the Multifamily Property Disposition Reform Act of 1994; to the Committee on Banking, Housing, and Urban Affairs.

EC–1410. A communication from the Executive Director of the Thrift Depositor Protection Oversight Board, transmitting, pursuant to law, a report relative to savings associations; to the Committee on Banking, Housing, and Urban Affairs.

EC–1411. A communication from the Chairman of the Board of the National Credit Union Administration, transmitting, pursuant to law, the annual report for fiscal year 1994; to the Committee on Banking, Housing, and Urban Affairs.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. GRAMM, from the Committee on Appropriations, with amendments:

H.R. 2076. A bill making appropriations for the Department of Commerce, Justice, and State, the Judiciary, and related agencies for the fiscal year ending September 30, 1996, and for other purposes (Rept. No. 104–139).

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. D'AMATO:

S. 1232. A bill to amend the Internal Revenue Code of 1986 to exclude length of service awards to volunteers performing fire fighting or prevention services, emergency medical services, or ambulance services from the limitations applicable to certain deferred compensation plans, and for other purposes; to the Committee on Finance.

By Ms. MIKULSKI:

S. 1233. A bill to assure equitable coverage and treatment of emergency services under health plans; to the Committee on Labor and Human Resources.

By Mr. HARKIN:

S. 1234. A bill to reduce delinquencies and to improve debt-collection activities Government wide and for other purposes; to the Committee on Finance.

SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

The following concurrent resolutions and Senate resolutions were read, and referred (or acted upon), as indicated:

By Mr. DOLE:

S. Res. 170. A resolution to appoint various Chairmen for the 104th Congress; considered and agreed to.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. D'AMATO:

S. 1232. A bill to amend the Internal Revenue Code of 1986 to exclude length of service awards to volunteers performing fire fighting or prevention services, emergency medical services, or ambulance services from the limitations applicable to certain deferred compensation plans, and for other purposes; to the Committee on Finance.

VOLUNTEER FIREFIGHTERS LEGISLATION

• Mr. D'AMATO. Mr. President, today I am introducing legislation to exclude Length of Service Award Programs [LOSAP's] for volunteers performing firefighting or prevention services, emergency medical services, or ambulance services from section 457 of the Internal Revenue Code. In addition, the legislation would exempt LOSAP's from FICA and Medicare taxation. This corrective legislation would support the vital role that volunteer firefighters and rescue personnel play in small towns and rural areas across America.

I am very proud to say that I am a volunteer firefighter, and have been for about 30 years. And I was never more proud than to witness the efforts of the 1,500 or so volunteers who vigorously fought the recent fire we had on Long Island. There are approximately 150,000 volunteer firefighters in about 37 States who receive nominal awards, averaging $250 per year, under LOSAP's from their governmental or tax-exempt fire districts. Volunteers earn awards under a LOSAP, on the basis of years of service, while performing volunteer services. However, not until after retiring from volunteer service are volunteers actually disbursed cash from the LOSAP's. There are similar award programs for volunteers performing other emergency medical services, such as rescue personnel and ambulance drivers.

These nonqualified plans are covered under Internal Revenue Code section 457. Participants in these plans normally report for tax purposes any compensation deferred and any income attributable to the amounts when it is actually received, similar to qualified pension plans. Under section 457, one requirement to delay taxation is to limit such deferred amounts to a percentage of compensation paid. Generally, most volunteer firefighters and rescue personnel receive no regular pay, or only nominal amounts to cover expenses. Section 457 is in the code to prevent governmental and tax-exempt entities from setting aside excessive amounts of tax-deferred income for highly compensated employees, while at the same time being able to avoid the nondiscrimination rules that are applicable to qualified plans. Volunteers are far from being highly compensated, so the legislation does not undermine this policy.

However, applying the current limitations, on the amounts set aside as LOSAP's for retirement, may result in a tax liability for volunteers with zero or minimal pay at the time the amounts vest with the volunteer. This could result even though it may be years before the volunteer will actually receive any funds.

This proposal would provide that the LOSAP's are excluded from the provisions of section 457. The result would be deferral of taxation until the LOSAP awards are paid. It would also exempt the amounts awarded under LOSAP's from FICA and Medicare payroll taxes. The latter provision is similar to other payroll tax exclusions permitted in the tax law, such as exempting Peace Corps allowances paid to volunteers, as well as other plans established by the Government for deferral of compensation.

Mr. President, the proposal would foster volunteerism in the United States. This is especially important because in many parts of the country it is not economically or geographically feasible to provide fire protection and emergency medical services through paid career personnel.

I urge my colleagues to support this sensible legislation.

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

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

S. 1232

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

SECTION 1. TREATMENT OF LENGTH OF SERVICE AWARDS TO VOLUNTEERS PERFORMING FIRE FIGHTING OR PREVENTION SERVICES, EMERGENCY MEDICAL SERVICES, OR AMBULANCE SERVICES.

(a) IN GENERAL.—Paragraph (11) of section 457(e) of the Internal Revenue Code of 1986 (relating to deferred compensation plans of State and local governments and tax-exempt organizations) is amended to read as follows:

"(11) CERTAIN PLANS EXCLUDED.—

"(A) IN GENERAL.—The following plans shall be treated as not providing for the deferral of compensation:

"(i) Any bona fide vacation leave, sick leave, compensatory time, severance pay, disability pay, or death benefit plan.

"(ii) Any plan paying solely length of service awards to bona fide volunteers (or their beneficiaries) on account of qualified services performed by such volunteers.

"(B) SPECIAL RULES APPLICABLE TO LENGTH OF SERVICE AWARD PLANS.—An individual shall be treated as a bona fide volunteer for purposes of subparagraph (A)(ii) if the only compensation received by such individual for performing qualified services is in the form of—

"(i) reimbursement for (or a reasonable allowance for) reasonable expenses incurred in the performance of such services, or

"(ii) reasonable benefits (including length of service awards), and nominal fees for such services, customarily paid by eligible employers in connection with the performance of such services by volunteers.

"(C) QUALIFIED SERVICES.—For purposes of this paragraph, the term 'qualified services' means fire fighting and prevention services, emergency medical services, and ambulance services."

(b) EXEMPTION FROM SOCIAL SECURITY TAXES.—(1) Subsection (i) of section 3121 of such Code is amended by adding at the end the following new paragraph:

"(6) VOLUNTEERS PERFORMING FIRE AND MEDICAL SERVICES.—For purposes of this chapter, the term 'wages' shall not include—

"(A) any amount deferred under a plan described in section 457(e)(11)(A)(ii) and maintained by an eligible employer (as defined in section 457(e)(1)), and

"(B) any payment from such a plan."

(2) Section 209 of the Social Security Act is amended by adding at the end the following new subsection:

(2) Section 209 of the Social Security Act is amended by adding at the end the following new subsection:

"(1) For purposes of this title, the term 'wages' shall not include—

"(1) any amount deferred under a plan described in section 457(e)(11)(A)(ii) of the Internal Revenue Code of 1986 and maintained by an eligible employer (as defined in section 457(e)(1) of such Code), and

"(2) any payment from such a plan."

(c) EFFECTIVE DATE.—

(1) SUBSECTION (a).—The amendment made by subsection (a) shall apply to taxable years beginning after the date of the enactment of this Act.

(2) SUBSECTION (b).—The amendments made by subsection (b) shall apply to remuneration paid after the date of the enactment of this Act.•

By Ms. MIKULSKI:

S. 1233. A bill to assure equitable coverage and treatment of emergency services under health plans; to the Committee on Labor and Human Resources.

THE ACCESS TO EMERGENCY MEDICAL SERVICES ACT OF 1995

• Ms. MIKULSKI. Mr. President, today, I am introducing the Access to Emergency Medical Services Act of 1995. This bill prohibits health plans from denying coverage and payment for emergency room visits.

Currently, payment for emergency room services may be denied because a patient does not have pre-authorization for treatment; the diagnosis after reaching the emergency room determined the condition was not an emergency; or the health plan may not have a contract with the hospital rendering the emergency service. Denial of payment places a significant burden on the patient, who now has higher health care costs and is more cautious about seeking medical treatment. This is a significant health risk. A patient thinks twice about going to an emergency room and receiving emergency medical treatment for conditions that really pose a serious health problem.

Federal law requires physicians and hospitals to render emergency services immediately for an injury or sudden illness. The law also requires that emergency services not be delayed until the health insurance status of a patient has been determined. However, too often patients are not receiving treatment until their health plan has given authorization for services. This bill would prohibit health plans from denying coverage and payment for services because of a lack of authorization from the health plan. The bill also requires health plans to pay emergency physicians and hospital emergency departments for emergency services rendered in compliance with Federal law.

Most importantly, the Access to Emergency Medical Services Act provides a uniform definition of emergency. This definition would base payment upon a patient's symptoms and not upon the doctor's diagnosis. Therefore, health plans could not deny coverage and payment for medical services after a diagnosis is given. The State of Maryland has established a uniform definition of emergency, as have Virginia and Arkansas. The Maryland law giving a uniform definition of emergency was enacted in 1993. Since the enactment of the bill, complaints to the Maryland Insurance Administration have decreased by 90 percent. In addition, patients are able to have urgent symptoms treated in the emergency rooms without any problems regarding pre-authorization from the health plan. There has not been a denial of coverage or payment for services even if the final diagnosis is different from the symptoms.

The Maryland law has proven to be cost-effective to patients and to the health plans. Providing a uniform definition of emergency allows persons to be treated for their symptoms even if the final diagnosis determines the medical problem causing the symptoms was not an emergency. This policy is able to prevent much more serious health problems. By not denying coverage and prohibiting persons from receiving treatment in the emergency department, more serious illnesses are prevented or detected sooner. This will allow for medical treatment for existing conditions that prevent the onset of a life threatening illness for which a person may have to be hospitalized. Let me give an example. A person has chest pains but believes he is having a heart attack. The emergency room diagnosis determines that the person is not having a heart attack. However, if the person had not received treatment for the chest pains, he could have later had a heart attack requiring hospital admission. The cost for treatment in the emergency department is less than if the person had to be admitted to the hospital for any length of time. The Access to Emergency Medical Services Act of 1995 saves money for patients and for health plans.

Health plans that deny emergency care coverage are taking a deadly toll on American families. We, as lawmakers, have an obligation to protect our constituents and end this very real problem. I urge my colleagues to support the Access to Emergency Medical Service Act of 1995.•

ADDITIONAL COSPONSORS

S. 256

At the request of Mr. DOLE, the name of the Senator from Alaska [Mr. STEVENS] was added as a cosponsor of S. 256, a bill to amend title 10, United States Code, to establish procedures for determining the status of certain missing members of the Armed Forces and certain civilians, and for other purposes.

S. 483

At the request of Mr. HATCH, the name of the Senator from Michigan [Mr. ABRAHAM] was added as a cosponsor of S. 483, a bill to amend the provisions of title 17, United States Code, with respect to the duration of copyright, and for other purposes.

S. 581

At the request of Mr. FAIRCLOTH, the name of the Senator from Virginia [Mr. WARNER] was added as a cosponsor of S. 581, a bill to amend the National Labor Relations Act and the Railway Labor Act to repeal those provisions of Federal law that require employees to pay union dues or fees as a condition of employment, and for other purposes.

S. 852

At the request of Mr. DOMENICI, the name of the Senator from Oklahoma [Mr. INHOFE] was added as a cosponsor of S. 852, a bill to provide for uniform management of livestock grazing on Federal land, and for other purposes.

S. 978

At the request of Mrs. HUTCHISON, the name of the Senator from Arkansas [Mr. BUMPERS] was added as a cosponsor of S. 978, a bill to facilitate contributions to charitable organizations by codifying certain exemptions from the Federal securities laws, to clarify the inapplicability of antitrust laws to charitable gift annuities, and for other purposes.

S. 1037

At the request of Mr. FORD, the name of the Senator from Oklahoma [Mr. INHOFE] was added as a cosponsor of S. 1037, a bill to amend title 49, United States Code, to provide that the requirement that U.S. Government travel be on U.S. carriers excludes travel

on any aircraft that is not owned or leased, and operated, by a U.S. person.

S. 1086

At the request of Mr. DOLE, the names of the Senator from Mississippi [Mr. COCHRAN] and the Senator from Arizona [Mr. KYL] were added as cosponsors of S. 1086, a bill to amend the Internal Revenue Code of 1986 to allow a family-owned business exclusion from the gross estate subject to estate tax, and for other purposes.

AMENDMENT NO. 2471

At the request of Ms. MOSELEY-BRAUN the names of the Senator from Connecticut [Mr. LIEBERMAN], the Senator from Washington [Mrs. MURRAY], and the Senator from Maryland [Ms. MIKULSKI] were added as cosponsors of amendment No. 2471 proposed to H.R. 4, a bill to restore the American family, reduce illegitimacy, control welfare spending, and reduce welfare dependence.

AMENDMENT NO. 2488

At the request of Mr. BREAUX the names of the Senator from Vermont [Mr. JEFFORDS], the Senator from Wisconsin [Mr. KOHL], the Senator from Maine [Ms. SNOWE], and the Senator from Montana [Mr. BAUCUS] were added as cosponsors of amendment No. 2488 proposed to H.R. 4, a bill to restore the American family, reduce illegitimacy, control welfare spending, and reduce welfare dependence.

AMENDMENT NO. 2490

At the request of Mr. BREAUX the name of the Senator from Illinois [Mr. SIMON] was added as a cosponsor of amendment No. 2490 proposed to H.R. 4, a bill to restore the American family, reduce illegitimacy, control welfare spending, and reduce welfare dependence.

AMENDMENT NO. 2511

At the request of Mr. ABRAHAM the name of the Senator from Ohio [Mr. DEWINE] was added as a cosponsor of amendment No. 2511 proposed to H.R. 4, a bill to restore the American family, reduce illegitimacy, control welfare spending, and reduce welfare dependence.

AMENDMENT NO. 2518

At the request of Mr. DEWINE the name of the Senator from Wisconsin [Mr. KOHL] was added as a cosponsor of amendment No. 2518 proposed to H.R. 4, a bill to restore the American family, reduce illegitimacy, control welfare spending, and reduce welfare dependence.

AMENDMENT NO. 2562

At the request of Mr. ASHCROFT the name of the Senator from Texas [Mr. GRAMM] was added as a cosponsor of amendment No. 2562 proposed to H.R. 4, a bill to restore the American family, reduce illegitimacy, control welfare spending, and reduce welfare dependence.

AMENDMENT NO. 2565

At the request of Mr. BRYAN the names of the Senator from Nebraska [Mr. KERREY], and the Senator from South Carolina [Mr. HOLLINGS] were added as cosponsors of amendment No. 2565 proposed to H.R. 4, a bill to restore the American family, reduce illegitimacy, control welfare spending, and reduce welfare dependence.

AMENDMENT NO. 2575

At the request of Mr. DOMENICI the names of the Senator from New York [Mr. MOYNIHAN], the Senator from Georgia [Mr. NUNN], the Senator from Louisiana [Mr. BREAUX], and the Senator from Kansas [Mrs. KASSEBAUM] were added as cosponsors of amendment No. 2575 proposed to H.R. 4, a bill to restore the American family, reduce illegitimacy, control welfare spending, and reduce welfare dependence.

AMENDMENT NO. 2671

At the request of Mr. DASCHLE the name of the Senator from North Dakota [Mr. DORGAN] was added as a cosponsor of amendment No. 2671 proposed to H.R. 4, a bill to restore the American family, reduce illegitimacy, control welfare spending, and reduce welfare dependence.

SENATE RESOLUTION 170—TO APPOINT VARIOUS CHAIRMEN FOR THE 104TH CONGRESS

Mr. DOLE submitted the following resolution, which was considered and agreed to:

S. RES. 170

Resolved, That the following Senators are named Chairmen of the following committees for the 104th Congress, or until their successors are appointed: William Roth, of Delaware, Finance Committee; Ted Stevens, of Alaska, Government Affairs Committee; and John Warner, of Virginia, Rules and Administration Committee.

NOTICES OF HEARINGS

COMMITTEE ON SMALL BUSINESS

Mr. BOND. Mr. President, I wish to announce that the Committee on Small Business will hold a hearing regarding "Tax Issues Impacting Small Business" on Tuesday, September 19, 1995, at 2:30 p.m., in room 428A of the Russell Senate Office Building.

For further information, please contact Noreen Bracken at 224-5175.

COMMITTEE ON INDIAN AFFAIRS

Mr. MCCAIN. Mr. President, I would like to announce that the Senate Committee on Indian Affairs will hold a markup and an oversight hearing on Wednesday, September 20, 1995, beginning at 9:30 a.m., in room 485 of the Russell Senate Office Building. The purpose of the markup is to consider the nomination of Paul M. Homan to be special trustee in the Office of the Special Trustee for American Indians in the Department of the Interior. The purpose of the oversight hearing is to consider the implementation of title III, Public Law 101-630, the National Indian Forest Resources Management Act.

Those wishing additional information should contact the Committee on Indian Affairs at 224-2251.

COMMITTEE ON SMALL BUSINESS

Mr. BOND. Mr. President, I wish to announce that the Committee on Small Business will hold a hearing regarding "Tax Issues Impacting Small Business" on Wednesday, September 20, 1995, at 2:30 p.m., in room 428A of the Russell Senate Office Building.

For further information, please contact Noreen Bracken at 224-5175.

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION

Mr. SANTORUM. Mr. President, I ask unanimous consent that the Committee on Commerce, Science, and Transportation be allowed to meet during the Tuesday, September 12, 1995, session of the Senate for the purpose of conducting a hearing on spectrum policy reform.

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

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. SANTORUM. Mr. President, I ask unanimous consent that the Committee on Energy and Natural Resources be granted permission to meet during the session of the Senate on Tuesday, September 12, 1995, for purposes of conducting a full committee hearing which is scheduled to begin at 9:30 a.m. The purpose of this hearing is to receive testimony on H.R. 1266, to provide for the exchange of lands within Admiralty Island National Monument, known as the "Greens Creek Land Exchange Act of 1995."

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

COMMITTEE ON THE JUDICIARY

Mr. SANTORUM. Mr. President, I ask unanimous consent that the Committee on the Judiciary be authorized to meet during the session of the Senate on September 12, 1995, at 10 a.m. to hold a hearing on religious liberty.

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

COMMITTEE ON LABOR AND HUMAN RESOURCES

Mr. SANTORUM. Mr. President, I ask unanimous consent that the Committee on Labor and Human Resources be authorized to meet for a hearing on S. 969, the Newborns' and Mothers' Health Protection Act of 1995, during the session of the Senate on Tuesday, September 12, 1995, at 9:30 a.m.

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

SUBCOMMITTEE ON TERRORISM, TECHNOLOGY, AND GOVERNMENT INFORMATION

Mr. SANTORUM. Mr. President, I ask unanimous consent that the Subcommittee on Terrorism, Technology,

and Government Information of the Committee on the Judiciary, be authorized to hold a hearing during the session of the Senate on September 12, 1995, at 2 p.m. to consider the Ruby Ridge incident.

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

ADDITIONAL STATEMENTS

BUDGET SCOREKEEPING REPORT

• Mr. DOMENICI. Mr. President, I hereby submit to the Senate the budget scorekeeping report prepared by the Congressional Budget Office under section 308(b) and in aid of section 311 of the Congressional Budget Act of 1974, as amended. This report meets the requirements for Senate scorekeeping of section 5 of Senate Concurrent Resolution 32, the first concurrent resolution on the budget for 1986.

This report shows the effects of congressional action on the budget through September 8, 1995. The estimates of budget authority, outlays, and revenues, which are consistent with the technical and economic assumptions of the concurrent resolution on the budget (H. Con. Res. 218), show that current level spending is below the budget resolution by $20.9 billion in budget authority and $2.0 billion in outlays. Current level is $0.5 billion over the revenue floor in 1995 and below by $9.5 billion over the 5 years 1995–99. The current estimate of the deficit for purposes of calculating the maximum deficit amount is $237.4 billion, $3.7 billion below the maximum deficit amount for 1995 of $241 billion.

Since my last report, dated August 8, 1995, there has been no action to change the current level of budget authority, outlays, or revenues.

This submission also includes my first report for fiscal year 1996.

The material follows:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, September 11, 1995.

Hon. PETE DOMENICI,
Chairman, Committee on the Budget, U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: The attached report for fiscal year 1995 shows the effects of Congressional action on the 1995 budget and is current through September 8, 1995. The estimates of budget authority, outlays and revenues are consistent with the technical and economic assumptions of the 1995 Concurrent Resolution on the Budget (H. Con. Res. 218). This report is submitted under Section 308(b) and in aid of Section 311 of the Congressional Budget Act, as amended, and meet the requirements of Senate scorekeeping of Section 5 of S. Con. Res. 32, the 1986 First Concurrent Resolution on the Budget.

Since my last report, dated August 7, 1995, there has been no action to change the current level of budget authority, outlays, or revenues.

Sincerely,

JAMES L. BLUM
(for June E. O'Neill, Director).

THE CURRENT LEVEL REPORT FOR THE U.S. SENATE, FISCAL YEAR 1995, 104TH CONGRESS, 1ST SESSION, AS OF CLOSE OF BUSINESS SEPTEMBER 8, 1995

[In billions of dollars]

	Budget resolution (H. Con. Res. 218)[1]	Current level[2]	Current level over/under resolution
ON-BUDGET			
Budget authority	1,238.7	1,217.8	−20.0
Outlays	1,217.6	1,215.6	−2.0
Revenues:			
1995	977.7	978.2	0.5
1995–99	5,415.2	5,405.7	−9.5
Deficit	241.0	237.4	−3.7
Debt subject to limit	4,965.1	4,853.3	−111.8
OFF-BUDGET			
Social Security outlays:			
1995	287.6	287.5	−0.1
1995–99	1,562.6	1,562.6	(3)
Social Security revenues:			
1995	360.5	360.3	−0.2
1995–99	1,998.4	1,998.2	−0.2

[1] Reflects revised allocation under section 9(g) of H. Con. Res. 64 for the Deficit Neutral reserve fund.

[2] Current level represents the estimated revenues and direct spending effects of all legislation that Congress has enacted or sent to the President for his approval. In addition, full-year funding estimates under current law are included for entitlement and mandatory programs requiring annual appropriations even if the appropriations have not been made. The current level of debt subject to limit reflects the latest U.S. Treasury information on public debt transactions.

[3] Less than $50 million.

THE ON-BUDGET CURRENT LEVEL REPORT FOR THE U.S. SENATE, 104TH CONGRESS, 1ST SESSION, SENATE SUPPORING DETAIL FOR FISCAL YEAR 1995 AS OF CLOSE OF BUSINESS SEPTEMBER 8, 1995

[In millions of dollars]

	Budget authority	Outlays	Revenues
ENACTED IN PREVIOUS SESSIONS			
Revenues			978,466
Permanents and other spending legislation	750,307	706,236	
Appropriation legislation	738,096	757,783	
Offsetting receipts	−250,027	−250,027	
Total previously enacted	1,238,376	1,213,992	978,466
ENACTED THIS SESSION			
1995 Rescissions and Department of Defense Emergency Supplementals Act (P.L. 104–6)	−3,386	−1,008	
Self-Employed Health Insurance Act (P.L. 104–7)			−248
1995 Rescissions and Emergency Supplementals for Disaster Assistance Act (P.L. 104–19)	−15,286	−590	
Total enacted this session	−18,672	−1,598	−248
ENTITLEMENTS AND MANDATORIES			
Budget resolution baseline estimates of appropriated entitlements other mandatory programs not yet enacted	−1,896	3,180	
Total current level[1]	1,217,807	1,215,574	978,218
Total budget resolution	1,238,744	1,217,605	977,700
Amount remaining:			
Under budget resolution	20,937	2,031	
Over budget resolution			518

[1] In accordance with the Budget Enforcement Act, the total does not include $7,716 million in budget authority and $7,958 million in outlays in funding for emergencies that have been designated as such by the President and the Congress, and $741 million in budget authority and $852 million in outlays for emergencies that would be available only upon an official budget request from the President designating the entire amount requested as an emergency requirement.

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, September 11, 1995.

Hon. PETE DOMENICI,
Chairman, Committee on the Budget, U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: The attached report, my first for fiscal year 1996, shows the effects of Congressional action on the 1996 budget and is current through September 8, 1995. The estimates of budget authority, outlays and revenues are consistent with the technical and economic assumptions of the 1996 Concurrent Resolution on the Budget (H. Con. Res. 67). This report is submitted under Section 308(b) and in aid of Section 311 of the Congressional Budget Act, as amended.

Sincerely,

JAMES L. BLUM,
(For June E. O'Neill, Director).

THE CURRENT LEVEL REPORT FOR THE U.S. SENATE, FISCAL YEAR 1996, 104TH CONGRESS, 1ST SESSION, AS OF CLOSE OF BUSINESS SEPTEMBER 8, 1995

[In billions of dollars]

	Budget resolution (H. Con. Res. 67)	Current level[1]	Current level over/under resolution
ON-BUDGET			
Budget authority	1,285.5	815.1	−470.4
Outlays	1,288.1	1,005.0	−283.1
Revenues:			
1996	1,042.5	1,042.5	(2)
1996–2000	5,691.5	5,690.8	−0.7
Deficit	245.6	−37.5	−283.1
Debt subject to limit	5,210.7	4,846.5	−364.2
OFF-BUDGET			
Social Security outlays:			
1996	299.4	299.4	0.0
1996–2000	1,626.5	1,626.5	0.0
Social Security revenues:			
1996	374.7	374.7	0.0
1996–2000	2,061.0	2,061.0	0.0

[1] Current level represents the estimated revenue and direct spending effects of all legislation that Congress has enacted or sent to the President for his approval. In addition, full-year funding estimates under current law are included for entitlement and mandatory programs requiring annual appropriations even if the appropriations have not been made. The current level of debt subject to limit reflects the latest U.S. Treasury information on public debt transactions.

[2] Less than $50 million.

THE ON-BUDGET CURRENT LEVEL REPORT FOR THE U.S. SENATE, 104TH CONGRESS, 1ST SESSION, SENATE SUPPORTING DETAIL FOR FISCAL YEAR 1996, AS OF CLOSE OF BUSINESS SEPTEMBER 8, 1995

[In millions of dollars]

	Budget authority	Outlays	Revenues
ENACTED THIS SESSION			
Revenues			1,042,557
Permanents and other spending legislation	830,272	798,924	
Appropriation legislation	0	242,052	
Offseting receipts	−200,017	−200,017	
Total previously enacted	630,254	840,958	1,042,557
ENACTED IN PREVIOUS SESSIONS			
1995 Rescissions and Department of Defense Emergency Supplementals Act (P.L. 104–6)	−100	−885	
Self-Employed Health Insurance Act (P.L. 104–7)	−18	−18	−101
1995 Rescissions and Emergency Supplemental for Disaster Assistance Act (P.L. 104–19)	22	−3,149	
Total enacted this session	−96	−4,053	−101
ENTITLEMENTS AND MANDATORIES			
Budget resolution baseline estimates of appropriated entitlements other mandatory programs not yet enacted	184,908	168,049	
Total current Level[1]	815,066	1,004,954	1,042,456
Total budget resolution	1,285,500	1,288,100	1,042,500
Amount remaining:			
Under budget resolution	470,434	283,146	44
Over budget resolution			

[1] In accordance with the Budget Enforcement Act, the total does not include $3,275 million in budget authority and $1,504 million in outlays for funding for emergencies that have been designated as such by the President and the Congress.•

THE IMPORTANCE OF AN INDEPENDENT U.S. INFORMATION AGENCY

• Mr. HEFLIN. Mr. President, I firmly support the continuation of a strong, independent U.S. Information Agency. The USIA serves a vital purpose in telling America's story to the rest of the world. It serves the critical function of advancing public diplomacy, broadcasting through its radios and Worldnet, enabling educational and cultural exchange programs, distributing information, and promoting a sense of shared cultural values. These programs not only serve our national security interests. They also provide direct economic benefits and foster a climate where American businesses can develop overseas markets, producing jobs, and providing wages for American workers.

We must remember the important distinctions between the official type of diplomacy conducted by our State Department and what is known as public diplomacy. The State Department conducts a quiet, often secret, dialog between countries with an emphasis placed on accommodation, negotiation, and compromise. These are all important, since they nurture relationships between countries to achieve broader goals. Public diplomacy such as that conducted by USIA seeks to foster direct economic relationships, engages in democratic institution-building, and encourages mutual understanding and a shared sense of values.

A classic illustration of the parallel nature of the two types of diplomacy occurred during the period when martial law was declared in Poland. At a time when private organizations, including the AFL–CIO, were engaged in a massive effort to assist the Polish trade union Solidarnosc, the Reagan administration was taking steps to ease economic sanctions that had been imposed on the Jaruzelski government. Because of the arms-length distance between the government and the private sector, both could pursue their goals. This was true also in Russia, South Africa, the Philippines, and Chile. If this bill passes without the Lieberman amendment, such distance will disappear, and this type of dual diplomacy will prove impossible. If USIA is folded into the State Department, its public diplomacy functions will be severely diminished, particularly in areas where democracy needs them the most in order to survive.

Another major reason for my support of a continued independent USIA stems from its programs of exchanges for emerging foreign and American political leaders. Over the years, these programs have brought young local and Federal officials to America for a first-hand look at our Government and how it works. More than 30 current heads of state had their first exposure to the people and institutions of the United States through the USIA Exchange Program. Hundreds of cabinet ministers, mayors, governors, and Members of Parliament around the world formed their first opinions of America by coming here and meeting people where they work and live.

Hundreds of other leading political figures both here and abroad have gained valuable international experience through USIA's support for programs like that of the American Council of Young Political Leaders. Twenty-five Members of Congress and countless State and local officials around the Nation are alumni of these programs. All will testify to the positive impact of these programs.

The USIA's rule of law program is an example of its efforts in assisting developing democracies worldwide. This particular program has been actively engaged in the area of judicial reform in Romania, perhaps once the most oppressive of the former Communist regimes. Through the posting of American judges at the Ministry of Justice for long-term projects, programs to strengthen the Magistrates' Training Institute, and ongoing support for the newly founded Magistrates' Training Association, USIA has established itself as a leader in assisting Romania in its attempts to establish an independent judiciary. American judges and academics have traveled to Romania under the auspices of USIA's Fulbright Program and have been posted to law schools throughout the country to teach and develop curricula and to work with the judiciary on numerous issues of importance. Romanian judges have also visited the United States under the Agency's International Visitor Program for 30-day observation and consultation trips to witness first hand the American judiciary and to gather information to assist in their judicial reform efforts.

The USIA also supports such projects as the American People Ambassador Program, a program of people to people international. This program arranges face-to-face professional, scientific, technical, and community exchanges between Americans and their counterparts around the world. Each one explores a different topic, but all share the personal exchange of information, ideas, goals, and experiences with leading public and provide sector citizens of foreign countries.

One such program in my State is the torch of Birmingham Award Program, which seeks to honor Russian companies and those in the Newly Independent States who are succeeding despite difficult economic conditions. In September, over 400 Russian business and government leaders will be coming to Birmingham to participate in this event. They will represent every imaginable segment of the Russian economy, and will network with leading Alabama business, political, and community leaders. The USIA and its resources are essential to organizations like the American People Ambassador Program which operate exchanges around the world.

All of us are keenly aware of the budgetary constraints we face. But we must not be short sighted by eliminating investments in our Nation's future and security. Who can say whether or not educational and cultural exchange programs will be maintained if they are placed in a department with a significantly different mission, set of priorities, and official purpose?

The world remains just as dangerous as it has ever been. new threats have replaced some of those which ended with the cold war. But they are just as real and threatening to international peace and stability. The world looks to us for leadership—leadership with a strong voice. I applaud Senator LIEBERMAN's efforts to ensure that America continues to have that strong voice through an independent USIA, and look forward to working with him on this issue when the State Department reauthorization bill is again brought before the Senate.•

THE INCREASING AND IMPORTANT ROLE OF PRIVATE TRAINING FACILITIES IN WORK FORCE TRAINING

• Mr. GORTON. Mr. President, today I bring to the attention of my colleagues an industry that is growing almost unnoticed in this country, an industry that demonstrates the ability of the private sector to meet the challenges posed by our expanding and technologically advanced economy. I am speaking of the hundreds of private professional firms across the Nation that provide job training to American workers. Since the early 1980's, a new breed of high-quality private sector training providers have proliferated in response to the need of business and industry for highly skilled workers. This is especially true of providers who train people who train people in the information-technology sector of the American economy.

Each year, American employers wisely spend billions of dollars to train and educate their employees. This training enhances the skills of those workers and often enables them to assume new, more challenging positions. The training market in information technology alone—which is one of the fastest growing and most promising sectors of our economy—totaled $2 billion in 1994, and almost all of this need was met with private sector resources. Private professional firms have developed extensive programs and nationwide networks to serve the huge and growing needs of large and small businesses in this field. Many of these firms, although often small enterprises, work in partnerships with large employers who demand that they provide only the

highest quality training and who require that they teach skills that conform to industry-based benchmarks and standards.

Today, training providers, which include both public education institutions and private training companies, are using skill standards as benchmarks to develop their courses and to prepare professional workers for exams that will certify them as qualified to perform certain high-skill jobs. Skill standards in this context are not rigid definitions of "jobs," but rather a large comprehensive set of well articulated, competency-based skill statements that are industry driven and nationally recognized. By reflecting the true and detailed needs of the workplace, and by being used in the hiring, promotion, and training of the work force, these become de facto standards at the national level, and they transcend national borders as do businesses in today's global economy. In short, private sector training providers in the information-technology field reflect developments in the marketplace and prepare individuals to handle the jobs of the future.

According to Training magazine, U.S. organizations with 100 employees or more spent $48 billion on training in 1993, and it is likely that the total increased in 1994 and will again in 1995. Employers are recognizing the need to train the individuals they hire in order to keep pace with rapidly evolving technology and to remain competitive in the global economy. Nowhere is training more important than in the information-technology industries, where technological innovations and product upgrades that require new or enhanced skills are coming to market everyday.

Within the information-technology industry it is clear that private sector training providers are one of the main resources to turn to for training. for example, most of the large American software companies use what is known as a leveraged training mode, wherein independent training providers develop courses that teach individuals how to operate the application or systems of a given software company. In turn, the software company will denote the training provider as one that is authorized to award certification in the operation or maintenance of that company's products. This is just one of many examples of how corporations and smaller businesses are using the resources of private training providers.

Whether individuals are updating their skills to improve performance on the job or are unemployed and seeking new skills, by completing training and receiving an industry recognized credential they are improving their own career prospects as well as keeping the American work force competitive.

These training centers must meet the demands of industry and of the market that will eventually employ their students; therefore they must provide only the highest quality training. And while the information-technology market demands quality, it also demands more and more qualified individuals each year. For example, the software and computing industry grew at an annual rate of over 28 percent between 1980 and 1992, while the GDP for that time averaged 2.4-percent growth. Not only is the number of jobs in this field increasing, but those jobs pay wages that are significantly higher than wages in many other industries. In addition, given that the information-technology companies have no geographic-specific resource requirements, they contribute to the economy of virtually every State in the country.

Mr. President, it is quite apparent that the individuals with high-technology skills are in great demand throughout the Nation, and it is apparent that the demand will only increase. Private training providers have been rising to this challenge, and they have done so with entrepreneurial vigor and a commitment to quality. As the number of people in need of training increases, and as the number of people that organizations intend to train outstrips their capability to train them in house, private sector providers of training services will become an ever more important part of the American economy.

It has been my pleasure today to recognize and share with my colleagues the merits of this growing American industry.●

UNLV'S WOMEN'S SOFTBALL TEAM

● Mr. BRYAN. Mr. President, I rise today to recognize the achievements of the women's softball team at the University of Nevada-Las Vegas. This outstanding group of women and their coaching staff have set a standard of excellence in 1995 which is worthy of merit.

The team results for the 1995 season are the best in the history of the university. UNLV softball finished their season ranked fourth in the Nation by both a USA Today poll and the NCAA. This is the second straight year that the Rebels have finished in the top five. They were the champions of various regional conferences and tournaments as well.

Individual players also received special awards for their performances on the field. Five of the women were voted All-Americans, and others were selected for special recognition teams. Individual players were recognized by the Big West Conference for their athletic talent in their respective positions.

Off the field, the players also achieved academically; six of the women were named Scholar-Athletes by UNLV, and four were given the same honor by the Big West Conference. The women's softball coach, Shan McDonald, was selected Big West Conference Coach of the Year; she is assisted by Carol Spanks and Jenny Conden.

The team will be honored at a tea hosted by UNLV President Carol Harter on Sunday, September 17 at 2 p.m. in the Tam Alumni Center. I am pleased to congratulate the women's softball team for their outstanding accomplishments in the 1995 season.●

PBS' "THE AMERICAN PROMISE" AND THE WOMEN SELF-EMPLOYMENT PROJECT

● Ms. MOSELEY-BRAUN. Mr. President, I call on all my colleagues to congratulate the producers of the new PBS documentary, "The American Promise."

"The American Promise" chronicles the fact that grassroots democracy is still alive and well in this country.

I am particularly pleased that the producers have chosen to highlight the Chicago Women Self-Employment Project [WSEP] which acts as a lending circle for microenterprises. This highly successful program helps women through rotating access to capital.

Specifically designed to provide access to capital for low and moderate income women in America's cities, WSEP has helped thousands. In addition to its revolving loan fund, responsible for short-term loans of $100 to $25,000, WSEP provides entrepreneurial training and technical assistance. The training has proven indispensable as many participants come to WSEP with little or no formal business background.

WSEP participates as an intermediary in the Small Business Administration's [SBA] Microloan Program. By doing so, it receives loan funds to be re-lent to micro-businesses. In addition, it receives SBA grants to provide technical assistance to its borrowers.

The results have been impressive. WSEP has helped start over 500 businesses. Of these, over 85 percent are still operating. Time and time again WSEP has proven that access to capital and access to training is a formula for success.

More important than the numbers, however, is the impact WSEP has had on women's lives. In one case, a woman who used to live on oatmeal and barter for her rent now designs and sells upscale jewelry in Chicago, New York and St. Louis.

Everyday WSEP makes a difference in the lives of its participants. But that's only part of the story. Because WSEP stimulates private investment in America's cities, local economies benefit. As program participants succeed, they give back to the program, and back to the community. Often, this

comes in the form of new jobs. As many as 20 percent of WSEP businesses report hiring additional paid employees. This, at a time when some urban neighborhoods have less than 1 percent private sector employment.

The United States Senate is currently poised to make widespread changes in our welfare system. As we examine reform and what does and does not work, I think we could all benefit by studying the WSEP example. It is a program that gets results. The project has been so successful, I invited organizers to serve on my welfare reform advisory panel and authored an amendment which made permanent the Job Opportunities for Low Income individuals [JOLI] program. JOLI helps create job opportunities for welfare recipients and low income individuals by giving federal grants to private non-profit corporations to make investments in local business enterprises that will result in the creation of new jobs. SEP is positive proof that JOLI works.

The Women Self-Employment Project's approach is distinctly grassroots success story. There is an old saying, give a man a fish, and he can eat for a day, teach a man to fish and he can eat for a lifetime. WSEP provides the fishing pole and the training. It makes success and self sufficiency possible.

The American Promise reminds us that positive efforts are not only possible, but successful. In so doing, it provides a beacon of hope for us all.●

APPOINTMENT OF VARIOUS CHAIRMEN FOR THE 104TH CONGRESS

Mrs. HUTCHISON. Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of Senate Resolution 170, submitted earlier today by the majority leader, Senator DOLE.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

A resolution (S. Res. 170) to appoint various chairmen for the 104th Congress.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the resolution?

There being no objection, the Senate proceeded to consider the resolution.

Mrs. HUTCHISON. Mr. President, I ask unanimous consent that the resolution be considered and agreed to; that the motion to reconsider be laid upon the table; and that any statements relating to the resolution appear at the appropriate place in the RECORD.

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

So the resolution (S. Res. 170) was agreed to, as follows:

S. RES. 170

Resolved, That the following Senators are named Chairmen of the following committees for the 104th Congress, or until their successors are appointed: William Roth, of Delaware, Finance Committee; Ted Stevens, of Alaska, Government Affairs Committee; and John Warner, of Virginia, Rules and Administration Committee.

ORDERS FOR WEDNESDAY, SEPTEMBER 13, 1995

Mrs. HUTCHISON. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in recess until the hour of 9 a.m. on Wednesday, September 13, 1995; that following the prayer, the Journal of proceedings be deemed approved to date, the time for the two leaders be reserved for their use later in the day, and the Senate then immediately resume consideration of H.R. 4, the welfare reform bill, as under the previous order.

I further ask unanimous consent that an additional 10 minutes of debate be allotted tomorrow on the Domenici amendment No. 2575, with that time equally divided between Senator DOLE and Senator DASCHLE, or their designees.

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

PROGRAM

Mrs. HUTCHISON. Mr. President, for the information of all Senators, the Senate will resume consideration of the welfare reform bill tomorrow morning. Under a previous consent agreement, there will be a rollcall vote at 9:10 a.m. on or in relation to the Moseley-Braun amendment No. 2471. Following that vote, there will be a lengthy series of rollcall votes on amendments with a minimal amount of debate time between each vote. All Members, therefore, can expect a large number of rollcall votes during Wednesday's session of the Senate beginning at 9:10 a.m.

RECESS UNTIL 9 A.M. TOMORROW

Mrs. HUTCHISON. Mr. President, if there is no further business to come before the Senate, I now ask unanimous consent that the Senate stand in recess under the previous order.

There being no objection, the Senate, at 10:21 p.m., recessed until Wednesday, September 13, 1995, at 9 a.m.

HOUSE OF REPRESENTATIVES—*Tuesday, September 12, 1995*

The House met at 10:30 a.m. and was called to order by the Speaker pro tempore [Mr. SHAYS].

DESIGNATION OF SPEAKER PRO TEMPORE

The SPEAKER pro tempore laid before the House the following communication from the Speaker:

WASHINGTON, DC,
September 12, 1995.

I hereby designate the Honorable CHRISTOPHER SHAYS to act as Speaker pro tempore on this day.

NEWT GINGRICH,
Speaker of the House of Representatives.

MORNING BUSINESS

The SPEAKER pro tempore. Pursuant to the order of the House of May 12, 1995, the Chair will now recognize Members from lists submitted by the majority and minority leaders for morning hour debates. The Chair will alternate recognition between the parties, with each party limited to not to exceed 30 minutes, and each Member except the majority and minority leader limited to not to exceed 5 minutes.

The Chair recognizes the gentleman from Guam [Mr. UNDERWOOD] for 5 minutes.

RESTITUTION FOR GUAM

Mr. UNDERWOOD. Mr. Speaker, I had the privilege of attending ceremonies in Honolulu about 10 days ago marking V–J Day and the end of the war in the Pacific.

I was moved by the expressions of gratitude to our veterans who fought in the war in the Pacific, many of whom did not return home, and countless many who were injured and who bear the scars of war today. We certainly owe them a debt of gratitude.

I want to take this opportunity to call attention to the story of an American community occupied by the enemy during this war, and the brutality visited upon these Aemricans. Guam was attacked simultaneously with the attack on Pearl Harbor, and Guam was subsequently occupied by the enemy, an occupation that lasted 32 months, from December 10, 1941, to July 21, 1944. Guam was the only American community occupied—some may note that the Aleutian Islands were also occupied, but the Native Alaskans and the military evacuated these islands prior to the start of hostilities. Not since the War of 1812 have American civilians been subjected to an enemy occupation.

The occupation of Guam was made more brutal because of the loyalty of the people of Guam to the United States. This was a time of severe hardship and scarcity of food. This was a time when our people were placed into forced labor to work in rice paddies, to build fortifications for the enemy, and to clear a field by hand for a future airfield. This was a time when many suffered the brutality of beatings, and some were executed by beheading. This was a time when our people, in the closing weeks before liberation, were forced to march to internment camps in southern Guam to await their fate. And this was a time of atrocities, of villagers being rounded up into caves where they were killed by grenades and machinegun fire.

With this kind of war experience, it is not likely that the people of Guam will ever forget the occupation. But it seems that this Nation has forgotten the people of Guam. It certainly seemed that way after World War II when the Treaty of Peace with Japan was signed by the United States, absolving Japan of any war reparations. It certainly seemed that Guam was forgotten by the United States Congress in 1948 and again in 1962 when legislation was passed to allow for some compensation to the victims of World War II, but not the victims who were on Guam.

Mr. Speaker, I have introduced legislation, H.R. 2041, the Guam War Restitution Act, to address the claims of the people of Guam for the wartime atrocities that we endured. My bill would allow compensation for forced march, forced labor, internment, injury, and death for those who suffered during the occupation.

The amounts authorized for these injuries are modest, and are in line with amounts paid in 1948 to other Americans who were authorized to receive compensation.

It is important, 51 years after the liberation of Guam and 50 years after the end of the war, to bring closure to this issue. This issue is not going to fade away. Federal amnesia about Guam's occupation and the injustice of the way compensation was handled is not going to work. We remember, and we will not forget.

To those who may question why we are coming to Congress for compensation, let me point out two things. First, the Treaty of Peace with Japan takes away our recourse to seek compensation directly from Japan. Second, war claims were paid to other Americans by successive acts of Congress beginning in 1943, and as I mentioned earlier, in corrective legislation in 1948 and 1962 that did not include Guam.

To those who may argue that it should be Japan, not the American taxpayer that pays this bill, let me assure you that we agree. The Federal Government had every opportunity to seize Japanese assets after the war in payment of claims. Furthermore, my bill includes a funding mechanism that would not cost the American taxpayer a dime—Congress may choose to impose a fee on the sale of United States military equipment to Japan. After all, the national security and our security arrangements with Japan in Asia were often cited as the reasons to forgive Japan of any war reparations.

I hope that my colleagues would support H.R. 2041, the Guam War Restitution Act. I hope that we can put closure to this issue. I noted that much publicity was given to the Japanese apology for World War II. Who will apologize for the mishandling of Guam war reparations? Who in Congress will take responsibility for the Treaty with Japan signing away Guam's rights, and who in Congress will apologize for the oversight in not including Guam in war claims legislation in the past? Who now will stand up for what is right and do what is right for the American citizens of Guam who endured a brutal occupation?

MEDICAL SAVINGS ACCOUNTS

The SPEAKER pro tempore. Under the Speaker's announced policy of May 12, 1995, the gentleman from Nebraska [Mr. CHRISTENSEN] is recognized during morning business for 5 minutes.

Mr. CHRISTENSEN. Mr. Speaker, despite liberal attempts to hide the truth, the word is out.

The American people have learned that our precious Medicare system is going broke.

It is clear that unless important actions are taken, Medicare will be belly-up in the year 2002.

We are not going to let that happen.

We are going to save Medicare and strengthen it—giving our seniors more options and more choices.

One option we should give seniors is a Medical Savings Account.

A Medicare MSA would allow seniors to join a private heath plan that would pay all expenses above a set level, and allow seniors to deposit their Medicare

dollars in a personal medical savings account to be used to pay expenses below that level.

At the end of the year, seniors choosing this option could withdraw any unspent money left in the MSA or buy insurance coverage for prescription drugs or allow the money to grow with interest to pay future medical bills. It is their choice.

Let us hope the liberals choose to abandon their Medi-scare tactics and join us in saving Medicare by giving seniors more choices like Medical Savings Accounts.

NUCLEAR BOMBING IN THE SOUTH PACIFIC ISLANDS

The SPEAKER pro tempore. Under the Speaker's announced policy of May 12, 1995, the gentleman from American Samoa [Mr. FALEOMAVAEGA] is recognized during morning business for 5 minutes.

Mr. FALEOMAVAEGA. Mr. Speaker, about 150 years ago, by show of military force with guns, bullets and cannons, the Government of France incorporated into a colony a group of Polynesian islands currently known as French Polynesia, with its current capital in the town of Papeete and the main island called the island of Tahiti.

Mr. Speaker, these Polynesian islands were popularized by the famous historical novel that was written by Mr. Hall and Mr. Nordoff in the early 1930's, and later, a couple of very famous films were based on this novel. They are currently known as the Mutiny on the Bounty. As you well know, it was a historical fact that a British Naval captain by the name of Captain Bly was assigned to go to these islands in the South Pacific to bring back a certain fruit called the bread fruit so that it could be transferred to the Caribbean to feed the slaves, as it was part of the British empire at that time.

Mr. Speaker, these islands are currently in tremendous turmoil, as has been witnessed by the American people and throughout the world, of what has happened in the eve of the recent decision made by President Chirac in June that the Government of France was going to resume nuclear testing in the South Pacific. And the proposed plan by President Chirac was that for the 8-month period, once each month the Government of France was going to explode one nuclear bomb each up to the equivalent of 10 times the power of the bomb that we dropped in Hiroshima 50 years ago.

Mr. Speaker, I am sad to say that this new testing program began a couple of days ago and as a result of that, riots broke out in the city of Papeete. The main airport was closed and the island of Tahiti was at a standstill.

Now the tremendous uproar, Mr. Speaker. Everybody is pointing fingers at everybody. President Chirac recently, by the media, is pointing fingers at Australia and New Zealand and other countries for causing all these riots to occur. New Zealand and Australia are saying, no, Mr. Chirac, you are to blame for this thing that has happened now to the people of Papeete and the French Polynesians.

Mr. Speaker, I don't know if the American people are aware of the fact that this is the same situation that occurred in the early 1960's when our Government also exploded some of the most powerful nuclear bombs the world has ever witnessed in the islands of Micronesia.

I recall in 1954 we exploded what was known as the bravo shot, in which we exploded the first hydrogen bomb that was 50 megatons, and let me explain this to the American people and to my colleagues. The power of this bomb that we exploded on the island of Bikini was 1,000 times more powerful than the bomb that we dropped in Hiroshima. As a result of that bomb, 300 men, women and children on the islands of Rongelap and Utirik just playing on the ocean floor, not even knowing exactly what was happening, and the sad part of this legacy and the story in our own country, Mr. Speaker, our officials knew that the winds had shifted but they did not stop the detonation of that bomb. And as a result of that, as a result of that, these people were directly impacted by nuclear contamination because of what we did to them.

Mr. Speaker, to this day, these people are still suffering, still suffering from radioactive contamination, having the highest rates of cancer, leukemia. You can call it what you may, but these people are still suffering and no amount of money our Government could ever give these people will bring them back to normal health.

Mr. Speaker, this is the same problem the people of the Pacific have been fighting for years, and by our own admission, by our own admission, in 1963 we said, hey, we better not do this any more, it is hurting the environment. We conducted some serious atmospheric tests in Micronesia, underground, on the ground, under the reefs. We have done it and we found out that ecologically it was not suitable, and this is the reason why we did these tests now underground in the State of Nevada.

Mr. Speaker, we advised our friends from France, you cannot do this in the atolls of these islands in the Pacific Ocean. The Pacific Ocean is not a stagnant pool. It is an ocean that constantly moves, like what we call the Humboldt Current, and by doing this, our good friend, President DeGaulle, said, no, we are going to do it.

So for the past 20 years, the Government of France has exploded over 240 nuclear bombs on these islands in French Polynesia, mainly on these two atolls known as the Moruroa and the Fangataufa atolls.

Mr. Speaker, on Moruroa atoll, the Government of France has exploded over 163 nuclear bombs; and 8 more nuclear bombs, Mr. Speaker, that atoll is going to collapse, and when that contamination comes out of that atoll, it is not just the 200,000 French Polynesians that are going to be affected by it, but the whole Pacific Ocean.

Mr. Speaker, somehow we have taken a very passive view of the seriousness of the situation, and Mr. Speaker, I ask my colleagues and the American people, something has got to be done. President Chirac has got to get the message. What he is doing is wrong. It is morally wrong and it is time that we stop this madness.

RECESS

The SPEAKER pro tempore. There being no further requests for morning business, pursuant to clause 12, rule I, the House will stand in recess until 12 noon.

Accordingly (at 10 o'clock and 44 minutes a.m.) the House stood in recess until 12 noon.

AFTER RECESS

The recess having expired, the House was called to order by the Speaker pro tempore (Mr. SHAYS) at 12 noon.

□ 1200

PRAYER

The SPEAKER pro tempore. The Reverend Dr. Ronald F. Christian, Office of the Bishop, Evangelical Lutheran Church in America, Washington, DC, offered the following prayer:

The eyes of all look to You, O Lord, and You give them meat in due season. You open Your hand and satisfy the desire of every living thing.

Almighty God, the psalmist's recognition of his dependence upon You reminds us all of our constant need for Your grace and mercy.

So, we pray to You, O God, for daily bread and that all our needs will be met by Your gracious care.

We pray to You, O God, for health of body and strength of mind, so that all our efforts will serve Your will and thereby give aid to our neighbor who is in want.

We pray to You, O God, that the work of our hands and the decisions we render will make life better for those around us and for whom we must take some responsibility.

We pray to You, O God, that we will allow our souls to be fed by Your grace, so that we will always be more caring toward another's misfortune than accepting of glory for our own accomplishments.

And, we pray, that we may always live and demonstrate Your mercy in

our family, in our workplace, and in our community, and in our Nation.

Indeed, the eyes of us all look to You, O Lord. Give us, we pray, our food in due season. Open Your hand, and satisfy our needs. Amen.

THE JOURNAL

The SPEAKER pro tempore. (Mr. SHAYS). The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

PLEDGE OF ALLEGIANCE

The SPEAKER pro tempore. Will the gentlewoman from Connecticut [Mrs. KENNELLY] come forward and lead the House in the Pledge of Allegiance.

Mrs. KENNELLY led the Pledge of Allegiance as follows:

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

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Lundregan, one of its clerks, announced that the Senate had passed with an amendment, in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 2126. An act making appropriations for the Department of Defense for the fiscal year ending September 30, 1996, and for other purposes.

The message also announced that the Senate insists upon its amendment to the bill (H.R. 2126) "An Act making appropriations for the Department of Defense for the fiscal year ending September 30, 1996, and for other purposes," requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. STEVENS, Mr. COCHRAN, Mr. SPECTER, Mr. DOMENICI, Mr. GRAMM, Mr. BOND, Mr. MCCONNELL, Mr. MACK, Mr. SHELBY, Mr. HATFIELD, Mr. INOUYE, Mr. HOLLINGS, Mr. JOHNSTON, Mr. BYRD, Mr. LEAHY, Mr. BUMPERS, Mr. LAUTENBERG, and Mr. HARKIN, to be the conferees on the part of the Senate.

The message also announced that pursuant to section 1295(b) of title 46, United States Code, as amended by Public Law 101-595, the Chair, on behalf of the Vice President, appoints Mr. BREAUX, from the Committee on Commerce, Science, and Transportation, and Mr. INOUYE, at large, to the Board of Visitors of the United States Merchant Marine Academy.

DEATH OF FORMER CONGRESSMAN JAMIE WHITTEN

(Mr. BEVILL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BEVILL. Mr. Speaker, on behalf of the Democratic leadership and the Mississippi congressional delegation, it is my sad duty to report the death of our former colleague, Jamie Whitten, on Saturday in Oxford, Mississippi.

As you know, Jamie was the dean of the House of Representatives until his retirement last year, after 53 years in the House. He had the longest record of service of any Member in the history of our country.

Jamie served as chairman of the House Appropriations Committee for 13 years and as chairman of the Agriculture Appropriations Subcommittee for more than 40 years. He had a tremendous influence on the Nation's agricultural policy and was known as the Permanent Secretary of Agriculture.

He was sitting in this Chamber when President Franklin D. Roosevelt gave his "Day of Infamy" speech following the bombing of Pearl Harbor in 1941. For more than half a century, Jamie faithfully and effectively served his Mississippi constituents and his country. His record was a remarkable achievement which will probably never be broken.

Jamie and his wife Rebecca were totally dedicated to public service and especially devoted to their beloved home State of Mississippi. Our Nation has lost one of its most loyal and effective leaders, but Jamie's contributions will always be remembered.

IN HONOR OF FORMER CONGRESSMAN JAMIE WHITTEN

(Mr. BOEHNER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BOEHNER. Mr. Speaker, I too join with our colleagues on the Democrat side of the aisle on behalf of Republicans in the House to mourn the death of our good friend, Jamie Whitten.

Mr. Speaker, Jamie did serve in the House for some 53 years and was an example to all of the Members of this House on both sides of the aisle about how to be a statesman. His influence in agricultural policy over those 53 years was, without question, substantial. And without question, for 53 years, Mr. Whitten had the most influence over agricultural policy in this country. Today, we mourn his death and say prayers for him and his family.

SUPPORT STUDENT AID, SUPPORT OUR FUTURE

(Mrs. KENNELLY asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. KENNELLY. Mr. Speaker, education of our young people of America is the best chance for a bright future for our great Nation. However, in these tough economic times many families cannot afford to send their children to postsecondary school. The rising cost of education and proposals to cut funding for students loans will only close the doors of colleges and universities to many fine young people indeed.

The current proposal to eliminate the in-school interest subsidy for Stafford Loans is a dramatic turn in education policy. Last year alone over four million students benefited from in-school interest subsidies. This interest subsidy is essential to ensuring choice and access for higher education. The main goal of the Higher Education Act of 1965 was to reduce financial barriers to access and choice in postsecondary education. Subsidized loans have always had a role in achieving this goal.

Money should not be the determining factor for who attends colleges and universities. Let's support student aid, let's support our future.

JUDGE ITO: MOST OUT OF TOUCH JUDICIAL BUREAUCRAT

(Mr. COBLE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. COBLE. Mr. Speaker, much has been said about the O.J. Simpson trial, but little has been said about the manner in which Judge Ito has presided. It has reminded many observers of a circus rather than a courtroom. This is inexcusable.

Mr. Speaker, this presents yet another example of a judge oblivious to the significance of taxpayers' resources. The Simpson trial has been extremely costly to the taxpayers and should have been concluded months ago.

I am not suggesting that the rights of all parties should not be protected and preserved. I am not suggesting that parties to litigation should be forced to compromise. I am suggesting, however, that a trial should proceed in a timely fashion, and it is the judge's duty to assure this conclusion.

Judge Ito deserves no high marks for his performance and I nominate him as 1995's most out of touch judicial bureaucrat who obviously has no appreciation for cost effectiveness at the courthouse.

FBI MUST ANSWER FOR RUBY RIDGE

(Mr. TRAFICANT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. TRAFICANT. Mr. Speaker, this ordeal at Ruby Ridge continues to amaze me. FBI sniper Lon Horiuchi, who shot and killed Vicki Weaver, unarmed holding her infant child, now

says he will not testify at congressional hearings because the lawyers for Lon Horiuchi say they do not like the questions that will be answered.

Mr. Speaker, what is going on here? No American should be deprived life, liberty, and pursuit of property. Where was the Miranda? Where was the due process? Where were the arraignments?

Now the FBI is saying these are great mistakes. These are not just great mistakes. I say there was murder on Ruby Ridge. The FBI has to answer for those murders and for the power and arrogance of the Federal Government that trampled over citizens, then called them mistakes and will not testify because they do not like the questions.

Shame Congress. Take the Government back.

SUPPORT H.R. 1594 AND RESTORE SECURITY TO OUR PENSION SYSTEM

(Mr. DELAY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DELAY. Mr. Speaker, today, we take up legislation on the floor to protect the pensions of millions of Americans.

President Clinton has directed that all government pension plans invest in fiscally risky but politically correct investments.

He has done so for the obvious reason for helping his misguided left-wing agenda.

But let me ask a very direct question: What is more important, political correctness or pension security?

In my mind, we need to insure that the Pension Benefit Guaranty Corporation invests with only one interest: keeping the pension system secure.

If some Americans want to risk their money in politically correct investments, that is their decision. But it should not be by direction of the President, and it should not be done with the pensions of Americans who rely on them for their livelihoods.

Mr. Speaker, the President should keep his hands off these pensions. I urge my colleagues to support H.R. 1594, which will reverse the Clinton Executive order, and restore security to our pension system.

WE MUST INVEST IN OUR YOUNG PEOPLE

(Mr. UNDERWOOD asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. UNDERWOOD. Mr. Speaker, while the cost of a college education is rapidly increasing, some Members on the other side of the aisle would like to cut student loan funding. The majority's plans would significantly raise the cost of student loans by changing the way loan interest is calculated, capping Pell Grants, and eliminating the Direct Student Loan Program.

Mr. Speaker, many American families will find that they have been priced out of a college education by these changes and many students will find that the assistance they were depending on is simply not going to be there.

The new leadership once championed giving every student a PC. I will do one better. How about giving every student an opportunity for a college degree so that they can use that PC, rather than just play solitaire? We invest in roads, bridges, and infrastructure. We must also invest in our young people.

CONGRESS MUST STOP THE RAIDING OF AMERICA'S PENSION FUNDS

(Mr. BALLENGER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BALLENGER, Mr. Speaker, while the Republican-led Congress continues on the path to becoming the most successful Congress in history, the Clinton administration continues to come up with new and interesting ways of robbing Peter to pay for liberal social programs for Paul. The latest effort by the administration has come in the form of ETI's.

Mr. Speaker, ETI stands for "economically targeted investment" and is designed to promote the investment of private pension funds into liberal social projects. ETI's are a disaster for working men and women who want their retirement savings to be invested wisely. Once again, the liberals believe that they know what is best for the American people and they intend to force that belief on us all in any way they can.

Today, the House will debate legislation to combat this destructive and intrusive plan. The working people of America are counting on our help to stop this senseless raiding of their pensions.

CHIRAC, CHIRAC, WHAT HAVE YOU DONE?

(Mr. FALEOMAVAEGA asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. FALEOMAVAEGA. Mr. Speaker, as I said earlier to my colleagues and to the American people, the French Government has already exploded 164 nuclear bombs in the atmosphere and under the Mururoa Atoll in French Polynesia, in the South Pacific.

Mr. Speaker, first French officials said the tremendous amount of nuclear contamination contained in this atoll should be contained for 1,000 years. Now, these same French officials are saying it may be 100 years.

Mr. Speaker, the consensus now among the scientists is that Mururoa Atoll will collapse within 10 to 50 years. Mr. Speaker, the contamination contained in this atoll is equivalent to several Chernobyls in the Ukraine.

Mr. Speaker, I was arrested for 16 hours on the Greenpeace ship the *Rainbow Warrior II*, and I wrote these verses to describe the crisis in the South Pacific:

You appear in a cloud, like a flash from the West that blinds our vision. From Tahiti Nui, from the Tuamotus, Mangareva, Tubuai, Bora-Bora, Raiatea, Huahine, Tahaa, NukuHiva, Tureia, Mururoa and Fangataufa.

Like poisoned fish that float aimlessly from fissured reefs, death moves slowly toward the people from the sun until it is too late.

Chirac, Chirac, what have you done?

STOP THE CLINTON PENSION GRAB

(Mr. JONES asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. JONES. Mr. Speaker, investment of pension funds into economically targeted investments, or ETI's, is another questionable plan advocated by the Clinton administration to get its hands on more of the citizens' hard-earned money. This policy would divert pension funds away from financially sound investments into politically correct investments.

The Democrats have absolutely no plan to save Medicare from bankruptcy and now the administration wants to jeopardize the hard-earned pensions of millions of American seniors and at the American people's financial expense, $1 million for the clearinghouse to promote these risky, low-return investments.

Mr. Speaker, it seems the administration is more interested in putting high-priced programs first and the welfare of America's retirees second. We must stop the Clinton pension grab by passing the Pension Protection Act of 1995.

REPUBLICAN CUTS IN EDUCATION

(Mr. HILLIARD asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. HILLIARD. Mr. Speaker, Republicans in Congress seem to enjoy destruction more than they do creation. They have attacked our Nation's children and young adults.

Republicans in Congress have slashed education more than $36 billion. And why? To pay for the monstrous tax breaks that they have proposed for their wealthiest supporters. By slashing our education budgets, our kids will have more overcrowded classrooms, fewer computers, and fewer teachers.

The Republican plans will cut Head Start by 45,000 kids by 1996. They will cut $23 million from the Safe and Drug-Free Schools Program and, ultimately, deny many millions of students access to college education by cutting back on direct student loans and the Pell Grant Program.

Mr. Speaker, we know the Republicans do not care about the Nation's children and we also know they do not care about public education. After all, most of their kids are in private schools anyway.

NEW MAJORITY BRINGING RESPONSIBLE GOVERNMENT TO WASHINGTON

(Mr. CHAMBLISS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. CHAMBLISS. Mr. Speaker, my children are in public schools and my wife teaches public school.

Mr. Speaker, this week the new majority of this body will unveil its plan for reforming the Medicare system—a plan that is long overdue for a system that will soon pay out more than it takes in.

Meanwhile the President and Members of the other side of the aisle crisscross the country with their deficit spending, big government message. Over the years they failed the American people by not giving them a responsible Government that operates within its means.

Now that the new majority is about the business of bringing to Washington responsible Government, the other side has resorted to generational warfare, scaring seniors into believing they are the targets of our balanced budget when in fact they are not.

Our message is simple: We are committed to Medicare's continued viability for the future of seniors and our children. We are committed to positive changes that will balance our budget and encourage individual responsibility—the same goals of any American family.

CONGRESS MUST CLOSE THE BILLIONAIRE'S TAX LOOPHOLE

(Mr. WARD asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WARD. Mr. Speaker, I rise today once again to address an issue that this Congress has yet to face, that is the issue of billionaire expatriates.

Mr. Speaker, on numerous occasions the majority has refused permanently to close a tax loophole which enables billionaires to renounce their U.S. citizenship in order to avoid paying taxes.

To add insult to injury, the Washington Post reported yesterday that the State Department, has received an application from the country of Belize to open a diplomatic post in Sarasota, FL, exclusively for the convenience of billionaire expatriate Kenneth Dart, whose family happens to live in Sarasota. The arrangement would allow Mr. Dart to continue to avoid paying U.S. taxes, while living with his family in the United States.

Mr. Speaker, I have sent a letter to Secretary Christopher urging him to deny the permission to open this office. Mr. Speaker, we must close this loophole.

ATTACKS VERSUS IDEAS

(Mrs. SEASTRAND asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. SEASTRAND. Mr. Speaker, we, the new majority, understand what some pro-big government groups do not: A smaller Federal Government is a better Federal Government.

In the words of Barry Goldwater, "A government big enough to give you everything is big enough to take it all away."

Mr. Speaker, I discovered while traveling in my district the past month that when liberals run out of ideas of their own to offer the American people, they panic with baseless attacks. But while big labor bosses were running attack ads on television against me, I was meeting with many of their rank and file to let them know about how working families will benefit by balancing the budget, by cutting Government spending, and giving working people tax relief.

While the so-called national environmental groups were polluting the environment on the airwaves with fear, I was speaking to my constituents about the common sense we are putting in environmental law that will give us local control.

While the AARP mailed misinformation regarding Medicare, I was discussing with seniors and my other constituents how we intend to protect and preserve Medicare.

Well, Mr. Speaker, if big government special interests were not attacking us, I might be worried we were not doing our job.

□ 1220

WHERE IS THE REPUBLICAN PLAN ON MEDICARE?

(Mr. PALLONE asked and was given permission to address the House for 1 minute.)

Mr. PALLONE. Mr. Speaker, yesterday myself and the gentleman from New Jersey [Mr. TORRICELLI] held a second forum in New Jersey on the issue of Medicare, and many senior citizens were seriously concerned about how the severe Republican cuts to Medicare will affect them. Unfortunately, it is difficult to answer that question definitively since we only know what the press has leaked on the subject.

I would like to know where the Republican plan is. It is after Labor Day. We still do not have it. Are we going to have any time to review it even before we vote in a few weeks?

How can the Members of Congress be expected to vote on the largest Medicare reduction in history and fully represent their constituent interests when the Republicans still have no plan?

When the Republicans finally release their Medicare plans, they should allow a significant period of time to analyze the specifics. I do not think that is too much to ask on such an important issue.

The Republicans have been reluctant to release their plan because they fear the wrath of senior citizens. They seem to be opting for the stealth approach by cutting $270 billion, the largest cut in the history of Medicare without letting the public know the details.

CUTS IN EDUCATION ENDANGER OUR FUTURE

(Mrs. CLAYTON asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. CLAYTON. Mr. Speaker, this Saturday, September 16, in Rocky Mount, NC, I am hosting a youth summit.

More than 800 young people have already confirmed that they will attend. They care about the future.

These young people are encouraged by past success stories and support for their positive and productive attitudes.

Unfortunately, this Congress has given these young people little to be hopeful for.

Thousands of Pell grants will be eliminated, the cost of student loans will skyrocket, there will be less funding for Head Start and Healthy start, Goals 2000 will be eliminated, title I will be cut, the Safe and Drug Free Schools Program will be cut and summer jobs are eliminated.

The young people who will join me on Saturday are not those who images dominate our perceptions. They are not violent. They are not involved in drug sales. They are the majority.

What will I say to these young people? Instead of a bright future, Congress now offers you a bleak future.

This blind march to a balanced budget has taken us down the wrong path. I wonder where it is taking our youth?

Mr. Speaker, I ask you, what should we say to our youth? What is their future?

Mr. Speaker, this is no way to encourage our future.

THE ASSAULT ON IMPORTANT EDUCATIONAL PROGRAMS

(Mr. BROWN of Ohio asked and was given permission to address the House for 1 minute.)

Mr. BROWN of Ohio. Mr. Speaker, today I rise to voice my dismay at the ongoing assault taking place on some of the most important educational programs in this country. Student loans are under attack by Republican budget cutters who want to give the wealthy a huge tax break.

The Republican plan cuts $10 billion in the Stafford Loan Program over the next 7 years. These cuts will add an additional $3,100 to undergraduate costs and $9,400 to graduate students.

The Republicans want to knock 157,000 students out of the Perkins Loan Program, denying these low- and middle-income students these loans; 280,000 students will lose Pell grants. Prevention programs such as the Safe and Drug Free Schools Program, will be cut by 60 percent. Even programs like Head Start will not be safe from the Republican budget ax.

Why these cuts, Mr. Speaker? The simple answer to that is Republicans are making these cuts to give tax breaks to the wealthiest people in this country. Giving tax breaks to $200,000 incomes is wrong, Mr. Speaker, while cutting education.

BALANCING THE BUDGET ON THE BACKS OF OUR YOUTH

(Mrs. LOWEY asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. LOWEY. Mr. Speaker, the Republican leadership says it is cutting student aid by more than $10 billion in order to shrink the deficit. What are the priorities of this Congress? Education is an investment that we must protect.

Yesterday, I talked to students from Purchase College and Manhattanville College. Michael Henry is a 22-year-old Purchase College student from Forest Hills, NY. He works two jobs while in school. He drives a truck during the graveyard shift so he can attend classes during the day. I do not know when Michael sleeps. He is studying economics and hopes to start his own business. Without Federal financial aid, Michael said that he would not be able to attend college. What does this budget do? It threatens to rob us of the contribution of a bright, talented young person like Michael. It jeopardizes the dreams of a future entrepreneur who could contribute enormously to society.

We need to shrink the deficit. We can not keep paying billions in interest payments on the debt. But we can lower the deficit without cutting education and robbing deserving young people of the chance to earn a decent living.

A college education is an economic necessity. Let us not balance the budget on the backs of our Nation's deserving youth.

LEGISLATIVE ASSAULT ON OUR CITIES

(Miss COLLINS of Michigan asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Miss COLLINS of Michigan. Mr. Speaker, I rise this morning to express my deep felt concern for the future of our cities. The U.S. Conference of Mayors recently surveyed 145 of their member officials and found that 80 to 96 percent reported proposed congressional cuts in appropriations will have a negative impact on their cities and residents, their economies, economic development activities, human investment efforts, youth development, basic transportation needs, job creation and efforts to reduce homelessness. And of course, we all realize that at least some of the moneys saved through these planned cuts is intended to be used to finance a tax break for the wealthy.

To make matters, worse, these same city officials say they do not believe the business community, nonprofit organizations, charities, religious institutions, foundations or State governments will be able to make up the difference.

If you feel it is more important to give an unneeded tax break to the wealthy at the expense of the economies of our cities, city economic development activities, city human investment efforts, youth development, basic transportation needs, job creation efforts, and reducing homelessness, then I ask that you re-examine your priorities; that you forget about this ill-conceived tax break for the wealthy; and that you recommit to supporting these important needs of our cities and those who live in our cities.

THE DEVASTATING EFFECTS OF HUGE MEDICARE CUTS

(Ms. WOOLSEY asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Ms. WOOLSEY. Mr. Speaker, throughout the month of August, senior citizens, working families, and health care providers told me the majority's huge Medicare cuts would have devastating effects on them.

Local hospitals in my district, which are already the most efficient in the Nation, said they would be forced to cut back crucial services or possibly close. In fact, one hospital administrator said, "They would just mail the keys in." And, outraged seniors, looking at $3,600 more in out-of-pocket expenses under the Gingrich Medicare plan, told me that they just could not afford any additional medical expenses.

Why? They repeatedly asked me would the majority make these huge cuts in Medicare?

And, I told them, over and over again, that the majority was taking an axe to Medicare, instead of a scalpel, for one reason, and for one reason only; to pay for one of the most outrageous, counterproductive, and unfair tax giveaways in American history.

THE VALUE OF STUDENT AID PROGRAMS

(Mr. POSHARD asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. POSHARD. Mr. Speaker, when I graduated from high school in 1962, I grew up on a small family farm, and my folks did not have the money to send me to college. I went in the U.S. Army, and I spent 3 years, and when I got out, I enrolled in Southern Illinois University, and my Government really enrolled with me.

I was able to go there on the GI Bill. I was able to get a job on campus working in the physical plant through the student work and financial aid program. The National Student Defense loans at that time helped my young striving family to get by.

These were all really important programs for working-class families' children who needed a college education, and we need to keep those programs alive today.

It is not a matter in this country of whether we need to balance the budget and bring down the deficit. We brought down the deficit from $291 to $160 billion this year. In 3 years, under the President's budget, we are going to continue to bring down the deficit.

The question is whether we need to finance a huge tax cut and offset these programs more than what we have to, and that is the debate in this House.

MEDICARE: UNSPECIFIED FUTURE CUTS

(Ms. DELAURO asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Ms. DELAURO. Mr. Speaker, Republicans are cooking the books on their Medicare plan, but it is America's seniors who are getting burned.

On Sunday, Speaker GINGRICH stated that the Republican Medicare cuts would mean only $7 in increased monthly premiums for Medicare recipients. But, the Republican-controlled Congressional Budget Office disagrees with the Speaker's new math. In fact, the CBO says that seniors will pay $56.50 more each month, not the $7 the Speaker claims.

But, my colleagues on the other side of the aisle have developed a new accounting device called unspecified future cuts. Unspecified future cuts means that Republicans can claim $80 billion in savings, without telling the American people where that money is coming from.

It is time for the Republican leadership to stop playing games and to come clean with the American people about its plan to cut $270 billion from Medicare to pay for a tax cut to the wealthy.

COMMUNICATION FROM THE CHAIRMAN OF THE DEMOCRATIC CAUCUS

The SPEAKER pro tempore (Mr. SHAYS) laid before the House the following communication from the Honorable VIC FAZIO, chairman of the Democratic Caucus:

DEMOCRATIC CAUCUS,
HOUSE OF REPRESENTATIVES,
September 5, 1995.

Hon. NEWT GINGRICH,
Speaker, House of Representatives, Washington, DC.

DEAR MR. SPEAKER: This is to inform you that Representative W.J. (BILLY) TAUZIN is no longer a member of the Democratic Caucus.

Sincerely,

VIC FAZIO,
Chairman.

COMMUNICATION FROM THE SPEAKER OF THE HOUSE

The SPEAKER pro tempore laid before the House the following communication from the Speaker of the House of Representatives:

THE SPEAKER'S ROOMS,
HOUSE OF REPRESENTATIVES,
Washington, DC, September 6, 1995.

Hon. THOMAS J. BLILEY, Jr.,
Chairman, Committee on Commerce, Rayburn House Office Building, Washington, DC.

DEAR MR. CHAIRMAN: This is to advise you that Representative W.J. (BILLY) TAUZIN's election to the Committee on Commerce has been automatically vacated pursuant to clause 6(b) of rule X, effective today.

Sincerely,

NEWT GINGRICH.

COMMUNICATION FROM THE SPEAKER OF THE HOUSE

The SPEAKER pro tempore laid before the House the following communication from the Speaker of the House of Representatives:

THE SPEAKER'S ROOMS,
HOUSE OF REPRESENTATIVES,
Washington, DC, September 6, 1995.

Hon. DON YOUNG,
Chairman, Committee on Resources, Longworth House Office Building, Washington, DC.

DEAR MR. CHAIRMAN: This is to advise you that Representative W.J. (BILLY) TAUZIN's election to the Committee on Resources has been automatically vacated pursuant to clause 6(b) of rule X, effective today.

Sincerely,

NEWT GINGRICH.

99-059 O—97 Vol. 141 (Pt. 17) 39

ELECTION OF MEMBER TO COMMITTEE ON COMMERCE AND COMMITTEE ON RESOURCES

Mr. BOEHNER. Mr. Speaker, pursuant to direction of the Republican Conference, I call up a privileged resolution (H. Res. 217) and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 217

Resolved, That the following named Member be, and he is hereby, elected to the following standing committees of the House of Representatives:

Committee on Commerce: Mr. Tauzin of Louisiana, to rank following Mr. Moorhead of California.

Committee on Resources: Mr. Tauzin of Louisiana, to rank following Mr. Young of Alaska.

The resolution was agreed to.

A motion to reconsider was laid on the table.

COMMUNICATION FROM THE CLERK OF THE HOUSE

The SPEAKER pro tempore laid before the House the following from the Clerk of the House of Representatives:

OFFICE OF THE CLERK,
HOUSE OF REPRESENTATIVES,
Washington, DC, September 12, 1995.

Hon. NEWT GINGRICH,
The Speaker, House of Representatives, Washington, DC.

DEAR MR. SPEAKER: Pursuant to the permission granted in clause 5 of rule III of the Rules of the U.S. House of Representatives, I have the honor to transmit a sealed envelope received from the White House on Friday, September 8, 1995 at 4:05 p.m. and said to contain a message from the President whereby he transmits a revised deferral of budgetary resources for the International Security Assistance program.

With warm regards,

ROBIN H. CARLE,
Clerk,
U.S. House of Representatives.

REVISED DEFERRAL OF BUDGETARY RESOURCES—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 104–114)

The SPEAKER pro tempore laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, without objection, referred to the Committee on Appropriations and ordered to be printed:

To the Congress of the United States:

In accordance with the Congressional Budget and Impoundment Control Act of 1974, I herewith report one revised deferral of budgetary resources, totaling $1.2 billion.

The deferral affects the International Security Assistance program.

WILLIAM J. CLINTON.

THE WHITE HOUSE, *September 8, 1995.*

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. Pursuant to the provisions of clause 5, rule I, the Chair announces that he will postpone further proceedings today on the motion to suspend the rules under which a recorded vote or the yeas and nays are ordered or on which a vote is objected to under clause 4 of rule XV.

Such rollcall vote, if postponed, will be taken later in the day.

PERMISSION FOR CERTAIN COMMITTEES AND THEIR SUBCOMMITTEES TO SIT TODAY DURING 5-MINUTE RULE

Mrs. MEYERS of Kansas. Mr. Speaker, I ask unanimous consent that the following committees and their subcommittees be permitted to sit today while the House is meeting in the Committee of the Whole House under the 5-minute rule:

The Committee on Commerce, the Committee on Government Reform and Oversight, the Committee on the Judiciary, the Committee on Resources, the Committee on Science, and the Permanent Select Committee on Intelligence.

It is my understanding that the minority has been consulted and that there is no objection to these requests.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from Kansas?

There was no objection.

SMALL BUSINESS CREDIT EFFICIENCY ACT OF 1995

Mrs. MEYERS of Kansas. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 2150) to amend the Small Business Act and the Small Business Investment Act of 1958 to reduce the cost to the Federal Government of guaranteeing certain loans and debentures, and for other purposes, as amended.

The Clerk read as follows:

H.R. 2150

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

SECTION 1. SHORT TITLE.

This Act may be cited as the "Small Business Credit Efficiency Act of 1995".

SEC. 2. FEE FOR LOAN GUARANTEES SOLD ON SECONDARY MARKET.

Section 5(g)(4)(A) of the Small Business Act (15 U.S.C. 634(g)(4)(A)) is amended by striking "$^{4}/_{10}$ of one percent" and inserting "one-half of 1 percent".

SEC. 3. GENERAL BUSINESS LOANS.

(a) REDUCED LEVEL OF PARTICIPATION IN GUARANTEED LOANS.—Section 7(a)(2) of the Small Business Act (15 U.S.C. 636(a)(2)) is amended to read as follows:

"(2) LEVEL OF PARTICIPATION IN GUARANTEED LOANS.—

"(A) IN GENERAL.—In agreements to participate in loans on a deferred basis under this subsection, such participation by the Administration shall be—

"(i) equal to 80 percent of the balance of the financing outstanding at the time of disbursement if such financing is less than or equal to $100,000; and

"(ii) equal to 75 percent of the balance of the financing outstanding at the time of disbursement if such financing is greater than $100,000.

"(B) REDUCED PARTICIPATION.—The guarantee percentage specified by subparagraph (A) for any loan may be reduced upon the request of the participating lender. The Administration shall not use the percent of guarantee requested as a criterion for establishing priorities in approving guarantee requests.

"(C) INTEREST RATE UNDER PREFERRED LENDERS PROGRAM.—The maximum interest rate for a loan guaranteed under the Preferred Lenders Program shall not exceed the maximum interest rate, as determined by the Administration, which is made applicable to other loan guarantees under this subsection.

"(D) PREFERRED LENDERS PROGRAM DEFINED.—In this paragraph, the term 'Preferred Lenders Program' means a program under which a written agreement between the lender and the Administration delegates to the lender—

"(i) complete authority to make and close loans with a guarantee from the Administration without obtaining the prior specific approval of the Administration; and

"(ii) authority to service and liquidate such loans.".

"(b) GUARANTEE FEES.—Section 7(a)(18) of the Small Business Act (15 U.S.C. 636(a)(18) is amended to read as follows:

"(18) GUARANTEE FEES.—

"(A) GENERAL FEE.—For any loan or financing made under this subsection other than a loan repayable in a period of one year or less, the Administration shall collect a guarantee fee equal to—

"(i) 2 percent of the gross amount of any loan guaranteed under this subsection of an amount less than $250,000;

"(ii) 2.5 percent of the gross amount of any loan guaranteed under this subsection of an amount equal to or greater than $250,000 and less than $500,000; or

"(iii) 3 percent of the gross amount of any loan guaranteed under this subsection of an amount equal to or greater than $500,000.

Such fee shall be payable by the participating lending institution and may be charged to the borrower.

"(B) ADDITIONAL FEE TO OFFSET COST.—

"(i) IN GENERAL.—In addition to the guarantee fee to be collected under subparagraph (A), the Administration shall collect a fee for loans guaranteed under this subsection (other than loans for which a guarantee fee may be collected under section 5(g)(4)(A)) in an amount equal to not more than fourtenths of 1 percent per year of the outstanding principal portion of such loan guaranteed by the Administration.

"(ii) USE.—Fees collected under clause (i) shall be used solely to offset the cost (as defined by section 502(5) of the Congressional Budget Act of 1974) of guaranteeing loans under this subsection.

"(iii) PAYMENT.—Fees collected under clause (i) shall be payable by the participating lending institution and shall not be charged to the borrower.".

(c) REPEAL OF PROVISIONS ALLOWING RETENTION OF GUARANTEE FEES BY LENDERS.—Section 7(a)(19) of the Small Business Act (15 U.S.C. 636(a)(19)) is amended—

(1) in subparagraph (B)—

(A) by striking "shall (i) develop" and inserting "shall develop"; and

(B) by striking ", and (ii)" and all that follows before the period at the end; and

(2) by striking subparagraph (C).

SEC. 4. MODIFICATION TO DEVELOPMENT COMPANY DEBENTURE PROGRAM.

(A) MAXIMUM LOAN AMOUNT.—Section 502(2) of the Small Business Investment Act of 1958 (15 U.S.C. 696(2)) is amended to read as follows:

"(2) Loans made by the Administration under this section shall be limited to $1,250,000 for each such identifiable small business concern.".

(b) FEE TO OFFSET COST.—Section 503(b)(3) of the Small Business Investment Act of 1958 (15 U.S.C. 697(b)(3)) is amended by inserting before the semicolon the following: "and includes a one-eighth of 1 percent fee which shall be paid to the Administration and which shall be used solely to offset the cost (as defined by section 502(5) of the Congressional Budget Act of 1974) of guaranteeing the debenture.".

The SPEAKER pro tempore. Pursuant to the rule, the gentlewoman from Kansas [Mrs. MEYERS] will be recognized for 20 minutes, and the gentleman from Illinois [Mr. POSHARD] will be recognized for 20 minutes.

The Chair recognizes the gentlewoman from Kansas [Mrs. MEYERS].

Mrs. MEYERS of Kansas. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in strong support of H.R. 2150, the Small Business Credit Efficiency Act of 1995. H.R. 2150 is a simple piece of legislation. The purpose of the bill is to adjust the fees and guarantee levels of the loan programs found in section 7(a) of the Small Business Act and section 503 of the Small Business Investment Act of 1958 thereby lowering the credit subsidy rate and the cost of both programs.

H.R. 2150 accomplishes this through a few basic changes:

For the section 7(a) program it increases the annual fee charged to the lenders who sell the guaranteed portion of their 7(a) loans on the secondary market from 0.4 percent of the outstanding principal balance of the guaranteed portion to 0.5 percent. The bill also establishes a 0.4 percent annual fee on the outstanding principal of all 7(a) guaranteed loans that are not sold into the secondary market.

H.R. 2150 will also reduce and simplify the amount of guarantee offered through the 7(a) program. The guarantee percentage will now be no more than 80 percent of any loan up to $100,000 and no more than 75 percent of any loan above $100,000.

This will significantly simplify the current system where loans under $155,000 are guaranteed up to 90 percent; loans over $155,000 are guaranteed up to 85 percent; and loans from preferred lenders are guaranteed at 70 percent.

Finally, H.R. 2150 increases the guarantee fees charged on guaranteed loans. The current fee is 2 percent of the guaranteed portion of all loans. The fees will now increase to 2 percent of the gross amount of any loan below $250,000; 2.5 percent of any loan between $250,000 and $500,000; and 3 percent of any loan above $500,000. H.R. 2150 also ends the practice of allowing lenders to keep one-half of the guarantee fees on certain loans.

In the section 504 development company program H.R. 2150 will increase the total loan amount available from $750,000 to $1,250,000 and add a one-eighth of 1 percent fee to the cost of all loans made by a Certified Development Company under this program. This fee is to be passed on directly to the Small Business Administration to eliminate the subsidy rate.

Mr. Speaker, the changes proposed in H.R. 2150 are estimated to lower the credit subsidy rate for the 7(a) program to 1.06 percent. CBO estimates that these changes will result in only $327 million in outlays over the next 5 years, instead of $582 million a decrease of $255 million. Those figures are based on appropriations that would fully fund these programs, and in fact, the actual outlays will probably be less.

Let me give my colleagues some more concrete figures—at the House-passed 1996 appropriations level of $104.5 million the Small Business Administration will be able to guarantee $9.8 billion in 7(a) loans. This is an additional $2 billion in loan guarantees for $110.6 million fewer than fiscal year 1995, and $85.2 million below the President's budget request.

The changes also lower the subsidy rate on the 504 development company program to zero. This means this program will operate without the need for any appropriated funds. The 504 program already functions in a nearly privatized state and the committee has decided to go the final distance. This change represents an $8 million savings over the 1995 appropriation. So in fiscal year 1996 the 504 program will be able to offer $2.6 billion in loan guarantees for zero appropriated dollars.

In sum, H.R. 2150 will allow us to provide $12.5 billion in loan guarantees for small business in fiscal year 1996; $3.3 billion more in total assistance for $118.6 million less in appropriations.

Mr. Speaker, these changes come in the face of growing demand for small business credit assistance through the SBA's section 7(a) and section 504 loan programs.

As the number of persons who enter our Nation's economy as small business owners increases, the availability of credit continues to fall short. Our committee's hearings have regularly pinpointed overregulation of the banking industry as one of the root causes of this shortage. However, despite the administration's attempts at reducing and easing banking regulation the demand for the services of the SBA's loan programs continue to rise.

Over the years there have been numerous supplemental appropriations

for the 7(a) and 504 business loan programs. The most recent occurred in 1993 when the SBA received a $175 million appropriation that nearly doubled the 1993 appropriation for the 7(a) loan program.

However, the committee recognizes that supplemental appropriations and liberal use of the taxpayer's dollars are things of the past. Fiscal responsibility dictates that we reduce the credit subsidy rate of the section 7(a) program and the section 504 program in order to enable the Small Business Administration to meet the needs of our Nation's small businesses and operate at a minimal cost to the taxpayer.

Mr. Speaker, H.R. 2150 meets both those goals. I urge my colleagues to support this bill, the small business men and women it will help, and the fiscally responsible fashion in which it helps them.

□ 1240

Mr. POSHARD. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise today in support of H.R. 2150, the Small Business Credit Efficiency Act, because I believe it will allow the Small Business Administration to better meet the loan demands of our country's growing small business community. This bill passed the Small Business Committee by voice vote last month, because the committee recognizes the importance of providing small business owners and entrepreneurs the opportunity to create jobs and spur economic growth in many areas of America which are facing challenging and often difficult economic times.

The SBA's 7(a) and 504 loan programs demonstrate the importance of the SBA in providing financial assistance to our small business community. In my congressional district, located in central and southern Illinois, the multitude of successes these two loan programs have had can be seen throughout many of our rural towns and local business districts. From the construction company in Marion, IL to the Greenhouse Nursery in Sullivan, the SBA has provided important opportunities to hundreds of my constituents through its loan program services.

As Congress works to balance the Federal budget, it is important we make Government work better and smarter for the people it serves, and that is what I believe we are doing here today. By adjusting the guarantee levels and fees for 7 (a) and 504 loans, we make these SBA programs available to a greater number of potential borrowers. In addition, we reduce the amount of appropriations needed to fund SBA loan guarantees by a total of $255 million over 2 years, while still maintaining the attractiveness of the SBA's many loan programs to the small business and financial communities.

In closing, I want to thank the gentlewoman from Kansas [Mrs. MEYERS] for her leadership in bringing this important legislation before the Small Business Committee. Thanks should also go to the ranking Democrat member, the gentleman from New York [Mr. LAFALCE] for his work on this bill. I strongly believe the changes we are making in these two important loan programs will allow Congress and the SBA to meet the needs of our small business owners more effectively and responsibly.

Mr. Speaker, I yield 4 minutes to the gentlewoman from North Carolina [Mrs. CLAYTON].

Mrs. CLAYTON. Mr. Speaker, I rise, with some reluctance, in support of this bill. My reluctance grows out of the fact that, because this measure is on the Suspension Calendar, the ranking minority member, Mr. LAFALCE, will not be able to offer a perfecting amendment. His amendment was cooperatively withdrawn to allow time for a hearing on it, so that the markup of the bill could proceed. Just before the recess, the full committee marked up H.R. 2150, the Small Business Credit Efficiency Act of 1995.

At that time, Mr. LAFALCE introduced an amendment that would restore to 90 percent the amount of a guarantee on financing for 1 year or less under the Small Business Administration's Export Working Capital Guarantee Program. The SBA 7(a) Program is designed to provide greater access to capital for the small business. It is the startup and expansion for primary loan guarantee program for those small businesses seeking commercial loans of $750,000 or less. Without the SBA loans many smaller businesses would not have an opportunity. Minorities and women are prime b eneficiaries of this loan guarantee program, as well as small exporters. The program has grown over the last 5 years. For fiscal year 1995, the SBA is expected to handle some 56,000 loans, totaling $7.8 billion. the SBA serves as a facilitator and guarantees a percentage of a loan a small business might arrange with a commercial lending insitution.

The bill, H.R. 2150, is designed to increase the leverage of Government dollars against private dollars and to reduce the subsidy rate for the 7(a) program to approximately 1 percent. This is accomplished in several ways, by increasing the fees for loans sold; by reducing the guarantee on loans; by changing the guarantee fee on loans; by repealing the provision that allows lenders to retain half the fee on small and rural loans; and by other methods. This bill is important, and I support it. But, I also supported the LaFalce amendment because I believe it was consistent with the thrust and spirit of H.R. 2150, while at the same time insuring that the goals of the 7(a) program are met. The LaFalce amendment was about a policy with which financial institutions, the Government and participants alike have become familiar and support.

Considerable resources have been committed over the past year by both SBA and the Ex-Im Bank in an effort to make the program work. Much of that effort will be lost with an abrupt, unnecessary change at this point. The Export Working Capital Guarantee Program is vital to women, minorities including small exporters. We should keep it working. Nonetheless, Mr. Speaker, I urge my colleagues to support this bill.

Mr. POSHARD. Mr. Speaker, I yield 4 minutes to the gentleman from Texas [Mr. BENTSEN].

Mr. BENTSEN. Mr. Speaker, I rise in strong support of this bill, and I want to thank Chairman MEYERS and ranking member LAFALCE for their work in drafting this legislation. This bill will help meet the growing demand for small business capital, while reducing the cost to the taxpayers.

Since 1992, the demand for the Small Business Administrations 7(a) and 504 Loan Guaranty Programs has increased considerably, and the SBA has experienced difficulty in meeting this demand. The SBA requested that legislation be enacted to decrease the credit subsidy rate of the 7(a) Loan Guaranty Program, and the 504 Equipment Lease Program. The Small Business Committee has responded quickly by drafting the bill we have before us today.

The legislation will reduce the taxpayer subsidy necessary to fund the loan loss reserve by $253 million in both fiscal years 1996 and 1997. Rather than rely on annual appropriations, the 7(a) and the 504 Loan Guaranty Programs will generate income from lender and borrower fees similar to the private market.

This will eliminate the chronic quarterly funding shortfalls that have plagued the programs in recent years, particularly the 7(a) program. This bill adjusts the guaranty levels and fees of the 7(a) and 504 Loan Programs in order to reduce the SBA's loan subsidy rate.

This is an important first step in restructuring the SBA Loan Guaranty Program to increase the pool of capital available for small business. By ultimately eliminating the taxpayer subsidy and making these programs self-sufficient, we should also be able to increase that pool and thus capital infusion into America's small businesses. This legislation will result in an increase in the amount guaranty, and thus capital.

I urge the committee to raise and eventually lift the loan guaranty cap once it can be determined that the programs are truly self financing and creditworthy.

This transformation would result in a fannie-mae-like small business guaranty entity resulting in an increased secondary market, and thus greater

capital, allowing more businesses to grow and create new jobs.

What the 7(a) and 504 programs are about is not the lending of capital, but the lending of credit in order to raise capital for those companies which cannot otherwise obtain such credit or afford the cost due to size. This is a good program because it provides for a hand up, not a hand out.

By removing the taxpayer subsidy, providing for self generating loan loss reserve with strong creditworthiness, and lifting the cap, we can safely expand the pool of capital. I pledge to work with my chair, Mrs. MEYERS, and ranking member, Mr. LAFALCE, to further address this issue in the SBA reauthorization bill and put us on the path toward a privatized, secondary market corporation to raise capital to fund the growth of America's small businesses.

Mrs. MEYERS of Kansas. Mr. Speaker, I yield such time as he may consume to the gentleman from Massachusetts [Mr. TORKILDSEN], who is chairman of the Subcommittee on Government Programs of the Committee on Small Business.

Mr. TORKILDSEN. Mr. Speaker, I thank the gentlewoman from Kansas [Mrs. MEYERS] for yielding this time to me. I want to applaud the effort of the gentlewoman from Kansas, the chairman of the full committee, for the great work she has done in getting this bill to the floor today.

Mr. Speaker, we are looking at reauthorizing the 7(a) program, and many people will understand the importance of it, but, just to reiterate, the 7(a) program is the principal, certainly not the only, but the principal, lending program, or guarantee program, of the Small Business Administration. This year, because we are looking at the very important objective of balancing the budget, we have to look at all areas for reducing spending. Under the leadership of the gentlewoman from Kansas [Mrs. MEYERS], we are going to see the subsidy rate reduced from 2.73 percent to 1.06, a very substantial reduction, and, because of that, we are going to see an additional $2 billion being lent, although the amount that taxpayers are going to contribute to this is going to be less than half what it is right now. That is a very substantial savings for the taxpayers. It is also a very substantial increase in loans that are going to be made.

Because of this revised 7(a) program, another issue that was brought up was the nature of whether or not to change the guaranteed percentage for the Exim, for foreign assistance or export loans. Currently that is 90 percent. Under this bill that will be reduced to 75 percent and the reason for loans over $100,000. And the reason for that is we wanted some consistency. Under the old program, depending on what one used their loan program for, they might have a different guarantee percentage than over a different loan. We thought that was unfair. We thought that individuals who are seeking to create jobs in the United States should be able to see a consistent guarantee percentage whether they use that loan for exports or for other purposes that are going to create jobs in the United States. Because of that consistency, and also because of that slight reduction in the amount of loan being guaranteed through, we are able to offer more loans to more people and, again, at less cost to the taxpayers.

So, Mr. Speaker, this bill, I think, is a win-win situation. It is a win for Americans as taxpayers. It is a win for Americans as people who want to work and create jobs. So, I hope the bill is suspended, the rules are suspended, and the bill is passed. It is a terrific bill, and it deserves the support of Members.

Mr. POSHARD. Mr. Speaker, I yield such time as he may consume to the gentleman from New York [Mr. LAFALCE], the ranking Democrat member of the Committee on Small Business.

Mr. LAFALCE. Mr. Speaker, I rise in support of this legislation, the Small Business Credit Efficiency Act of 1995, and I ask unanimous consent to revise and extend my remarks.

Mr. Speaker, this legislation addresses a very important need—to stretch very few Federal dollars being provided to the Small Business Administration, or SBA, to carry out the loan guarantee programs it administers.

SBA's budget in the current fiscal year apparently will be sufficient to permit the Agency to meet loan requests for both 7(a) loan guarantees and for development company financings during the remainder of this month. Previously, we thought the programs would run out of funding before the end of the year, however, the Agency has administratively reduced 7(a) loan eligibility by capping the maximum amount of a loan which the Agency will guarantee by less than one-half of the statutory amount and, more recently, by prohibiting the use of loan proceeds to repay existing indebtedness. These actions have reduced demand substantially.

This bill would stretch the reduced amount of funding for the 7(a) program beginning in fiscal year 1996 by reducing the cost of delivering the financial assistance. This would be done by reducing the percentage of loss which the SBA would agree to pay in the event of default on a 7(a) loan, and also by charging more fees to the borrower and to the lender.

I do not favor either of these changes. I believe that these changes will result in some small firms being unable to obtain financing. I also believe that the added cost of debt service on new borrowers may cause some of them to default and lose their businesses and their savings.

But, under the budget levels Congress has adopted, we do not have any choice.

The bill also slightly stretches funding for the 504 or development company loan program by slightly increasing the fees. These increases are minimal, however, and most importantly will make the program self supporting.

We cannot assert this about the changes being proposed for 7(a) loans. We have a very difficult decision to make. Either we can increase fees and decrease Federal reimbursements, or we can continue the current program and only be able to approve some 30 percent of the loan applications we receive.

Thus, with reluctance, I support this bill, including its provisions which substantially increase fees under the 7(a) program, while at the same time reducing the Government guarantee.

I must point out, however, one change which I believe is a serious mistake. The bill reduces the maximum Government guarantee to between 75 and 80 percent, depending upon the size of the loan. I accept the necessity to do this except as to working capital loans for export purposes. I believe these loans need a 90 percent guarantee, and we could provide it at minimal cost.

SBA has historically offered loan programs to finance exports, but the programs have been little used. Several years ago, SBA and the Export-Import Bank decided to rework their loan programs to make them more useful.

They did so and only last year Congress approved this agreement and statutorily authorized SBA to issue guarantees for 90 percent of the loan amount, whereas other loans would be made at slightly lower rates. I would note that there was no dissent to this proposal. In fact, the Members applauded it as it would encourage exports.

As a result, beginning with the start of this fiscal year, SBA began guaranteeing up to $750,000 at 90 percent and Eximbank began providing 90 percent guarantees on larger amounts.

The results have been promising. Even though the year is not over, SBA has already approved 132 export working capital loans worth $44.3 million, an amount double last year's level.

I believe that it is a bad mistake to remove the Federal incentive, that is, the existing higher guarantee rate, for companies needing to finance export contracts.

Last week the Small Business Committee held a hearing on this precise question. The witnesses were unanimous in stressing the benefits and advisability of continuing these export loans at the 90 percent rate.

But the bill takes the opposite approach and provides no exception for export loans. I believe this is a serious mistake and we will come to realize this when program usage seriously declines, along with a concomitant decline in exporting by small business.

Nonetheless, I support this bill as being the best we can do under the circumstances. I hope that we will soon recognize that we can and must do more to support small business, and that this anticipated recognition will result in a change in our legislative priorities.

□ 1300

Mrs. MEYERS of Kansas. Mr. Speaker, I yield myself 1 minute.

Mr. Speaker, I would just like to say in response to the gentleman from New York [Mr. LAFALCE] that I have appreciated very much the cooperation of the minority on this bill, and particularly of the gentleman from New York [Mr. LAFALCE] and the gentleman from Illinois [Mr. POSHARD].

Mr. Speaker, I philosophically do not think the Government should guarantee small business loans as high as 90 percent, but I did not want to make that determination in committee. We did have a hearing on this, with two of our subcommittees meeting together, and there was not a consensus in there that we should depart from the 80 percent and 75 percent that we have in the bill. So I am very, very pleased. I am sorry about the concern the gentleman expressed, but I am very pleased for his support for the bill.

GENERAL LEAVE

Mrs. MEYERS of Kansas. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on H.R. 2150, as amended.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from Kansas?

There was no objection.

Mr. POSHARD. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mrs. MEYERS of Kansas. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore (Mr. SHAYS). The question is on the motion offered by the gentlewoman from Kansas [Mrs. MEYERS] that the House suspend the rules and pass the bill, H.R. 2150, as amended.

The question was taken.

Mr. POSHARD. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Pursuant to clause 5, rule I, and the Chair's prior announcement, further proceedings on this motion will be postponed.

The point of no quorum is considered withdrawn.

PROVIDING FOR CONSIDERATION OF H.R. 1594, RESTRICTIONS ON PROMOTION BY GOVERNMENT OF USE OF EMPLOYEE BENEFIT PLANS OF ECONOMICALLY TARGETED INVESTMENTS

Mr. LINDER. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 215 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 215

Resolved, That at any time after the adoption of this resolution the Speaker may, pursuant to clause 1(b) of rule XXIII, declare the House resolved into the Committee of the Whole House on the State of the Union for consideration of the bill (H.R. 1594) to place restrictions on the promotion by the Department of Labor and other Federal agencies and instrumentalities of economically targeted investments in connection with employee benefit plans. The first reading of the bill shall be dispensed with. General debate shall be confined to the bill and shall not exceed two hours equally divided and controlled by the chairman and ranking minority member of the Committee on Economic and Educational Opportunities. After general debate the bill shall be considered for amendment under the five-minute rule. It shall be in order to consider as an original bill for the purpose of amendment under the five-minute rule the amendment in the nature of a substitute recommended by the Committee on Economic and Educational Opportunities now printed in the bill. Each section of the committee amendment in the nature of a substitute shall be considered as read. At the conclusion of consideration of the bill for amendment the Committee shall rise and report the bill to the House with such amendments as may have been adopted. Any Member may demand a separate vote in the House on any amendment adopted in the Committee of the Whole to the bill or to the committee amendment in the nature of a substitute. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

The SPEAKER pro tempore. The gentleman from Georgia [Mr. LINDER] is recognized for 1 hour.

Mr. LINDER. Mr. Speaker, for the purpose of debate only, I yield the customary 30 minutes to the gentleman from Ohio [Mr. HALL], pending which I yield myself such time as I may consume. During consideration of this resolution, all time yielded is for the purpose of debate only.

Mr. Speaker, House Resolution 215 is a completely open rule providing for the consideration of H.R. 1594, the Pension Protection Act. This rule provides for 2 hours of general debate divided equally between the chairman and ranking minority member of the Committee on Economic and Educational Opportunities, after which any Member will have the opportunity to offer an amendment to the bill under the 5-minute rule.

It shall be in order to consider as an original bill for amendment under the 5-minute rule the amendment in the nature of a substitute recommended by the Committee on Economic and Educational Opportunities, and each section shall be considered as read. The rule also provides one motion to recommit, with or without instructions, as is the right of the minority.

I am pleased this bill will be considered under an open rule, and I believe that 2 hours of general debate and an open amending process will assure that the legislation in question undergoes thorough deliberation in the House. The rule makes every effort to engender open debate and assures all Members the opportunity to modify this legislation on the House floor.

House Resolution 215 allows for the consideration of H.R. 1594, legislation that will prohibit Federal agencies from encouraging private pension plans to invest in economically targeted investments. This bill also benefits the American taxpayers by saving over $½ million by appropriately abolishing the clearinghouse hired by the Labor Department to encourage investments in ETI ventures.

While ERISA requirements state that a fiduciary must manage funds solely for the benefit of the plan's participants, Interpretive Bulletin 94–1 sanctions the administration's gambling of trillions of dollars in pension assets in exchange for incidental social welfare benefits. The promotion of these political investments is truly government irresponsibility at its worst.

As a cosponsor of this legislation, I have long believed that the ETI plan is among the worst ideas to come out of the Clinton administration. Studies done on targeted social investments demonstrate that they are extremely risky and yield much lower returns than conventional pension investments. We guarded seniors from socialized health care last year; we will work to save Medicare in the coming months; and I look forward today to safeguarding their pensions with the passage of H.R. 1594.

Mr. Speaker, this legislation will assure that the pensions of millions of Americans will be managed solely for the exclusive purpose of providing benefits to pension participants. H.R. 1594 was favorably reported out of the Committee on Economic and Educational Opportunities, as was the open rule by the Rules Committee. I urge my colleagues to support this open rule, so that we may proceed with consideration of this important legislation.

Mr. Speaker, for the RECORD I include the following material:

THE AMENDMENT PROCESS UNDER SPECIAL RULES REPORTED BY THE RULES COMMITTEE,[1] 103D CONGRESS V. 104TH CONGRESS

[As of September 8, 1995]

Rule type	103d Congress		104th Congress	
	Number of rules	Percent of total	Number of rules	Percent of total
Open/Modified-open [2]	46	44	43	73
Modified Closed [3]	49	47	14	24
Closed [4]	9	9	2	3
Totals:	104	100	59	100

[1] This table applies only to rules which provide for the original consideration of bills, joint resolutions or budget resolutions and which provide for an amendment process. It does not apply to special rules which only waive points of order against appropriations bills which are already privileged and are considered under an open amendment process under House rules.

[2] An open rule is one under which any Member may offer a germane amendment under the five-minute rule. A modified open rule is one under which any Member may offer a germane amendment under the five-minute rule subject only to an overall time limit on the amendment process and/or a requirement that the amendment be preprinted in the Congressional Record.

[3] A modified closed rule is one under which the Rules Committee limits the amendments that may be offered only to those amendments designated in the special rule or the Rules Committee report to accompany it, or which preclude amendments to a particular portion of a bill, even though the rest of the bill may be completely open to amendment.

[4] A closed rule is one under which no amendments may be offered (other than amendments recommended by the committee in reporting the bill).

SPECIAL RULES REPORTED BY THE RULES COMMITTEE, 104TH CONGRESS

[As of September 8, 1995]

H. Res. No. (Date rept.)	Rule type	Bill No.	Subject	Disposition of rule
H. Res. 38 (1/18/95)	O	H.R. 5	Unfunded Mandate Reform	A: 350–71 (1/19/95).
H. Res. 44 (1/24/95)	MC	H. Con. Res. 17	Social Security	A: 255–172 (1/25/95).
		H.J. Res. 1	Balanced Budget Amdt	
H. Res. 51 (1/31/95)	O	H.R. 101	Land Transfer, Taos Pueblo Indians	A: voice vote (2/1/95).
H. Res. 52 (1/31/95)	O	H.R. 400	Land Exchange, Arctic Nat'l. Park and Preserve	A: voice vote (2/1/95).
H. Res. 53 (1/31/95)	O	H.R. 440	Land Conveyance, Butte County, Calif	A: voice vote (2/1/95).
H. Res. 55 (2/1/95)	O	H.R. 2	Line Item Veto	A: voice vote (2/2/95).
H. Res. 60 (2/6/95)	O	H.R. 665	Victim Restitution	A: voice vote (2/7/95).
H. Res. 61 (2/6/95)	O	H.R. 666	Exclusionary Rule Reform	A: voice vote (2/7/95).
H. Res. 63 (2/8/95)	MO	H.R. 667	Violent Criminal Incarceration	A: voice vote (2/9/95).
H. Res. 69 (2/9/95)	O	H.R. 668	Criminal Alien Deportation	A: voice vote (2/10/95).
H. Res. 79 (2/10/95)	MO	H.R. 728	Law Enforcement Block Grants	A: voice vote (2/13/95).
H. Res. 83 (2/13/95)	MO	H.R. 7	National Security Revitalization	PQ: 229–100; A: 227–127 (2/15/95).
H. Res. 88 (2/16/95)	MC	H.R. 831	Health Insurance Deductibility	PQ: 230–191; A: 229–188 (2/21/95).
H. Res. 91 (2/21/95)	O	H.R. 830	Paperwork Reduction Act	A: voice vote (2/22/95).
H. Res. 92 (2/21/95)	MC	H.R. 889	Defense Supplemental	A: 282–144 (2/22/95).
H. Res. 93 (2/22/95)	MO	H.R. 450	Regulatory Transition Act	A: 252–175 (2/23/95).
H. Res. 96 (2/24/95)	MO	H.R. 1022	Risk Assessment	A: 253–165 (2/27/95).
H. Res. 100 (2/27/95)	O	H.R. 926	Regulatory Reform and Relief Act	A: voice vote (2/28/95).
H. Res. 101 (2/28/95)	MO	H.R. 925	Private Property Protection Act	A: 271–151 (3/2/95)
H. Res. 103 (3/3/95)	MO	H.R. 1058	Securities Litigation Reform	
H. Res. 104 (3/3/95)	MO	H.R. 988	Attorney Accountability Act	A: voice vote (3/6/95)
H. Res. 105 (3/6/95)	MO			A: 257–155 (3/7/95)
H. Res. 108 (3/7/95)	Debate	H.R. 956	Product Liability Reform	A: voice vote (3/8/95)
H. Res. 109 (3/8/95)	MC			PQ: 234–191 A: 247–181 (3/9/95)
H. Res. 115 (3/14/95)	MO	H.R. 1159	Making Emergency Supp. Approps.	A: 242–190 (3/15/95)
H. Res. 116 (3/15/95)	MC	H.J. Res. 73	Term Limits Const. Amdt	A: voice vote (3/28/95)
H. Res. 117 (3/16/95)	Debate	H.R. 4	Personal Responsibility Act of 1995	A: voice vote (3/21/95)
H. Res. 119 (3/21/95)	MC			A: 217–211 (3/22/95)
H. Res. 125 (4/3/95)	O	H.R. 1271	Family Privacy Protection Act	A: 423–1 (4/4/95)
H. Res. 126 (4/3/95)	O	H.R. 660	Older Persons Housing Act	A: voice vote (4/6/95)
H. Res. 128 (4/4/95)	MC	H.R. 1215	Contract With America Tax Relief Act of 1995	A: 228–204 (4/5/95)
H. Res. 130 (4/5/95)	MC	H.R. 483	Medicare Select Expansion	A: 253–172 (4/6/95)
H. Res. 136 (5/1/95)	O	H.R. 655	Hydrogen Future Act of 1995	A: voice vote (5/2/95)
H. Res. 139 (5/3/95)	O	H.R. 1361	Coast Guard Auth. FY 1996	A: voice vote (5/9/95)
H. Res. 140 (5/9/95)	O	H.R. 961	Clean Water Amendments	A: 414–4 (5/10/95)
H. Res. 144 (5/11/95)	O	H.R. 535	Fish Hatchery—Arkansas	A: voice vote (5/15/95)
H. Res. 145 (5/11/95)	O	H.R. 584	Fish Hatchery—Iowa	A: voice vote (5/15/95)
H. Res. 146 (5/11/95)	O	H.R. 614	Fish Hatchery—Minnesota	A: voice vote (5/15/95)
H. Res. 149 (5/16/95)	MC	H. Con. Res. 67	Budget Resolution FY 1996	PQ: 252–170 A: 255–168 (5/17/95)
H. Res. 155 (5/22/95)	MO	H.R. 1561	American Overseas Interests Act	A: 233–176 (5/23/95)
H. Res. 164 (6/8/95)	MC	H.R. 1530	Nat. Defense Auth. FY 1996	PQ: 225–191 A: 233–183 (6/13/95)
H. Res. 167 (6/15/95)	O	H.R. 1817	MilCon Appropriations FY 1996	PQ: 223–180 A: 245–155 (6/16/95)
H. Res. 169 (6/19/95)	MC	H.R. 1854	Leg. Branch Approps. FY 1996	PQ: 232–196 A: 236–191 (6/20/95)
H. Res. 170 (6/20/95)	O	H.R. 1868	For. Ops. Approps. FY 1996	PQ: 221–178 A: 217–175 (6/22/95)
H. Res. 171 (6/22/95)	O	H.R. 1905	Energy & Water Approps. FY 1996	A: voice vote (7/12/95)
H. Res. 173 (6/27/95)	C	H.J. Res. 79	Flag Constitutional Amendment	PQ: 258–170 A: 271–152 (6/28/95)
H. Res. 176 (6/28/95)	MC	H.R. 1944	Emer. Supp. Approps.	PQ: 236–194 A: 234–192 (6/29/95)
H. Res. 185 (7/11/95)	O	H.R. 1977	Interior Approps. FY 1996	PQ: 235–193 D: 192–238 (7/12/95)
H. Res. 187 (7/12/95)	O	H.R. 1977	Interior Approps. FY 1996 #2	PQ: 230–194 A: 229–195 (7/13/95)
H. Res. 188 (7/12/95)	O	H.R. 1976	Agriculture Approps. FY 1996	PQ: 242–185 A: voice vote (7/18/95)
H. Res. 190 (7/17/95)	O	H.R. 2020	Treasury/Postal Approps. FY 1996	PQ: 232–192 A: voice vote (7/18/95)
H. Res. 193 (7/19/95)	C	H.J. Res. 96	Disapproval of MFN to China	A: voice vote (7/20/95)
H. Res. 194 (7/19/95)	O	H.R. 2002	Transportation Approps. FY 1996	PQ: 217–202 (7/21/95)
H. Res. 197 (7/21/95)	O	H.R. 70	Exports of Alaskan Crude Oil	A: voice vote (7/24/95)
H. Res. 198 (7/21/95)	O	H.R. 2076	Commerce, State Approps. FY 1996	A: voice vote (7/25/95)
H. Res. 201 (7/25/95)	O	H.R. 2099	VA/HUD Approps. FY 1996	A: 230–189 (7/25/95)
H. Res. 204 (7/28/95)	MC	S. 21	Terminating U.S. Arms Embargo on Bosnia	A: voice vote (8/1/95)
H. Res. 205 (7/28/95)	O	H.R. 2126	Defense Approps. FY 1996	A: 409–1 (7/31/95)
H. Res. 207 (8/1/95)	MC	H.R. 1555	Communications Act of 1995	A: 225–156 (8/2/95)
H. Res. 208 (8/1/95)	O	H.R. 2127	Labor, HHS Approps. FY 1996	A: 323–104 (8/2/95)
H. Res. 215 (9/7/95)	O	H.R. 1594	Economically Targeted Investments	
H. Res. 216 (9/7/95)	MO	H.R. 1655	Intelligence Authorization FY 1996	

Codes: O-open rule; MO-modified open rule; MC-modified closed rule; C-closed rule; A-adoption vote; D-defeated; PQ-previous question vote. Source: Notices of Action Taken, Committee on Rules, 104th Congress.

Mr. LINDER. Mr. Speaker, I reserve the balance of my time.

Mr. HALL of Ohio. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I would like to commend my colleague from Georgia, Mr. LINDER, as well as my colleagues on the other side of the aisle for bringing this resolution to the floor.

House Resolution 215 is an open rule which will allow full and fair debate on H.R. 1594, a resolution placing restrictions on economically targeted investments in connection with employee benefit plans.

As my colleague from Georgia has ably described, this rule provides 2 hours of general debate, equally divided and controlled by the chairman and ranking minority member of the Committee on Economic and Educational Opportunities.

Under this rule, germane amendments will be allowed under the 5-minute rule, the normal amending process in the House. All Members, on both sides of the aisle, will have the opportunity to offer amendments. I am pleased that the Rules Committee was

able to report this rule without opposition in a voice vote and I plan to support it.

Though I support the rule, I want to express opposition to the bill.

This bill is a solution to a problem which does not exist.

This bill overturns the Labor Department's Interpretive Bulletin 94-1, which restates laws and policies regarding economically targeted investments for private pension plans. These kinds of investments might result in creating jobs, increasing housing, or encouraging small businesses.

The policies contained in this bulletin were developed under the previous Republican administrations and were continued by the current Democratic administration.

This bulletin does not in any way affect existing legal requirements for placing priority on an investment's risk and rate of return. It does, however, say, that given comparable investments, pension managers can consider other benefits. I think that is common sense.

In testimony on this bill before the Economic and Educational Opportunities Committee in June, a witness representing the pension community stated this legislation is not necessary.

This legislation could make pension managers overly cautious about investments that produce collateral benefits. If this happens, we will undoubtedly see fewer pension investments creating American jobs. Some fear this could make worse the dangerous trend of pension funds being invested overseas instead of creating benefits here in the United States.

A number of Democratic amendments were offered in committee to improve this bill but they were defeated.

Mr. Speaker, I urge adoption of this open rule which will permit full debate on this bill and allow Members to make additional attempts to amend it.

Mr. Speaker, I yield 3 minutes to the gentleman from California [Mr. MARTINEZ].

Mr. MARTINEZ. Mr. Speaker, I rise in support of this open rule, although I will argue against the bill. I certainly appreciate that fact that this rule allows for a more extensive debate of the issues which have been brought out as this bill has progress through this House over the past several months. I believe the debate is important to those who feel that there is an inherent danger in economically targeted investments, and will put forth arguments to prove that with information that I believe is skewed. Their arguments seem to be based on assumptions that are questionable at best. Mr. SAXTON declared that investments in ETI's would cost each American pensioner $43,298 over 30 years.

Well, I have had those numbers analyzed and found that they are based on economic assumptions that would mean that every pensioner in the country would amass $2,075,000 in their pension plan under such an assumption, that a loss of $43,298 would represent a loss of 2 percent over that time, or less than the amount those same pensioners will be charged for their Medicare premiums under some of the current Republican proposals being floated.

Of course, I also learned that the rate of return on regular, approved investments would have to be 12 percent over the same 30 years—which is the rosiest forecast I have ever seen from an economist. One of the economists cited in the JEC report has written to Mr. SAXTON and stated, and I quote:

I applaud your focusing of attention on U.S. pension plan management—we simply cannot afford to do otherwise, as a Nation of rapidly aging Americans. But I disagree with your proposal to prohibit the U.S. Labor Department pension experts from thinking about or discussing so-called economically targeted investments.

Mr. Speaker, I enter into the RECORD the letter from economist Olivia S. Mitchell, of the Wharton School of the University of Pennsylvania, as well as a response to the JEC report.

THE WARTON SCHOOL OF THE UNIVERSITY OF PENNSYLVANIA,
Philadelphia, PA, September 11, 1995.

Congressman JIM SAXTON,
House of Representatives, Washington, DC.

DEAR CONGRESSMAN SAXTON: I am the author of one of the three studies cited in a Joint Economic Committee discussion regarding your bill before the U.S. House tomorrow, in which you propose to curtail discussion and analysis of so-called "economically targeted investments" by the U.S. Department of Labor.

I applaud your focusing of attention on U.S. pension plan management—we simply cannot afford to do otherwise, as a nation of rapidly aging Americans. But I disagree with your proposal to prohibit the U.S. Labor Department pension experts from thinking about or discussing so-called economically targeted investments.

If two investment options are equivalent in terms of risk and return, and a manager must select one, a variety of other assessments will necessarily enter the decision. As researchers and policymakers, we need more analysis of how these other factors influence decision-making, and what their downstream implications are. In order to remain competitive domestically and internationally, we simply cannot prohibit discussion of, and research on, a vitally important question in the pension arena.

Thank you for your kind consideration.

Sincerely yours,

OLIVIA S. MITCHELL.

RESPONSE TO THE "SUBSTANTIVE REPORT" OF THE JEC ON ECONOMICALLY TARGETED INVESTMENTS

("Through the Looking Glass with Representative Saxton")

In an irresponsible attempt to unnecessarily frighten current and future pensioners, the "economists" at the Joint Economic Committee have concocted an incredible scenario about the potential impact of pension fund investment in Economically Targeted Investments (ETIs). The JBC report concludes that a hypothetical, across the board, investment by pension funds of 5% of their assets in ETIs, would sacrifice nearly $45,000 per participant over 30 years, and would leave the pension system $2.3 trillion underfunded. The assumptions underlying these conclusions are severely flawed.

If pension funds did what the JEC assumes, that is, year after year select investments that did not produce competitive, market rates of return, they would be violating the fiduciary requirements of ERISA, as delineated in the Interpretive Bulletin on ETIs that is at issue.

Even if one assumes that pension funds ignored the Interpretive Bulletin and the law and did as Representative Saxton suggests, the JEC report demonstrates how radically inflated the numbers have to get to show any "harm." According to Representative Saxton's arithmetic, the total asset pool of pension funds in 30 years will be $107.7 trillion. Approximately 50 million participants holding assets of $107.7 trillion works out to approximately $2,075,000 per participant for retirement. And the 2% shortfall he predicts for funds invested in ETIs will result in the average pensioner having to scrape by on a mere $2,031,000.

The analysis assumes that pension funds will, on average, earn 12.1% on their investments over the next thirty years and that ETI investments will, on a risk adjusted basis, underperform these by about 2%, or earn about 10%. There are many problems with these assumptions:

A 12% return annually for 30 years on all of the assets of pension funds is not only beyond the wildest fantasies of any investment manager, but any investment manager claiming such returns, or even the 10% suggested for ETIs, over 30 years, would be laughed out of the business. Assuming such returns for funding purposes, in fact, would be in violation of the recently passed Retirement Protection Act of 1993.

It is possible that we could see sustained yields of up to 12% in the capital markets for thirty years. However, at the real rates of investment returns of the last thirty years, this implies about 8% inflation over the same period. If this occurs, a few dollars in ETIs will be the least of pensioners worries. Perhaps Mr. Saxton knows something we don't about the consequences of the Republican Party's economic policies.

In the absence of such inflation, if pension funds' assets were to grow by 12% annually over 30 years, they would own virtually all financial assets in the economy. This may come as a surprise to investors like Warren Buffett.

The assumed 200 basis point underperformances of funds invested in ETIs (a 10% return as versus a 12% return on investments) is based on studies that are either misapplied or have severve flaws, such as inadequate controls and time frames, marginal results, and obsolete or limited data.

Mr. HALL of Ohio. Mr. Speaker, I yield back the balance of my time.

Mr. LINDER. Mr. Speaker, I yield back the balance of my time, and I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

□ 1315

POSTPONING VOTES ON AMENDMENTS DURING CONSIDERATION OF H.R. 1594, RESTRICTIONS ON PROMOTION BY GOVERNMENT OF USE OF EMPLOYEE BENEFIT PLANS OF ECONOMICALLY TARGETED INVESTMENTS

Mr. FAWELL. Mr. Speaker, I ask unanimous consent that during consideration of H.R. 1594 pursuant to House Resolution 215 the Chairman of the Committee of the Whole may postpone until a time during further consideration in the Committee of the Whole a request for a recorded vote on any amendment, and that the Chairman of the Committee of the Whole may reduce to not less than 5 minutes the time for voting by electronic device on any postponed question that immediately follows another vote by electronic device without intervening business, provided that the time for voting by electronic device on the first in any series of questions shall be not less than 15 minutes.

The SPEAKER pro tempore (Mr. SHAYS). Is there any objection to the request of the gentleman from Illinois [Mr. FAWELL]?

There was no objection.

RESTRICTIONS ON PROMOTION BY GOVERNMENT OF USE OF EMPLOYEE BENEFIT PLANS OF ECONOMICALLY TARGETED INVESTMENTS

The SPEAKER pro tempore. Pursuant to House Resolution 215 and rule XXIII, the Chair declares the House in the Committee of the Whole on the State of the Union for the consideration of the bill, H.R. 1594.

□ 1316

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 1594) to place restrictions on the promotion by the Department of Labor and other Federal agencies and instrumentalities of economically targeted investments in connection with employee benefit plans, with Mr. EMERSON in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Pursuant to the rule, the bill is considered as having been read the first time.

Under the rule, the gentleman from Illinois [Mr. FAWELL] and the gentleman from California [Mr. MARTINEZ] will each be recognized for 1 hour.

The Chair recognizes the gentleman from Illinois [Mr. FAWELL].

Mr. FAWELL. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania [Mr. GOODLING], chairman of the Committee on Economic and Educational Opportunities.

Mr. GOODLING. Mr. Chairman, I thank the subcommittee chairman for yielding time to me. The gentleman from Illinois [Mr. FAWELL] probably has forgotten more about ERISA than the rest of us in the Chamber know collectively about it.

Mr. Chairman, as we open the debate on H.R. 1594, which was ordered reported in a bipartisan vote by the Committee on Economic and Educational Opportunities on July 20, let me make very clear what is at stake and what the bill does and does not do.

At stake is whether the Department of Labor will continue to act as the Nation's pension watchdog, to ensure the safety of the $3.5 trillion backing the pensions and employee benefits of America's workers and private pensioners. Or, will the Department's role as guardian of those pension assets be undermined by this administration's actions to promote particular investments—investments that may be both risky and tainted by conflict of interest.

Economically targeted investments, or ETI's, is the euphemism used to describe these investments in Interpretative Bulletin 91–1 issued by the Department last June. The interpretive bulletin is but one element of the administration's many-pronged approach to promote particular investments within this ETI classification.

This bill is an attempt to protect workers and their pensions from the overzealous and misguided promotion of ETI's. First, the bill renders the interpretive bulletin null and void and declares that the landmark Federal pension law known as ERISA is to be interpreted and enforced without regard to it. The Secretary of Labor is also prohibited from issuing any other rule, regulation, or interpretive bulletin which promotes or otherwise encourages ETI's as a specified class of investments.

Second, the Department of Labor is directed to terminate the $1.2 million taxpayer financed clearinghouse through which the Department intends to promote particular ETI's. Further, the bill prohibits any agency from abusing the powers by establishing a future clearinghouse or database which lists particular ETI's.

Third, the bill states that it is the sense of the Congress that it is inappropriate for the Department of Labor, as the principal enforcer of ERISA's fiduciary standards, to take any action to promote or otherwise encourage economically targeted investments.

The bill takes us back to where we stood before the Clinton administration issued the bulletin and maintains the fiduciary standards under ERISA which have stood the test of time over the 21 years since its enactment, and which are not in need of repair.

By issuing the bulletin, the Department calls into question the framework within which employee benefit plan fiduciaries make their investment decisions. While the interpretive bulletin includes the gratuitous statement that "the fiduciary standards applicable to ETI's are no different than the standards applicable to plan investments generally", the real purpose of the bulletin is the promotion of investments that "may require a longer time to generate significant investment returns, may be less liquid and may not have as much readily available information on their risks and returns as other asset categories."

Could a better definition of a relatively risk investment be constructed? It is precisely this more risky type of investment that the Department cloaks in its broader and ambiguous definition of an ETI. In fact, it is unclear exactly what an ETI is under the Department's own interpretation. For example, in response to committee questions, the Assistant Secretary for Pension and Welfare Benefits stated that "the bulletin defines ETI's in terms of the process by which an investment is chosen * * * [even though] there is no specific process * * * necessary to trigger the 'selection criteria'." In addition, the Assistant Secretary stated that "ETIs are defined in terms of the reasons for which they are chosen," even though fiduciaries "may not articulate that collateral benefits were a reason for selecting" such investments. These contradictory and confusing statements are reason enough for rendering the interpretive bulletin null and void.

The bulletin's definition that ETIs are "investments selected for the economic benefits they create * * *" raises another question as to the intended scope of this new rule. Arguably, every investment can be asserted to create an economic benefit, since that is the very nature of investment capital. Indeed, if ETI's do not include all investments then which ones?

Clearly, they include the less liquid and more risky ones mentioned in the bulletin. Incredibly, it is these more risky investments that the Department now considers worthy of special promotion.

Furthermore, the public expression by Department officials that certain ETI's need to be encouraged seems to be based on the premise, disputed by the Congressional Budget Office, that the market does not work. Apparently, the administration believes pension managers are not investing an optimal amount of pensioners' money in ETI's. Those who are retired and those who will retire. But what is optimal, or enough? The various actions taken by the administration in this area has created confusion within the investment community and the general public. The Department has even had to deny that the Clinton administration intends to mandate that private pensions invest a certain percentage of their assets in ETI's. The millions of pension investors and

private pensioners deserve better from the Nation's pension watchdog. By voiding the interpretive bulletin, the bill removes a serious element of confusion and reinforces the preeminence of the time-tested fiduciary standards under ERISA.

If the interpretive bulletin is a somewhat subtle means to promote ETI's, the Department of Labor's creation of a so-called ETI clearinghouse is much more direct. The Department, as Secretary of Labor Robert Reich has testified, fully intends to showcase ETI's for both public and private plan investment purposes. Here the Department has clearly deviated from its role as the chief enforcers of ERISA's prudence, exclusive benefit, and other fiduciary standards to become the chief promoter and apologist for social investments selected by a securities firm handpicked by the Department's chief ERISA enforcement officer. What are pensioners and the public supposed to conclude about such conduct by the administration?

Would it not be safe to assume that the Department would run into at least the appearance of conflict by instigating and funding a clearinghouse listing specific ETI transactions? Is it not also foreseeable that a plan which invested in an ETI listed by the clearinghouse might raise as a defense the argument that the Department had endorsed the investment notwithstanding any disclaimer to the contrary by the clearinghouse? Finally, might not the clearinghouse operators be influenced to list particular investments based on the fees paid by a participating financial intermediary? Of course, the answer in each case is "yes". The most troubling aspect, however, is that Department officials were aware of these red flags, which were raised by the ERISA Advisory Council before the beginning of the promotion campaign, yet they ignored them in their desire to showcase and promote ETI's.

Will the ETI's listed by the clearinghouse be prudent and appropriate investments for particular plans? The Department has responded to our committee that the clearinghouse is not intended to function as a guarantor of the fiduciary suitability of an investment, even though it is the responsibility of the clearinghouse to develop criteria and methods for evaluating particular investments. We have asked the administration for their criteria, but both the Congress and pension investors remain in the dark. What is the criteria and what special interests will benefit?

Understandably the investing public remains confused. As a result, departmental officials have already been forced to take steps to inform the public that investments listed by the clearinghouse will not have prior approval by the Department.

The bill before us is the perfect antidote to this source of public confusion and scandal in-the-making. The bill terminates the clearinghouse and prevents this or any future administration from resurrecting any similarly imprudent device. According to CBO, the taxpayer also comes out ahead by over one-half of a million dollars.

Clearly, the Department's actions involving ETI's are not a model for reinventing government. Taxpayer funds can be better spent on protecting pensioners' assets by enforcing ERISA, rather than on ETI speechmaking, promotion tours, and clearinghouses.

When the time comes, I urge my colleagues to vote for the passage of the bill unamended. By voting "yes", you will be saying that the ERISA fiduciary standards which have served to well protect our Nation's pensioners for over 20 years should continue without the interference of misguided interpretive bulletins, clearinghouses, and other promotions of ETI's.

On the other hand, if you vote "no", let it be understood that in the name of "Big Government Knows Best" you will allow the Clinton administration and future administrations to transform the "Nation's Pension Watchdog" into a lapdog and huckster for special interests and the latest politically targeted investment. In this case, pensioners will suffer, the capital markets will be undermined, and the entire voluntary private pension system will be put at risk.

I urge you to vote "yes" on the passage of H.R. 1594 to ensure the continuance of a sound private pension system which is free from political interference.

I would ask Members to vote for this legislation unamended.

Mr. MARTINEZ. Mr. Chairman, I yield 5 minutes to the gentleman from Missouri [Mr. CLAY], the ranking member of the Committee on Economic and Educational Opportunities.

Mr. CLAY. Mr. Chairman, I thank the gentleman for yielding time to me.

Mr. Chairman, I rise in opposition to this so-called Pension Protection Act. It has nothing to do with retirement protection, but rather attempts to address a nonexistent problem.

If this bill were a movie, the committee substitute, the original Saxton bill, and the hysteria generated by the Republican leadership about economically targeted investments, would be a comedy, featuring dumb, dumber, and dumb-agoguery—cousins of the famous three stooges.

This whole effort to eliminate ETI's is driven by pure, unadulterated demagoguery. It is a solution in search of a problem. More than that, if a problem did exist, it would be the worst possible solution. This bill would create enormous and completely unnecessary havoc in Federal pension policy.

By now you may have read the "Dear Colleague" circulated by my committee colleagues, Representatives BILL GOODLING and HARRIS FAWELL. It reminded me of what communicating must have been like in the Tower of Babel. Many of their groundless, incoherent charges will be repeated here today.

I am sure you had no idea that the Nation's pensions were in such grave jeopardy!

Without offering any shred of evidence, they accuse the Clinton administration of all sorts of dishonest, deceitful behavior, including trying to use private pensions to fund "its liberal social agenda."

My colleagues throw around terms like "social investing" and "politically targeted investments" without ever saying that they are or offering a single example of either involving private pension plan investments.

Their Dear Colleague letter reflects a lack of knowledge of what ETI's are and what the Labor Department policy has been for 15 years.

In addition, the bill's sponsor presents a study showing, with breathtaking precision, that the administration's ETI policy will cost the typical pensioner $43,298—not $43,297 and not $43,299, but $43,298. Fantastic. And you would have thought that "the finest CPA's money can buy" would have gotten the figure to an even $44,000.

Mr. Chairman, clearly, there is more to this bill than Republican concerns about ETI's. Labor Department policy prohibits the wild-eyed, irresponsible so-called social investing that has our Republican colleagues hyperventilating. If they are really concerned about the safety of the Nation's pensions, why have they just voted to slash the budget of the Nation's pension watchdog, the Labor Department's Pension and Welfare Benefits Administration.

Mr. Chairman, all the Labor Department has ruled is to permit private pension funds to make investments that produce benefits to American communities as long as the interests of the pension beneficiaries come first and risk and return are not sacrificed.

The Labor Department's only sin was in interpreting the pension law consistent with past Republican administrations.

H.R. 1594 is dangerous public policy. The chilling effect created by this bill could effectively stop pension funds from considering the collateral benefits of investments.

This bill is a complete waste of the House's time.

It's dumb. Passage by this body would be dumber. Vote "No" on H.R. 1594.

Mr. FAWELL. Mr. Chairman, I yield myself 7 minutes.

Mr. Chairman, for the past 20 years, the Employment Retirement Income Security Act, known, as ERISA, has protected the financial security of America's retirees, and during that time the Department of Labor has served as a guardian of ERISA's private pension investment standards, and that is known as the prudent man rule. Now, however, the Department has, in my view, threatened to abdicate its role as the Nation's pension watchdog by promoting and, indeed, hyping a peculiar and particular class of investments called economically targeted investments, or ETI's.

ETI's are investments in an array of socially beneficial projects, such as low-income housing construction, for instance, rather than those selected exclusively to provide a financially sound return for pensioners, as required under the prudent man rule.

□ 1330

In June 1994, as has been indicated, the Department issued what was called

an interpretive bulletin which just plain promotes pension plan investment in these ETI's. Under this new policy, and it is that in my view, advanced by this bulletin, private pension plans may seek out an investment specifically for the benefits it creates for persons other than the plan's participants and beneficiaries.

Current pension law, on the other hand, mandates that private pension plans should invest and manage their assets for the exclusive benefit of the participants, the pensioners and their beneficiaries.

Thus, the Department, by contrast, would emphasize and promote and hype social programs and projects instead of protecting the best interests of the pensioners, as we see it.

In addition, in September 1994, the Department awarded the contract to Hamilton Security Advisory Services to come up with a clearinghouse. This clearinghouse obviously, because it will collect information and also promote ETI's, will become and can become an instrument for promoting and pressuring plans to invest in certain investments that are promoted and, of course, favored by the department. No mandates here, but the message is pretty clear from the regulator.

Moreover, the list of approved investment that the clearinghouse will produce will include imprudent investments, since the department has imposed no requirement that a project be a prudent investment under the ERISA law before it is placed upon the list.

At the Employer-Employee Relations Subcommittee's June 15 hearing, David Ball, Assistant Secretary of Labor for Pension and Welfare Benefits Administration under President Bush, testified, and I quote:

> It has been the Department's longstanding position that nonfinancial factors or incidental benefits cannot be allowed to take precedence, and I want to emphasize that word, precedence over providing retirement income to participants and beneficiaries.

That is not to say that there are not incidental benefits, obviously, in any particular investment. "The department, however, has strayed from this position, and by means of the Interpretive Bulletin and the clearinghouse is putting," and these are Mr. Ball's words, "inappropriate pressure on investment managers and subjecting them to political and social demands to invest in economically targeted investments."

H.R. 1594, as amended and reported by the committee, basically says three things:

First, it is inappropriate for the department, as the principal enforcer of private pension investment standards, to promote and hawk and hype special classes of investments. That is not your business.

Second, the bulletin is made null and void, not other bulletins, not other regs, but that bulletin.

Third, the legislation specifically prohibits the department from operating a special clearinghouse for ETI's. Thus, this bill, the Saxton bill, simply states that private pension investment law under ERISA should return to what it was before the ill-advised bulletin of June 1994 and the clearinghouse were foisted upon the employee benefits community. It is based, I believe, upon the obvious, if there is an economically targeted investment and it can be just as sound an investment as other private pension investments, which the department contends, then special promoting of ETI's by the department is not necessary, since the market will obviously direct investment capital to the ETI's without governmental cheerleading if they meet the standards of ERISA. You do not have to go out there and hype it up.

> The department concedes in the bulletin that investments in ETI's require a longer time to generate significant investment returns, are less liquid, and require more expertise to evaluate. In short, ETI's are a more risky investment.

Others will speak to that.

Why, then, is the department straying so from its proper role as an investment watchdog and regulator and instead becoming a promoter? Because, like Willy Sutton, they know private pension funds are where the money is, and having the regulators promote ETI's is one way for politicians to get their hands on private pension funds to support social programs. But they overlook the fact that the $3.5 trillion of private pension funds in America is not the Government's money. It is retirement money of American's workers. It is marked in trust for their golden years. They are not tax funds, nor are we dealing with Social Security contributions of employers and employees, which, unfortunately, have long ago been hog-tied by Congress to be invested only in Government bonds.

It is not like Social Security, where we have to invest everything in Government bonds, which is lunacy. No, private pension funds are voluntarily contributed across America by employers and employees in various sums under many different pension plans out of a lifetime of hard-earned wages, and the last thing America's private pension funds need is social tinkering by the bureaucrats at the Department of Labor. Government should be told in no uncertain terms, "Keep your hands off private pensions," and that is precisely what the Saxton bill does.

Mr. MARTINEZ. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I rise in total opposition to this unnecessary bill—which is both an intrusion into the duty of the Department of Labor to provide guidance under the Employee Retirement Income Security Act and a blatant attempt to manage the investment policies of America's pension plans.

The level of paranoia evidenced by the flurry of "Dear Colleagues" and so-called economic updates issued by the bill's author is unprecedented. The Secretary of Labor sent out an interpretive bulletin because the Advisory Committee appointed by President Bush advised him to do so. Presidents Reagan and Bush supported economically targeted investments, both in public statements and in administrative actions that relaxed rules that were barriers to pension programs taking advantage of these investments.

Yet, the leadership has attacked this issue on the basis that agencies should not advocate.

Every agency should advocate for the policies set by the President and the Congress, and for what they believe to be in the best interests of the public.

Just as the Surgeon General should champion the ideas of safe sex and prevention of drug abuse, the Department of Labor is supposed to advocate for jobs and job creation. This is their responsibility and their duty.

Nobody objected when agency secretaries of Presidents Bush and Reagan advocated the interests of their agencies.

Maybe because those agency secretaries advocated for one segment of society, political insiders, that it was deemed appropriate.

But, now that President Clinton's appointees are advocating for the other segment of society, some of our friends on the other side of the aisle do not like it.

Whether good or bad, some in this House are seeking to derail any proposals advocated by the administration—even those that have been advocated by the Republicans who served during the 1980's. This is politics, pure and simple, and spiteful politics at that.

This does nothing to advance the interests of those we were elected to serve—rather it gets in the way of what is best for our people, and economically targeted investments can be if the prudent-made rule governs. And the bulletin makes that abundantly clear.

Economically targeted investments are good investments, if they are made in strict accord with the interpretive bulletin issued by Secretary Reich.

Because the investment manager must first find that the risk and return of the E.T.I. are at least equal to that of an alternative investment, the interests of the beneficiaries of the pension plan, are fully protected.

The prudent-man rule still governs—all that is addressed by this bulletin, is an acknowledgment of the law that the Labor Department has consistently held since the enactment of ERISA in 1974.

The investment manager can, if she or he so chooses, invest in a vehicle that will help the community—through better infrastructure, more housing, or more jobs.

What kinds of investments are we talking about?

Well, the definition of economically targeted investments, as found in this bill, "Is an investment that is selected for the economic benefit it creates, in addition to the investment return to the employee benefit plan investors." I want to reiterate that the economic benefit is in addition to the investment return to the employee benefit plan.

Clearly, the Labor Department is confirming something that is has always held—from the administration of Gerald Ford, when the ERISA law was signed, to the present day. There is a two-step process involved here.

First, the investment risk and return must be assessed.

Once it has been determined that the risk and probable return are equal to that probable for alternative investments, investment managers may consider the economic benefits of one investment as well as the other.

The proponents of this bill say that ETI's are inherently bad investments. If that is so, then they would not fulfill the primary requirement of the interpretive bulletin—that the risk return be at least equal to an alternative investment, and no investment manager would select an investment that clearly violated the prudent-man rule embodied in the law.

I believe, as my fried from Illinois has said, that we should let the market roar and stay out of the way of investment managers.

If they act prudently under the law, they will not choose bad investments. But, if their analysis is that two alternatives carry the same risk and would reap an equal return, then they should be the ones who determine whether or not to consider the collateral benefits offered by a particular strategy. That is not the province of the Congress.

But, under this bill, that is exactly what the proponents would have us do—interfere in the market and in the investment strategies of people who know what they are doing. Let me give you an example.

In California, a public pension plan has consistently earned its beneficiaries an investment return of 19 percent or more, and has been responsible for the creation of over 3,000 new housing units since 1992. A major international union has, for more than 30 years, operated a public-private partnership creating over 5,500 construction trades jobs and over 15,000 jobs in all industries, while financing the construction of 35,000 residential units and 3.2 million square feet of commercial real estate.

Over the next 5 years, it is expected that this pension trust, working with the Federal Government and local partners, will create an additional 12,000 housing units in 30 cities across the country.

In all of this activity, the rate of return to the beneficiaries has been at least equal to the general performance of the market.

A northeastern State's public retirement system, investing through a semi-public venture, has provided over $17.7 million in investment in 55 companies, creating over 5,000 jobs, receiving an average rate of return of 16 percent.

All of this while generating nearly $10 million in additional tax revenues for the State.

Now, I don't know about you, but these sound like good investments to me—the kind that we should be encouraging—yet, some of our friends in this Congress are proposing interference with this process, simply because they believe there will be some mad rush by pension investors to gamble pension funds; untrue. Prudence will still govern. That doesn't change with the bulletin.

This bill would counteract and interfere with the decisions of the knowledgeable and conservative—let me repeat—the knowledgeable and conservative—investment advisors who run these pension plans and who made the investment decisions that gave those excellent results that I just cited.

I have contended since its introduction that this legislation is a solution looking for a problem. I see no reason why anyone should support it, except as lemmings they would follow their leader.

Mr. Chairman, I reserve the balance of my time.

Mr. FAWELL. Mr. Chairman, I yield 6 minutes to the gentleman from New Jersey, Mr. JIM SAXTON, who has been a real tiger and who has seen the problems which are before us.

Mr. SAXTON. Mr. Chairman, let me first commend the gentleman for his tireless efforts in bringing this bill to the floor. It is certainly something worthy of debate today. Let me say at the outset that while I certainly acknowledge and respect the differences we have in terms of the differences with our Democrat friends on this issue, this debate is certainly one that is worthy of taking place, and certainly is not, as one of the previous speakers mentioned, a waste of time.

This debate is about workers' savings, workers' savings for their retirement years. It is about $3.5 trillion in savings that more than 36 million American workers put aside each day in the hope that it will be there, in the belief it will be there when they retire. That 36 million, I might remind the gentleman from the other side of the aisle, there are 80,000 of those 36 million in each of our districts, and they are counting on us to do the right thing. It is about factory workers, factory workers who sit in the lunchroom each day and talk about their plans for retirement and their retirement fund.

□ 1345

It is about a clerk in a department store who goes home and talks with his or her spouse in the evening about what they are going to do when they retire and about their retirement fund. It is about the parcel delivery person who works hard all day and hustles around town in that little brown truck, and goes home at night to think about what he or she is going to do with his or her retirement fund when the time comes.

And it is about the Clinton administration's plans to enter into an investment scheme which will severely erode the pension funds of these people. They are our friends and our constituents, and we have a duty here today to vote to protect their pension funds.

A waste of time? I do not think so. As a matter of fact, I think it would be a good use of time for Secretary Reich to write each of my 80,000 worker constituents a letter and say, "We have put into place policy that could cost your pension fund as much as, yes, $43,200-some-odd dollars," whatever the number is. I think that would be a good use of time for Secretary Reich to do that.

They call it, here in Washington, DC, ETI's. That is a fancy beltway term. It means the use of Americans' retirement savings to make some risky social investments, causing pension funds to fail or earn less. We do not claim they earn less. Your Secretary of the Treasury claims they earn less.

As a matter of fact, Alicia Munnell from the Department of the Treasury says that pension funds that invest in ETI's historically earned 2 percent less than pension funds that have not invested in these risky social investments. That means, according to our calculations, based on her assumptions and her figures, that over 10 years these pension funds would lose $90 billion and over 20 years $520 billion, and over 30 years $2.2 trillion in losses. Tell the factory worker, tell the clerk in the department store, tell the folks that hustle around delivering parcels that this is what it means to their pension funds.

On an individual basis, look what it means to the individual as we project into the out years. We see a real gap, a difference between what they would have earned on their returns if they had been invested correctly and what they will if they are invested under Secretary Reich's plan.

Yes, at the end of 30 years the worker who is now 35 years old and retires when he is 65 years old would have $43,000-plus less, a loss, in his pension fund or her pension fund because of this foolishness that is being carried out by the Clinton administration and the Secretary of the Treasury. Experience proves that the Clinton administration is on the wrong track, and I believe that we should stand together to look at some of those experiences as to why this is wrong.

For example, the Kansas Public Employees Retirement System, known as

KPERS, has lost over $390 million in that State due to social investing. KPERS lost $65 million in one investment alone, the Home Savings Association. When that company went bankrupt, due to political pressure KPERS went further and invested an additional $8 million in a local company, Christopher Steel. That company is now abandoned and the investment is a complete loss.

Similar disasters have been seen all over the country, including in States like Connecticut, Alaska, Missouri, and Minnesota, and others that we could go on and name. In Arkansas in 1985 President Clinton signed into law language which said this: "The State of Arkansas shall seek to invest not less than 5 percent nor more than 10 percent of their portfolio in socially related investments."

This was a target that was intended to mandate the investment of these funds, not to permit it. As I say to my friends on the other side of the aisle, ERISA clearly states that pension funds must be invested solely and exclusively for the exclusive purpose of providing benefits to the participants and the beneficiaries. It says nothing about social investments.

This is precisely why ERISA does not say fiduciaries must make decisions primarily. It does not say primarily in the interest or almost entirely to provide benefits for participants and beneficiaries. It says solely and exclusively. I am at a loss to know what parts of the words "solely and exclusively" the Clinton Labor Department does not understand.

Mr. MARTINEZ. Mr. Chairman, I yield 3 minutes to the gentleman from Texas, Mr. GENE GREEN.

Mr. GENE GREEN of Texas. Mr. Chairman, I thank my colleague on the committee for yielding me some time.

Mr. Chairman, I rise in opposition to H.R. 1594. I would like to ask the gentleman from New Jersey [Mr. SAXTON] some questions.

This bill comes at a time whose time has not come. The bill attacks something that is not existent. It is a straw man—or a straw person in inside-the-Beltway language—that is created by the Joint Economic Committee and talks about force. In fact, I just got this report today that in its conclusion it says by forcing pension fund managers.

Nowhere in the Department of Labor do they force pension fund managers to do anything. This bill was created to create a political issue and nothing else. H.R. 1594 repeals an Interpretive Bulletin that pension managers consider collateral benefits where the risk and return otherwise meet the prudent standard.

Last year the Department of Labor issued Interpretive Bulletin 94-1 stating that it was permissible for a pension fund to invest in economically targeted investments under limited conditions. This bulletin made it clear that a pension fund may consider ETI's only if the risk adjusted return was comparable to alternative investments. The pension fund could not invest in ETI's if the return were less or the risk greater than comparable alternatives. There is absolutely no force and no mandates in ETI's. That is what makes this committee report from the Joint Economic Committee not worth the paper it is printed on. If an investment meets the prudent standard, what is wrong with using American pension fund assets to invest in America and in American jobs?

This bulletin goes back to the Reagan administration. It is not something that President Clinton has created. The Department of Labor's position on ETI's is not new. Interpretive Bulletin 94-1 simply restates the Department's position for over 20 years spanning both Republican and Democratic administrations. In fact, the recommendation to issue the interpretive bulletin on ETI's was originally proposed by the ERISA Advisory Council, appointed by President Bush's administration.

In a letter to Congressman SAXTON, Ronald D. Watson, a member and later chairman of the ERISA Advisory Council, states:

> The conclusion that ETI's can have a place in pension portfolios was reached by a cautious and instinctively conservative group of advisers under a Republican administration. It is being promoted by a Democratic administration which happens to agree with the conclusions.

The effects of H.R. 1594 would be devastating on pension managers. It clearly discourages and may effectively forbid consideration of collateral benefits by U.S. pension managers. To avoid potential liability, pension plans would be reluctant to invest in American investments that have collateral benefits, even though they may have competitive risk adjusted returns and otherwise meet the standards of ERISA. The result would be increased pension plan investments in foreign investments that is already increasing.

In addition, this bill is one-sided, saying the Department of Labor must not encourage or promote ETI's. The bill is obviously an attempt to silence the Department of Labor. We need to make if they are going to be silenced on everything instead of just one thing.

Let us put partisan politics aside. It is irresponsible for Congress to discourage investment in America. I would rather them build housing in the United States than build housing overseas at the comparable investment.

Mr. FAWELL. Mr. Chairman, I yield 4 minutes to the gentlewoman from Kansas [Mrs. MEYERS].

Mrs. MEYERS of Kansas. Mr. Chairman, I rise in support of H.R. 1594, and I hope we pass this legislation today. We need to protect our American workers' pension funds, and that is exactly what this bill does.

Right now American workers have more than $3.5 trillion in private pension funds, and some view these savings as one way to fund various Government-favored programs. This kind of thinking led to disaster for a number of pension plans in the 1980's.

In my State of Kansas, the Kansas Public Employees Retirement System, known as KPERS, suffered gigantic losses resulting from an ill-fated program launched in the name of economic development in 1985. Back then some Kansas officials thought pension fund assets would be an ideal source of funds for stimulating economic development—the same notion currently being promoted by the administration and the Department of Labor. The idea caught on, and as a result, KPERS loaned $467 million to more than 100 companies from its cash assets in a direct placement loan program aimed at stimulating the Kansas economy.

The investments made in the 1980's by KPERS would now be labeled as "economically targeted" and would probably get on the Labor Department's new clearinghouse list. This is why I believe we must stop the administration's efforts to impose a socially motivated criteria in deciding where to invest pension funds.

The loans made by KPERS to stimulate economic development have resulted in losses of more than $138 million, which has been written off, and total losses could reach $260 million, the estimated loss in 1991 when the Kansas Legislature began an investigation of these investments. KPERS is still involved in lawsuits as a result of the huge losses suffered by the pension funds in their attempt to direct investment to economic development. I do not want to see this happen across the country, and we must pass this bill to ensure that pension fund managers will continue their prudent investment practices.

The irony here is that under current law, pension fund investment managers can already invest in anything which they believe will provide a good return to beneficiaries. Referred to as the "prudent man rule," current law requires that pension fund managers act with "the care, skill, prudence, and diligence * * * that a prudent man acting in a like capacity and familiar with such matters would use * * *".

If a good investment opportunity presents itself, a pension fund manager can commit funds to it. If it is a prudent investment which is likely to produce a good return for pension beneficiaries, a fund manager can invest in it now—without any direction by the Department of Labor or the White House.

Based on our Kansas experience, the action by the Clinton administration

to direct pension funds to "economically targeted investments" is unwise at best. This legislation simply erases the administration's ability to direct pension fund investments. It does not discourage pension fund manager's from making investments in housing, infrastructure, or any other entity which is likely to benefit plan participants. But it does not encourage them either.

Current law has served us well in this area. History has shown that we begin to lose pension dollars, or experience diminished returns, when we try to make "politically correct" investments with our American worker's money. Support 1594.

Let us protect our Nation's pension funds. Support this legislation.

□ 1400

Mr. MARTINEZ. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I just want to take this minute to read something to the Members here and for the public's general consumption. I want to read something that was said by the President at a public meeting.

One of the values we are tying hardest to save in this country is self-reliance, taking care of our own. And what better example could there be than 15 building and construction trade unions taking one-half billion dollars of their hard-earned pension funds and investing that money to create more jobs for workers? This country will owe you all a debt of gratitude, and with initiatives like yours, we can rebuild America.

That was President Reagan before the Building Trades Association.

Mr. MARTINEZ. Mr. Chairman, I yield 3 minutes to the gentleman from North Dakota [Mr. POMEROY].

Mr. POMEROY. Mr. Chairman, as a Member of this body, all too often, I have seen debates involve pressing problems and yet no real solutions, no meaningful answers. I am dumbfounded at this debate today, because we are dealing with no meaningful problem, and certainly just a sham of a solution.

Mr. Chairman, I have 3 minutes left, and I would yield to any Member of the majority side in support of this bill that can show me in the interpretive bulletin where the language is that would diminish in any way, in any way, once scintilla, one little bit, the standards of risk or standards of return that would jeopardize the pension funds in the way that have been outlined.

Mr. FAWELL. Mr. Chairman, will the gentleman yield?

Mr. POMEROY. I yield to the gentleman from Illinois.

Mr. FAWELL. Mr. Chairman, now that the gentleman has asked, the definition of ETI's, which is the first time to my knowledge that ETI's have ever been legally defined in any of the regulations or in the law, states: Are defined as investments selected for economic benefits they create, in addition to investment return to the employee benefit investor.

Now, what my colleagues are doing here is hyping something that is not a part of the prudent man rule at all. That is, investments returns aside from those that will come to the participants and to the beneficiaries of the trust.

I do not mean to say that there cannot be incidental benefits to any investment, but you do not spend millions of dollars, as the DOL is concerned, coming up with a new definition and going out and hyping and promoting it and hawking it.

Mr. POMEROY. Reclaiming my time, I want to respond to the gentleman before my time lapses. I respect you and your work in ERISA, but I believe your answer is dead wrong.

First, the standards of risk and return; the prudent person standards must be met before any other collateral considerations can be considered. And far from being a new standard, the interpretive bulletin is merely an attempt to codify what had been individually granted advisory opinions over the past 15 years tracking administrations of both parties.

Mr. Chairman, the gentleman from Illinois [Mr. FAWELL] cannot show where in the text of the interpretive bulletin the standards have been relaxed. I used to serve on an investment board for the State of North Dakota. This is material I have worked with and that is why I resent so strongly the misinterpretations and mischaracterizations of the investment bulletin.

I will vote with my colleagues on the other side of the aisle this afternoon, as I sit here and listen to the debate, if they can show me where in the text we are doing anything relative to the prudent person standards, the guardians of risk and return, that has been pointed out. It cannot be done. This is nothing but legislation regarding a made-up problem.

Mr. FAWELL. Mr. Chairman, yield myself 30 seconds.

Mr. Chairman, referring to the interpretive bulletin, which to my knowledge was the very first time that there was an official interpretation of the prudent man rule, they take sections 403 and 404 and they say: Here, we are going to interpret that. And they interpret the ETI to mean that the very first thing that an investor ought to do is to look for the socially correct or politically correct investments.

Mr. Chairman, that is a new and novel policy; and then to spend millions of dollars to go out and hawk and hype that. That is not a watchdog, that is a courier.

Mr. MARTINEZ. Mr. Chairman, I yield 5 minutes to the gentleman from Ohio [Mr. TRAFICANT].

Mr. TRAFICANT. Mr. Chairman, out of the approximate 4.6 trillion dollars' worth of U.S. pension funds to be invested, a maximum, they stretch at $30 billion, has been placed toward these ETI's; less than 1 percent.

The current law states that pension plans cannot invest in these ETI's if, No. 1, the return is less, or No. 2, the risk is greater than other investment alternatives. So the law is clear.

Second of all, Ronald Reagan made a statement. He said, "It is time to get Government back to the old-fashioned way." He said, "Let private money rebuild America; not the taxpayers."

Ronald Reagan is further quoted as having stated exactly that Government money need not be invested in areas where private money can find a home and make a profit. And pension plan investment, where it can return profit to those in that pension, should be encouraged.

Mr. Chairman, I have listened to the debate and I think I have looked at many of the conservative issues that come out of this Congress. I have an amendment for this bill. The amendment is right to the point. America needs at least 4 million housing units to satisfy the needs of America's housing. All investment plans in housing are averaging anywhere from 15 to 30 percent greater than the yield of their expectations.

The Traficant amendment says: Nothing in this act shall be construed as prohibiting the Department of Labor from issuing advisory opinions regarding the legality of investments in the construction or renovation of affordable housing units.

I think we are going too far here if we, in fact, send out a signal that someone could be in violation of ERISA if they call and someone in the Department of Labor gives them information about housing. This makes no sense to me.

The Traficant amendment ensures there will be first-time home buyer homes available. I am not talking about financing the mortgages, taking a risk on the finance side of it. I am talking about making the investment in housing opportunities for American people.

What are we basically saying to this major marketplace in America, construction jobs? Hey, go ahead and build the condominium in Mexico. There is a real shot for you. Go over to Europe and the new European economy and make investments over there.

The California Public Employee Retirement System funneled $375 million into the construction of over 3,000 homes. Their return is 20 percent. New York City Employees Retirement System invested in the construction of 15,000 affordable housing units; return, 30 percent. AFL-CIO's Housing Investment Trust pools the funds of more than $1.1 billion from 380 pension plans. The trust would rank first or second in America in its return if it were a publicly traded fixed-income fund.

Employees all over America, their money helping not only their employees and the pensioners, but also those who still pay into those pension funds from the active work force.

I do not understand the hype, but let me say this: I think I know where the leadership is coming from on the other side and it makes sense to ensure that private pension plans are not endangered by social service types of agendas.

But when you have a legitimate American need and private money can serve that need, on the same risk factor that is existing now, let me say this to the other side. Ronald Reagan made sense on this issue. If the smart application of pension money in America can be used to rebuild America, while stabilizing pension plans, any Congress that challenges that concept, in my opinion, is not progressive but takes us a step back.

Mr. Chairman, I am not going to argue all of these issues. The Traficant amendment will be very straightforward. If someone calls the Department of Labor, they will be able to give an advisory opinion on housing.

Mr. FAWELL. Mr. Chairman, I yield 4 minutes to the gentleman from California [Mr. COX].

Mr. COX of California. Mr. Chairman, I want quickly to agree with the gentleman from Ohio [Mr. TRAFICANT] on the other side of the aisle. It is true. Ronald Reagan did make sense on this issue. I worked for Ronald Reagan in the White House and I know very well that no one believed more passionately in the free enterprise system and the private sector than did Ronald Reagan.

Ronald Reagan, unlike Robert Reich, understood the difference between government and free enterprise. Ronald Reagan did not have much difficulty answering the question, "Should the Government direct private pension funds in their investments?" The answer, of course, is no.

Private pension funds represent at least $3.5 trillion in assets in America today. That is more than double the entire Federal budget. A lot of people would like to get their hands on this money for political purposes.

In 1988, Jesse Jackson put it in his Presidential campaign platform. He wanted to have the Federal Government help with the investment of private pension funds by helping to steer them into politically correct investments.

Mr. Chairman, at a time when we are trying to reduce the size and scope of Federal Government, the liberal big spenders are obviously beside themselves. Where are they going to get the money they need to control life in America? What better place than private pension funds? There is so much money there, after all. It is double the amount than we have got in the whole Federal budget.

The whole idea behind ETI's, [Economically Targeted Investments] is that investments can be made with social goals, not economic goals in mind. That is the purpose of Robert Reich's infamous Bulletin 94–1 issued last year carrying out the campaign platform of Jesse Jackson in 1988.

It affects pension plans of all kinds, union pension funds, company pension plans, any private pension plan.

What it does is stand the law on its head. Let me quote from ERISA, the existing law that protects our private pension investments.

ERISA says pension fund managers must act, "solely in the interest of participants and beneficiaries." That is what the law says. "Solely in the interest of participants and beneficiaries."

"The exclusive purpose of providing benefits to participants and their beneficiaries." That is how pension fund managers must invest. "With the exclusive purpose of providing benefits to participants and their beneficiaries."

If one is trying to channel money to politically correct causes, is that not violating the law, the taking into account of another criterion? What Robert Reich has said in his bulletin is we can take something else into account.

All else being equal, he says fallaciously, you can take into account the social utility of the investments. Who determines this? Not the marketplace any longer. That is what Ronald Reagan thought should happen. The marketplace would determine what is a socially useful investment.

No, instead Robert Reich will help you determine this by putting together a list. And the Labor Department, at taxpayer expense, is going to have a list of Economically Targeted Investments. That is where we are going to encourage private pension money to go.

There is no element of coercion in this when the Federal Government investments your taxpayer money in a whole system of putting together a list of politically correct investments, and then puts out an order directing people to pay more attention to this issue, as Investors Business Daily told us Robert Reich did 1 month after issuing Bulletin 94–1? Of course not.

Stealing the hard-earned after-tax savings of working Americans for social experiments is taxation. Unfair and unwarranted taxation to be sure, but another tax grab.

Mr. Chairman, ETI stands for an "Extra Tax on Individuals." Let us not permit it.

Mr. MARTINEZ. Mr. Chairman, I yield 3 minutes to the gentleman from Ohio [Mr. SAWYER], my colleague on the committee.

Mr. SAWYER. Mr. Chairman, I appreciate the opportunity to rise today in strong opposition to this measure. Quite literally, as the gentleman from North Dakota [Mr. POMEROY] mentioned, this bill is a solution desperately thrashing about in search of a problem.

Mr. Chairman, there are problems we face with retirements. As a Nation we face a tremendous challenge, that of planning for the retirement of the postwar generation that has come to be known as the Baby Boomers. Ensuring the soundness of pension funds is a critical component of that effort.

Mr. Chairman, I am among the very first, at the leading edge of that population cohort and I recognize that a fundamental problem is that the boom generation is one that can broadly be characterized as one that has simply not learned to save.

As an age cohort, many have instead spent much of their disposal income elevating a notion of a minimal standard of living through current consumption, while simultaneously limiting their ability to secure it into the future.

We agree, all of us, that it has been important to encourage working Americans to save for their retirement and to encourage employers to set up sound and reliable retirement systems that will be liquid when they are needed, that include matching employer contributions.

□ 1415

Unfortunately, this bill does absolutely nothing to elevate that goal or either goal. In fact, this bill potentially puts into question a wide range of existing pension plan benefits. This bill would repeal a Department of Labor interpretive bulletin, ordered by the Bush administration Labor Department in response to private sector inquiry. The bulletin simply clarifies past interpretations of the ERISA Act with respect to many kinds of investments, including those which may add ancillary benefits to the broader economy.

In essence, the bulletin does not make any new rulings nor does it advocate for pension plan investment in ETI's or any other kind of specific investment. However, by repealing the bulletin, we leave the potential vacuum of ambiguity and potential confusion regarding pension plan investments and past rulings which may risk unnecessary litigation. All this uncertainty undermines the ability of pension plan managers to make the best investments for future retiress.

More importantly, what we really should be doing is debating realistic strategies for ensuring the stability of and encouraging participation in sound pension plans. I am eager to work toward that goal.

Unfortunately, the bill does nothing along those lines. I would ask my colleagues on the other side if they would find it important to encourage that the fiduciary standards applicable to the ETI's be no different than the standards applicable to plan investments

generally. If they, in fact, would agree with that, then they cannot disagree with the fundamental content of this ruling, which, in fact, calls upon investors to do precisely that. It is the same standards only with greater clarity that we have been working with for a long time, and I urge my colleagues to vote against it so that we can more on to the addressing real challenges of preparing for the next century.

Mr. FAWELL. Mr. Chairman, I yield 3½ minutes to the gentleman from Michigan [Mr. KNOLLENBERG].

Mr. KNOLLENBERG. Mr. Chairman, I rise in strong support of H.R. 1594, the Pension Protection Act of 1995. Let me start out by commending the gentleman from New Jersey [Mr. SAXTON] for his work on this important bill.

The reason we are here today is because President Clinton's Department of Labor has abdicated its responsibility as the Nation's pension watchdog. Last June, Secretary Reich issued an interpretative bulletin that allows pension managers to invest private pension funds in risky social ventures. He likes to call them ETI's, or economically targeted investments. I prefer to call them PTI's—politically targeted investments.

ETI's are chosen for the social benefits they generate to third parties instead of their safety and financial return to pensioners. Simply put, ETI's are nothing more than a code word for pork barrel projects in urban areas.

Secretary Reich has argued that his interpretative bulletin was needed to clarify the intent of ERISA because of confusion in the pension investment community. In reality, the intent of ERISA's investment standards have been understood by pension managers for over 20 years. They are very simple and very clear: When investing private pension funds, a pension manager's sole responsibility is to focus on the interest of his plan's participants and beneficiaries. Pension managers have avoided ETI's, it is because they are bad investments—not because they were confused by ERISA.

If ETI's were sound, pension managers would invest in them regardless of their so-called social benefits. It's that simple. Secretary Reich's promotion of ETI's leads me to the conclusion that either the Clinton administration doesn't believe in the free market, or it understands that these investments are too risky and ERISA's standards must be altered. If these investments were prudent investments, the free market, the pension managers, would already be there.

The President's advisors know that ETI's are risky. In fact, Alicia Munnel, a current Assistant Secretary of the Treasury in the Clinton administration, their economist at Federal Reserve Bank, Boston, stated in 1983 that ETI's earn between 2 and 5 percent less than traditional pension fund investments. Now that may not sound like a big difference, but the numbers add up over time. For example, if just 5 percent of the Nation's private pension funds are invested in ETI's, pensioners would lose $90 billion in retirement income over 10 years, $520 billion in 20 years, and $2.3 trillion in 30 years. This translates into over $43,000 in direct losses to the average pensioner. I don't know about you, but I sure would be upset if the manager of my private pension decided to follow the lead of President Clinton.

Given the track record of ETI's, an interesting question comes to mind, why is the Clinton administration promoting these high-risk social investments? The answer is simple. Finding revenue for the President's social agenda is obviously more important to the Department of Labor than protecting the retirement income of millions of Americans. This is outrageous.

The Clinton administration's pension grab reminds me of the story of Willy Sutton. Willy Sutton, a famous bank robber when asked why do you rob banks, responded, "because that's where the money is." Faced with a Republican Congress committed to balancing the budget, President Clinton knows that he can't get money for his pie-in-the-sky-liberal programs, so he is going where the money is—private pension funds. Promoting ETIs may be good politics for a President who needs the support of big labor and inner city mayors to win reelection, but it's bad public policy.

This scheme has been tried before and the results have been devastating. Confronted with the need to cut spending and balance their budgets, several States have tapped into the pension funds of State employees to finance development projects. For example, the State of Connecticut invested $25 million worth of State pension funds in Colt Manufacturing. Just 3 years later, Colt filed for bankruptcy and the State's pensioners saw their hopes of profit vanish. It is unlikely that they will ever see their money again. This is not the government's money at stake, it is the retirement funds of American workers.

H.R. 1594 stops the Clinton administration's stealth attack on private pensions. Under this bill, fiduciaries will still be able to invest in ETIs, as long as these investments are safe and generate good returns. BUt they won't have legal cover for bad investments that were made at the bequest of labor bosses and inner city politicians.

The promotion of ETIs is nothing less than embodying political correctness as public policy. It is simply wrong for the Congress to do anything other than reaffirm the commitment of pension managers to seek the highest possible return on the investment of the retirement income of American workers and pensioners. To do any less would seriously undermine the confidence in pension investors. We cannot and should not give a green light to the irresponsible allocation of the finances of retirees. To do so would be a breach of our fiduciary responsibility to the American people.

Mr. Chairman, I urge my colleagues to support H.R. 1594 and stop the Clinton administration's pension grab before it is too late.

Do not compare pension assets with entrepreneurial capital.

Mr. MARTINEZ. Mr. Chairman, I yield 6 minutes to my colleague, the gentleman from New York [Mr. OWENS], a member of the Committee on Economic and Educational Opportunities.

Mr. OWENS. Mr. Chairman, I thank the gentleman for yielding time to me.

Mr. MARTINEZ. Mr. Chairman, will the gentleman yield?

Mr. OWENS. I yield to the gentleman from California.

Mr. MARTINEZ. Mr. Chairman, in response to the last speaker, the President is not going to make a decision on that investment. The Department of Labor is not going to make a decision on that investment. The investors will make the decision on that investment. The managers, the fiduciary managers, will make that decision, and they will do it based on the prudent man rule.

This is just a smokescreen, trying to make out that there is some big plot by the President to capture somebody's money and invest it in a foolish scheme. That is the farthest thing from the truth.

The interpretive bulletin makes that very clear.

Mr. OWENS. Mr. Chairman, I rise in strong opposition to this legislation.

There is a lesson in democracy which the taxpayers and the voters should look closely at here. Democracy is a deliberative, long-term process. You start with a great communicator like Ronald Reagan. Nobody is confused about what Ronald Reagan meant when he said pension funds should be invested in America to make jobs for people in America. He was talking particularly about the construction industry people, but there are numerous other situations where pension funds invested in America make jobs for Americans. They also create other benefits for Americans. At the same time, they are subject to the same standards as any other investments.

Over and over again, every document produced by the Federal Government, by Secretary Reich, everything says assuming everything else is equal, you must make certain first of all the standards are met. We have on the one hand Ronald Reagan initiating the idea, picked up by a number of other people, including Jesse Jackson. That does not make it any more radical if Ronald Reagan said it first. Certainly, it is respectable and acceptable. George

Bush goes further and creates a clearinghouse. He institutionalizes it a few steps further. Secretary Reich is only carrying it further and putting out a booklet that helps clarify a few things.

We have this deliberative process on the one hand, and on the other hand you have hysteria and panic being generated by a wolfpack that needs a rabbit to chase, and they have invented this one for reasons I am not quite certain of. But I suspect those reasons are to create an investment environment which is safe for some truly risky investments, for some overseas investments which are more risky and do not bear benefits for Americans.

What happened in the savings-and-loan situation? Americans are out of at least $250 billion. The taxpayers have had to cough up at least $250 billion, and that is a conservative estimate, as a result of investments made by the savings-and-loan industry. Where were these people who are now generating this hysteria? Were any of these investments made by the savings-and-loans associations which resulted in $250 billion worth of losses to the American people? Where they ETI's?

If you find 1 percent for ETI's, I assure you you will have to do a lot of miraculous searching. Most of them were usual marketplace investments, applying the usual standards, no economically targeted investments. There is a target for the wolfpack to go chase.

You know, the hysteria of their argument sort of rises up from the page. You know, you can feel the sweat and saliva. Goebbels would be very proud of the kind of hysteria generated by the written statements made about this menace to America of economically targeted investments. Where were they when the real menace was there via the savings-and-loans' waste that has led to $250 billion in losses of American taxpayer's money? Where were they when that was happening?

In an effort to create an issue where none exists, these Republican supporters of this measure are stretching the truth, to say the least.

One particularly bad example of this is a letter the gentleman from New Jersey [Mr. SAXTON] sent in May to a number of corporate chief executives. The letter is fully of inflammatory language and baseless allegations. The full letter appears in the minority views. I urge that all my colleagues take a look at *that letter. The letter says more about what is going on here than most of what we will hear on the floor today.*

The Council of Institutional Investors wrote the rhetoric in the letter of the gentleman from New Jersey [Mr. SAXTON], "Smacks of the pension equivalent of McCarthy era scare tactics." I agree. The letter, of course, repeats the big lie ETI's are unduly risky or pose a threat to fiscal safety, never mind ERISA has always provided that, in order to be permissible under the law, ETI's must be prudent investments in terms of risk and return.

IB–94 reaffirms the Department of Labor's longstanding position that ETI's are only permissible if they provide the plan with a competitive risk-adjusted rate of return.

In his letter, the gentleman from New Jersey [Mr. SAXTON] also claims, without any support, "A number of companies and pension investors have felt subtle pressure from the Administration," to invest in ETI's.

In addition, the letter includes specious charges the Department of Labor engaged in "coercive behavior, intimidation and other nefarious schemes." The letter even refers to a Clinton quota roof. One of the most egregious falsehoods is the alleged plan of the Clinton administration to establish "compulsory ETI quotas." It is important to reiterate that IB–94–1 does not mandate ETI's nor does it in any way authorize investments in ETI's at a concessionary rate.

In fact, the Clinton administration is on record in opposition to mandated ETI's, including testimony before this committee and testimony before Vice Chairman SAXTON's Joint Economic Committee.

More recently, in another irresponsible attempt to unnecessarily frighten the current and future pensioners, the so-called economists at the Joint Economic Committee have concocted an incredible scenario about the potential impact of pension funds on ETI's. They issued a report claiming the Labor Department ETI investments possibly will cost pensioners $43,000 over 30 years. No self-respecting mathematician, sophomore with arithmetic, would accept those assumptions made in that report.

Mr. FAWELL. Mr. Chairman, I yield 4 minutes to the gentleman from Rockford, IL [Mr. MANZULLO].

Mr. MANZULLO. Mr. Chairman, I thank my good friend, and he is my good friend, the vice chairman of the Joint Economic Committee, the gentleman from New Jersey [Mr. SAXTON], for his tremendous work on this timely and important legislation.

Mr. SAXTON. Mr. Chairman, will the gentleman yield?

Mr. MANZULLO. I yield to the gentleman from New Jersey.

Mr. SAXTON. I just want to state for the record the previous speaker was in error in stating that George Bush, when he was President, created a clearinghouse for the purposes of promoting economically targeted investments. The fact of the matter is he did not. It was created pursuant to the election of Bill Clinton and the appointment of Robert Reich, and never under the Bush administration.

Mr. MANZULLO. Mr. Chairman, the Clinton administration is trying to allow $3.7 trillion in pension money to be used for risky investments as opposed to sound investments. This means the hard-earned pension money deposited by present and future pensioners is going to be used by politicians to fund pet projects that are very risky.

The Clinton administration wants American workers to bankroll its liberal social agenda. It is risky social investing by any other name, and whenever it has been tried before, it has delivered consistently substandard returns.

The American workers are being asked to exchange investments in blue chips for poker chips and thus jeopardize their entire retirement.

□ 1430

Just take a look at the ETI track record in the public pension system. In 1993 the State of Connecticut lost $25 million from pension funds in risky investments. The Kansas public employees retirement system tried to use its funds for ETI's. It lost hundreds of millions of dollars so far. In Pennsylvania $70 million in public school employees' and State employees' retirement funds were sunk into an instate Volkswagen plant which lost 57 percent of its value in 14 years. In Missouri an ETI adventure, and it is an adventure, lost $5 million in retirement savings, and in the State of Arkansas, where President Clinton in 1985 signed a bill with a quota that between 5 and 10 percent of all pension funds must go on to ETI's, the Arkansas State auditor, Julia Hughes Jones, openly defied the Governor and said these are risky ventures, risky ventures indeed, building a sorority house on a campus with money that belongs to the teachers and the public workers of the State of Arkansas.

Mr. Chairman, the investment opportunities in this country are guided by something called sound and prudent investment, not a Federal crap game, and that is exactly what the President is trying to do. He is trying to find all kinds of moneys, wherever they are, and put our American workers' pensions, our future pensions, at risk.

Now, if we are not trying to change the standard by our bill, if we are simply saying, "Use the prudent-man rule," then the Democrats, our colleagues, should agree with this bill, they should vote yes for it, because this bill simply says under all circumstances whatsoever the prudent-man rule of investing will be done, and, therefore, we need a clear and definitive statement, we need legislation that protects the American workers in this country, that says once and for all our dollars will be invested only in sound, prudent investments and not in gambling investments.

Mr. MARTINEZ. Mr. Chairman, I yield for 4 minutes to the gentlewoman from Connecticut [Ms. DELAURO].

Ms. DELAURO. Mr. Chairman, I rise in strong opposition to this unnecessary and ill-conceived bill. We face serious issues regarding national retirement policy. But today, we are not considering ways to strengthen private pensions or how to ensure a secure retirement for our Nation's seniors. Instead, we are wasting time and energy on a bill to address a problem that does not exist.

Investment by pension fund managers in Economically Targeted Investments, or ETI's, is not the problem. This bill is a smokescreen. It is simply a way for Republican Members, quite frankly, to divert attention away from the real issues facing seniors, like Republican plans to make $270 billion in cuts to Medicare, and it is not going to work.

Much attention has been focused on the Labor Department's interpretive bulletin issued in June 1994. This bulletin sought to answer a question asked for over 15 years by many pension fund managers.

These fund managers asked if they could consider factors in addition, I repeat in addition to the return to the plan when choosing among alternative investments. The Labor Department answered as it always has: pension fund investments must be based on the return to the plan. Only if the returns of different investments are comparable can fund managers give weight to other factors. So that investment, first, must pass muster; risk and return characteristics are first and foremost. The Labor Department's interpretive bulletin simply clarifies this policy in response to questions from pension fund managers. It does not, I repeat it does not, require investment in ETI's.

The bill before us today is a needless attack on ETIs. But that is not all. It is much worse. It would prohibit the Labor Department from even providing information about ETIs. It is a gag rule. The Department would not even be permitted to answer questions from well-intentioned pension fund managers seeking to comply with the law.

What will a fund manager do if he or she might be subject to a lawsuit for considering an investment's additional economic benefits and cannot consult the Labor Department in any way? That fund manager will steer funds away from many of the investments our country most needs to make—investments in our infrastructure, in our cities, and to provide badly-needed jobs.

Worse, this bill encourages pension plan managers to invest in foreign countries instead of the United States. It defies common sense to advocate policies that make it easier for pension plans to invest in Europe over America. Already, American pension funds are seeking to increase foreign investments.

Mr. Chairman, this bill amounts to a full employment plan for pension lawyers, that is what it is about. This Congress should be encouraging small business start ups, and investments in infrastructure and considering ways to make our senior's retirements more secure. This bill will do none of those things and amounts to a diversionary tactic to distract the American people from the hundreds of billions of dollars in Medicare cuts proposed by the Republicans, I urge its defeat.

Mr. FAWELL. Mr. Chairman, I yield 3 minutes to the gentleman from Delaware [Mr. CASTLE], the former Governor of the State of Delaware.

Mr. CASTLE. Mr. Chairman, I thank the gentleman from Illinois [Mr. FAWELL], whose knowledge about ERISA is indeed encyclopedic, for yielding this time to me, and the gentleman from New Jersey, who sponsored this piece of legislation, and my feelings may not be as strong as some in this room, but I have a real-life experience that I would just like to relate to my colleagues.

I rise in very strong support of H.R. 1594 because our Nation's retirees' and our senior citizens' hard-earned pensions must not and cannot be jeopardized by the Department of Labor's promotion of riskier, politically targeted investments that do not take into account our Nation's laws governing the safety of our retirees' pension investments.

Now I probably did not know a lot about this issue, and, when I became Governor in 1985 of the State of Delaware, I received a call from Mr. Ernst Danneman, who had heard word that I was sort of interested in economically targeted investments, and I was. I had it in my mind that we could help with mortgages to the poor, that we could help keep jobs in the State of Delaware, that there were a number of things that we could perhaps do if we were able to use some of that money, and clearly it was a source of money at a time when we did not have a lot, and he came into my office, and he said, "MIKE, I'm not a politician," and it turns out he is a registered declined, does not give to political campaigns, never been involved in politics at all. He has run a business, and he ran our pension board. He was the man who was the head of the Board of Pension Trustees in the State of Delaware. And he said:

> I've heard what you are thinking about in economically targeted investments, and I want to tell you it is absolutely wrong. It is the most difficult job in the world to manage pension funds correctly, to compete with other managed funds out there, to be able to return the top dollar to the individuals who should benefit from the top dollar, which is the retirees and the employees that will one day be the retirees.

He said, "You should not consider this under any circumstance," and he proved to me by showing examples that there are States and there are corporations which have tried to do this and it has not worked particularly well.

I took that to task, and for 8 years we never thought about it at all. We let our Board of Pension Trustees run our pension plan. We had, I think, two of those years the highest return of any public pension plan in the entire United States of America, all because we allowed these individuals to do it, and that money did regenerate into our economy because of course our retirees and eventually those who were to retire were able to receive funds.

So, it worked extraordinarily well. It was a lesson well learned.

I called Mr. Danneman yesterday—I had not spoken to him in probably over a year or two—to talk to him about this saying I would like to present this story on the floor, and he said, "MIKE, absolutely," and he said a couple of things. He said, "One, the Board of Pension Trustees—and it doesn't make any difference if it is private or public, I might add—has a fiduciary duty to return as much money as possible." Then he said, "Investing dollars is a single-minded effort. You can't cure the world's problems on the side." I think that is a very weighty statement. He pointed out the social investing does not do as well, and I realize that this has it in some protection such as a prudent-man rule, and we are supported to be able to return an investment, but even in the private sector there can be pressure from a chairman who has a wrong concept, pressure from a board that has a wrong concept, perhaps somebody will read about what the Department of Labor is doing, and I really honestly believe that we should do everything in our power to keep the Department of Labor and Government out of our pension plans and let them run it correctly.

Mr. MARTINEZ. Mr. Chairman, I yield 5 minutes, 30 seconds to the gentleman from Montana [Mr. WILLIAMS], a member of the Committee on Economic and Educational Opportunities, and I ask him to yield to the gentleman from North Dakota [Mr. POMEROY] for 30 seconds.

Mr. WILLIAMS. Mr. Chairman, I yield to the gentleman from North Dakota [Mr. POMEROY].

Mr. POMEREOY. Mr. Chairman, ever so briefly, from the I.B. issue let me read to my colleagues:

The fiduciary standards applicable to ETI's are no different than the standards applicable to planned investments generally.

I agree with everything the gentleman from Delaware just said about the importance, the critical nature, of fiduciary standards. It is just absolutely incorrect to characterize the I.B. as changing this fiduciary standard. It is not there.

Mr. WILLIAMS. Mr. Chairman, my colleagues, I was chairman of this subcommittee for a number of years in the House, so I recall with some precision the history of ETI's, economically targeted investments.

I remember that former President Ronald Reagan advocated the changes. He, in fact, actually advocated regulations that facilitated the use of ETI's, and I believe the entirety of the former President's statement has been made by someone who preceded me, so I do not want to restate the former President's entire position, but let me just remind my colleagues of this: Former President Reagan, in advocating regulations to create these ETI's, said this:

> We have over in the Labor Department made some good definite changes in regulations. Those changes are going to free up billions of dollars in pension funds that can now be invested in home mortgages.

President Reagan's Labor Secretary back then, a fellow named Raymond Donovan, said, and I am quoting,

> I tried to emphasize the importance of increased investments in home mortgages. More mortgage money and thus more construction, more jobs, a healthier economy; those are the goals of this administration that will benefit this country greatly in the months ahead.

And then later, following President Reagan, came good former President George Bush, and George Bush's Labor Secretary, as my colleagues will recall, was Elizabeth Dole, Secretary Dole, and she wrote to then Housing Secretary Jack Kemp that the Labor Department has worked with the building and construction trade unions to structure a program that allowed investment in housing construction, and under the Bush administration those investments with pension funds were encouraged.

Now along comes our next President, and he has suggested economically targeted investments through his Labor Secretary, Robert Reich. But now we have a new Congress, and a new Congress, if I may say, with an ideological bent to the far right, and so they are noticing that Labor Secretary Reich in a fairly recent speech said we are not only going to have these ETI's, as we have had them in the past, but we really ought to be trying to do some economic good in inner cities, Indian reservations, other places in this country that are not only economically in trouble, but, because they have economic despair, they are socially in trouble.

□ 1445

It was that hint from Secretary Reich that perhaps we ought to worry about people who have social difficulties that seems to have triggered this new Congress with their ideological bent to try to stop these ETI's, because now they say oh, they are not economically targeted investments, they are socially targeted investments.

Nothing, since I have been in this House this year, so unmasks the new ideological fervor of the new majority than this bill. This bill is making a mountain out of a molehill. This bill is really a gnat buzzing around a nonproblem. But, when you are so definitely ideological as to rise up on your hind legs and resist any indication whatsoever that money might be used in a way that might help society take care of some of its social ills as well as its economic ills, then this type of a bill is the result. It is either that, or this new Congress is trying to embarrass the Clinton administration, a Democratic administration that is simply following the policies that were put in place, correctly, by two previous Republican administrations. Or, maybe the new majority is just trying to change the subject, which seems lately to have fallen on Medicare and the cuts that come in Medicare.

So, Mr. Chairman, we are spending an entire day in this busy time of the year on a bill discussing whether or not the Clinton administration is trying to invest money in a way that will improve not only the economic climate in America, but the social climate as well.

Mr. FAWELL. Mr. Chairman, I yield 30 seconds to the gentleman from New Jersey [Mr. SAXTON].

Mr. SAXTON. Mr. Chairman, I would just point out very quickly that as the last speaker indicated, ETI's have been around for quite some time in the context of an investor, a pension fund manager coming to the Department of Labor during the Bush or Clinton administration and requesting an advisory opinion on an ETI. What is different in this administration is that $1 million has been spent to create a group to promote ETI's; people have traveled around the country making speeches promoting ETI's, and in fact, people who are here to regulate pension funds and pension fund managers have knocked on people's doors and said gee, we think as regulators it would be a great idea for you to do ETI's. That, Mr. Chairman, is very, very different.

Mr. FAWELL. Mr. Chairman, I yield 3 minutes to the gentleman from Colorado [Mr. HEFLEY].

Mr. HEFLEY. Mr. Chairman, I would just like to respond also to my friend from Montana [Mr. WILLIAMS] for just a moment. The gentleman acted like with the advent of the new Congress that ideology just was born in this House of Representatives. I might point out to him that the previous Congress was run by the ideological left, and I might say the ideological far left. So I am sure that any change that has occurred in this Congress must make him feel like we have moved to the far right.

I hope we have moved to the right. I hope we are not where we were a year ago. I do not think maybe we are as far out of step with the American public as his statements would seem to indicate.

Mr. Chairman, I have listened to the debate so far, and I have heard the numbers and the studies used, but I think the real issue here is this: The Clinton administration is not getting the money they want for their social welfare agenda. so they are attempting to force investors, in this case pension fund investors, to do the job. The American people are tired of writing checks for big government programs and projects that do not work.

The desire of the Republican-controlled 104th Congress to give the American people a balanced budget has significantly cut and will significantly cut, I hope, the funding for many of the Clinton administration's welfare state programs. This bill simply prohibits the Department of Labor or any other Federal agency from encouraging private pension funds from investing their recipients' hard-earned retirement moneys into investments that produce benefits for the larger community as the goal, even if it might be unwise investment policy. Who decides what the community benefits are? The taxpayers, or some bureaucrat down at the Labor Department?

Mr. Chairman, this is Socialism 101. This whole concept flies in the face of the mandate set by the American people last November that they do not want big government interfering in decisions that are none of big government's business. If this legislation is not enacted, we are essentially missing the point. We want pension fund investors to make money for their funds. This is the first criteria. I urge a yes vote on H.R. 1594.

Mr. MARTINEZ. Mr. Chairman, I yield 6 minutes to the gentleman from New York [Mr. ENGEL], my colleague from the committee.

Mr. WILLIAMS. Mr. Chairman, will the gentleman yield?

Mr. ENGEL. I yield to the gentleman from Montana.

Mr. WILLIAMS. Mr. Chairman, I thank the gentleman.

Mr. Chairman, I just want to respond to my friends and colleagues on the other side. If you have any doubt about the ideological fervor that is driving this legislation, listen to the words: Welfare state, and: The last Congress was the ideological left. I mean, come on. This is laughable. Only the ideological right would think that the last Congress, which could not pass Endangered Species, could not pass Clean Water, and passed the Clinton budget by one mere vote, was on the ideological left. It is clearly the far right that is driving a bill like this. This bill is utter, absolute nonsense, and is propelled by the far right.

Mr. ENGEL. Mr. Chairman, reclaiming my time, let me just say that our colleague from the other side of the aisle referred to those of us who oppose this legislation as being in favor of Socialism 101. Let me say that I think what we are hearing from much of the other side of the aisle, frankly, is Mean Spiritedness 101.

Mr. Chairman, we have been hearing this all Congress and I am sorry to say

that this just seems to be part of the pattern on the Committee on Economic and Educational Opportunities. We have seen an anti-working people, anti-labor agenda from day one, from the start of this new Congress, from eliminating the word "Labor" from the old Committee on Education and Labor to refusing to consider a hike in the minimum wage, talking in fact about eliminating the minimum wage, talking about eliminating Davis-Bacon to protect working people, giving them a prevailing wage that has been in effect 60 years, was put in by Republicans 60 years ago, and now this new Congress wants to eliminate it.

They want to eliminate OSHA protections for working people in this country to make sure that American workers have safety in the workplace. They want to eliminate those regulations. We just passed legislation slashing the National Labor Relations Board, which monitors unfair labor practices. They want to eliminate that. So this does not surprise me. This is a pattern on the Republican side of being against working men and women of America, quite frankly.

While I have a lot of affection for some of the individuals who are sincerely pushing this bill, I think they are dead wrong on this bill. This so-called Pension protection Act is a contradiction in terms. It certainly does not protect pensions and it is bad legislation, and it would wreak havoc in Federal pension policy.

H.R. 1594 is a partisan bill. It is in search of a problem, and I think it should be soundly defeated. I do not know what it is. Perhaps it is an effort by our friends on the other side of the aisle to provide cover for their efforts to slash Medicare, but they have seized an opportunity to accuse the Clinton administration of an alleged pension grab. As far as I am concerned, they are baseless efforts. It is sad, and it is an upsetting departure from the bipartisanship that has traditionally prevailed on pension issues.

The collateral benefits of ETI's play a key role in stimulating local economic growth and stability and help to strengthen communities. Through ETI's, jobs are created, affordable housing is built for low and moderate income families, and infrastructure is modernized. ETI's benefit society without adversely affecting the rates of risk and return of private pension plans.

Now this policy, as has been mentioned by many of our colleagues, has enjoyed nearly unanimous support since the Reagan administration. The Labor Department under the Bush administration stated that ETI's, which target the local economy, are beneficial and should be preserved. So you have the Reagan administration supporting this, the Bush administration supporting this, and now that the Clinton administration supports it, some of our friends on the other side of the aisle see a golden opportunity to bash the President.

This is a continuation of policies that have prevailed on both Democratic and Republican administrations. So as far as I am concerned, it is a continuation, an it ought to be continued, because it is beneficial. Now, some of my friends want to turn back this progress and instead create chaos in the pension community.

This bill would only lead to confusion in the law and excess money spent on needless litigation rather than benefits. Responsible pension fund managers who make sound investments with apparently forbidden collateral benefits could now be liable if this bill passes.

The fear of litigation would also make it safer for a pension manager to select investments in foreign countries rather than in the United States. The percentage of foreign investments by U.S. pension funds has steadily increased over the last 6 years. If this trend continues, more American jobs will be lost. This bill will result in pension fund managers choosing foreign investments instead of domestic investments. Domestic investments create American jobs, and we would avoid any implication that the collateral benefits of the investment were even considered.

At a time when we should be creating jobs and improving the standards of the American workers, our Republican friends have decided to engage in pure politics in the consideration of this bill. Accusing the administration of stealing pension funds from workers is not only false, it is downright irresponsible.

It is obvious from the introduction of this that our friends on the other side of the aisle are far more concerned with bashing Democrats and the President than promoting policy that is beneficial. The Secretary of Labor has stated that this bill would have a significant adverse effect on America's private sector funds, investments that are critical to the retirement income security of workers and retirees. So I do not think we ought to threaten private pension funds.

Instead of focusing on the security, health and welfare of working Americans, our friends have decided to eliminate ETI's, cut Medicare, cut education and training programs in order to play politics.

Mr. Chairman, I urge defeat of the so-called Pension Protection Act so that we can truly help the American worker.

Mr. FAWELL. Mr. Chairman, I yield 3 minutes to the gentleman from Texas [Mr. STOCKMAN].

Mr. STOCKMAN. Mr. Chairman, in "Alice in Wonderland" they say it is curiouser and curiouser. Our friends on the other side are saying $3.5 trillion is a gnat. Yes, I confess, I am a conservative. I think $3 trillion is a lot of money.

Somehow, I think stealing it from working people is wrong. That is what it is. They stole everything out of the Social Security, and now they are wanting to steal it out of another big pie. They see this $3.5 trillion. We have a social agenda, and we are going to use this money for our purposes. That is exactly what it is; it is stealing people's money. Nothing, nothing else matters in this Congress but to steal money.

This is people's pension money. Keep your hands off of people's retirement, keep your hands off the pension.

□ 1500

Mr. MARTINEZ. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, nobody is stealing anybody's money. Like I said before, the investment managers are going to make those decisions. They are going to make them in consultation with other people that have the expertise to know what they are doing. They have been doing it all along. This is rhetoric being tossed around on the floor here to create the illusion that Clinton is doing something wrong. The administration is doing what they should do, and the Department of Labor is doing what they should do.

Mr. Chairman, I yield 4 minutes to the gentlewoman from California [Ms. WOOLSEY].

Ms. WOOLSEY. Mr. Chairman, H.R. 1594 is a totally unnecessary bill.

Can someone tell me how does this bill protect pensions? Not by providing funds for the Department of Labor's pension and welfare benefits administration, that's for sure. In fact, this bill cuts funds for this office, which does protect workers' pensions against underfunding and fraud.

You may hear that this bill protects pensions by prohibiting the Department of Labor from promoting economically targeted investments, or ETI's. But how do ETI's place pensions at risk?

After all, we already have a law on the books, the Employment Retirement Income Security Act, better known as ERISA, that requires pension plan investors to act solely in the interest of their beneficiaries when making investment decisions. So if a pension fund does choose to invest in an ETI, it must put the financial interests of the pension beneficiaries first.

And, I ask, what's wrong with investing American workers' money in America's infrastructure; America's jobs; and America's economy. Since when is America a bad investment?

If this bill passes something very real will happen. Pension funds that have invested in local economic growth and

in our communities will begin investing overseas. Because H.R. 1594 prohibits the Department of Labor from providing information on ETI's, and rescinds the bulletin which provides guidelines on ETI investments, it will be safer for pension funds to invest overseas, where there will be absolutely no confusion about the legality of the investment.

Every day, Mr. Chairman, American workers invest their time and skills for a better America. ETI's give them another opportunity to invest in this Nation. ETI's are safe American investments. Let's not pass H.R. 1594 and send American workers' pension funds overseas.

Mr. FAWELL. Mr. Chairman, I yield 3 minutes to the gentleman from Arizona [Mr. SALMON].

Mr. SALMON. Mr. Chairman, today we will be voting on the future of $3½ trillion in private pension money that will finance the retirement of millions of working Americans.

Pension funds have been protected from politics and pet projects since 1974 when fund managers were bound by law to look only at the economic return on their clients' investments. However, Secretary Reich and the Clinton administration now have other plans for this money.

The Clinton administration believes that it has found a way to divert a chunk of pension money into social projects that the American people would not support or fund with taxpayer dollars. They are doing this by allowing and encouraging fund managers to put their investor dollars into economically targeted investments—investments that are targeted solely for their social agenda.

Aside from being liberal social engineering, this scheme might sound reasonable, right? Well, what Secretary Reich is not telling the American people who depend on pensions, is that these ETI's are far riskier than traditional investments, and that the administration policy is a clear violation of the spirit of the laws set up to protect America's private pension system.

Pork-barrel spending on liberal social projects is bad enough in today's tough budgetary times. But, to do it behind the backs of the American people, with the money they have saved for their own future is just plain wrong.

We have an opportunity today to stop this raid of private pension funds, and to protect the retirement future of our Nation's workers.

I commend the gentleman from New Jersey [Mr. SAXTON] for his leadership on this issue, I strongly support H.R. 1594, and urge passage of this important bill.

Mr. MARTINEZ. Mr. Chairman, I yield 4 minutes to the gentleman from Illinois [Mr. GUTIERREZ].

Mr. GUTIERREZ. Mr. Chairman, I rise today in strong opposition to this bill.

But, this bill does one good thing.

This one piece of legislation shows bluntly and blatantly where this country is heading under the Gingrich Republicans.

Some people say that there is no difference between the Republicans and Democrats. Well, these pages of legislation show that there is a huge gulf between the two parties.

And, the Republicans wish to create an even bigger gulf between Americans of different economic means.

Look at this bill.

They talk about targeted investments—and cite examples like public housing.

They define these as "investments that are selected for the economic benefits they create" and—these are their words—"may be more accurately described as politically targeted investments."

You want to talk about targeted investments?

Fine. But, let me ask you:

What do you think happened last week during debate on the B–2 bomber?

The vote on the B–2 had as much to do with local jobs and economies as it did with national defense.

I even received a letter from something called the B–2 Industrial Base Team. They weren't concerned with just the defense-related merits of the B–2. They talked about the economic benefits. They wrote that the "conclusion of the (B–2) will have a severe impact on our industry in (your district)", it would mean "the loss of high technology jobs."

Now, there are many decent Members on both sides of the aisle who voted for the B–2, and may have done so for these kinds of economic reasons. And that's their right.

But, if you voted to continue the B–2, and if you are planning to vote to cancel ETI's, please realize that the economic benefits of the B–2 are the same kind of collateral effects that you think is so terrible when it occurs in the form of public housing or public infrastructure.

Let's not forget the fact that today we are talking about private pension plans—not public money.

And a time when public money is clearly drying up—isn't this all the more reason to give average Americans the chance to fight crime, to educate our children, to house and feed our families if they so choose? I believe it is.

Furthermore, I am deeply upset by the tone of the rhetoric surrounding this bill, and the suggestion that every time the Federal Government sends a dollar outside of D.C., it ends up on the streets of our inner-cities.

I've seen lots of streets in my community in Chicago. And they aren't exactly paved with gold. In some cases, they aren't even paved.

So, where does the money go?

Let's pick—oh, completely at random—Cobb County, GA for instance.

Now, part of Cobb County lies in the 6th District of Georgia, a district that is represented by Congressman NEWT GINGRICH.

And while the Speaker and his troops rally against these kinds of targeted investments, guess how many dollars are targeted to flow into Cobb County—already one of the Nation's wealthiest counties?

Well, in one recent fiscal year, close to $3½ billion in federally funded projects.

So if you want to talk about targeted investments, the Speaker better draw a big bull's-eye around his district as well.

Finally, I am glad we are debating this bill because it shows that the Republicans never had a Contract With America. Nope. They had a contract with some of America.

They had a contract with the part of America that can afford to dole out the campaign contributions to make sure Government works for them, while other Americans confront gangs and drug dealers in the lobbies of their public housing complexes.

As this bill proves, the Gingrich Republicans not only take the pork and the perks for their districts, they send the pain and poverty somewhere else.

That is what this bill is all about.

Mr. FAWELL. Mr. Chairman, I yield 3 minutes to the gentleman from North Carolina [Mr. BALLENGER].

Mr. BALLENGER. Mr. Chairman, I thank Mr. FAWELL, chairman of the subcommittee of jurisdiction, for yielding time to me and would also like to express to him my appreciation and that of my constituents for all of his hard work on pension issues.

In my opinion, this issue is fairly simple. The Federal Government should not engage in the business of encouraging a specific type of investment which jeopardizes pensions of Americans. Economically targeted investments, or ETI's are social investments in which the social good or benefit of the investment is considered more important than the financial benefit created for the pension participant. In other words, the Clinton administration wants to risk the retirement funds of workers to promote its own liberal social agenda. H.R. 1594 would void this practice. If one is concerned about the security of America's retirees, this investment principle is unacceptable.

As we know, the Employee Retirement Income Security Act [ERISA] is the statute which protects the investment interests of retirees. Under the act, the Department of Labor is to act as the guardian of pensions. ERISA requires that private pension funds be invested for the sole financial benefit of plan participants and beneficiaries. The Department, through its promotion of ETI's, strays from the fiduciary standards mandated through

ERISA and abdicates its role as the entity charged with private pension guardianship.

This debate is not about the worth of social investing; it's about the failure of the Clinton administration to execute its duty and responsibility under the law to protect the retirement funds of millions of Americans. Investments are never a sure thing; however, social investing offers, traditionally, a higher risk with lower returns.

It's already a well-known fact that Americans do not save adequately for retirement. This fact has been confirmed by recent articles in several well-respected financial journals. Why, then, should we permit the Clinton administration to compound the problem by undermining the investments of those Americans who have put money away for retirement? There is $3.5 trillion invested in private pension plans in the United States. When Americans set money aside for retirement, the least they should be able to expect is that the pension managers will follow ERISA fiduciary standards and make wise investments with financial performance as the sole criterion. We must ensure that this trust is not misplaced.

I urge all of my colleagues to support H.R. 1594, legislation aimed at protecting America's private pensions by prohibiting the Department of Labor from promoting economically targeted investments. Join me in rescuing the retirement fund of all Americans from the politically correct, but financially destructive designs of Bill Clinton and Robert Reich. After all, can you claim to stand for the American worker and at the same time advocate a risky investment strategy that undermines his or her retirement funds?

Mr. FAWELL. Mr. Chairman, I yield 3 minutes to the gentleman from Florida [Mr. WELDON], a Congressman and also a doctor.

Mr. WELDON of Florida. Mr. Chairman, I thank the subcommittee Chair for recognizing me, and I thank him for the opportunity to speak out on this issue.

Mr. Chairman, I went home to my district in August, like most of us did, and, hopefully like most of us, I very much enjoyed going back home. I not only enjoyed going back home to enjoy the beautiful beaches and weather of the space coast area of Florida, as well as the environment there, but I also very much enjoyed going back so I could hear from my constituents as to what I need to be doing up here in Washington. Indeed, I frequently find that I get some very, very good advice and very good input when I go back home, and this time was no exception.

I went up to Kennedy Space Center to speak to the employees up there who have concerns about what is going to be happening in the future with NASA and what are the job prospects there. But I had a very, very pleasant surprise when I was up there at Kennedy. I was at the Orbital Processing Facility, the place where they take those shuttles and get them ready for the next flight.

There are a lot of union employees there at the OFF, and I got some questions about the NASA budget and what is going to be happening in the future. But I also got a lot of questions from those union guys about Economically Targeted Investments, how they did not want their union pension funds being exploited for political purposes by the Clinton administration. They had a lot of concern about their hard-earned dollars being protected.

I was very much pleased to be able to say that the gentleman from Illinois [Mr. FAWELL], the subcommittee Chair, has a piece of legislation that will protect their hard-earned dollars, to make sure that when they are ready to retire, that the money is there for them, and that those funds have not been siphoned off for political purposes; that their hard-earned money has not been invested by the quiche-Chardonnay liberal crowd into what they think is the best thing to be done with their money, but that their money has been invested in the place where it should be, a place where their hard-earned dollars will be protected for the future of themselves and their families.

Therefore, I rise in very, very strong support of this piece of legislation.

□ 1515

Mr. MARTINEZ. Mr. Chairman, I yield myself such time as I may consume.

I keep hearing over and over again, the words force, forced use of this money. I keep hearing that these pension plans that one of my colleagues from the other side related to have had such a dismal failure. But the instances he was citing were all State pension plans that are not covered or subject to ERISA, which are null and void as far as this debate is concerned, but he used it anyway.

It seems to me that over and over again they are convincing themselves and have convinced themselves of something that just is not so. If we look at the interpretive bulletin, and as I related to it in the committee meeting when this bill was being heard in committee, and read portions of the bill over and over again or the interpretive bulletin that is, where the fiduciary responsibility is not deleted, where the prudent man rule is consistent in the interpretive bulletin about that fiduciary relationship. I guess the hangup comes when some people read something and interpret it so literally, that they do not understand the realities of life.

An example, Mr. Chairman: Shall discharge his duty with respect to the plan solely in the interest of participants and beneficiaries. That is all well and good for the person that is managing. That has not changed at all. That person managing will still have to do that. But the thing that is overlooked here is the fact there is no investment made by anybody that does not have beneficial return to both parties, the person receiving and the person investing.

There is no investment that has ever been made by any of these pension funds that has not materialized a benefit to the person that used that pension fund, whether to create jobs or to bring a return or to lower a bond rating of a particular factory, which was done in one instance, and collateral investments have been made and have proved to be very successful as long as the managers are allowed to do their job.

This bill will not. What it will give rise to is anybody that wants to disagree with any investment made by those particular managers, it will give rise to a suit brought about by somebody disgruntled about the kind of investment they will make. The encouraging of investments is a wonderful thing to be done because some people that are making these investments maybe have not thought of some types of investments that would return them even a greater return than what they have been used to investing in, and that should be a great boon to the people depending on this money for their pensions and the return on the money that is invested for their pensions. I think if Social Security had done this a long time ago, we would give a better return to the beneficiaries of Social Security, but it has not.

Mr. GENE GREEN of Texas. Mr. Chairman, will the gentleman yield?

Mr. MARTINEZ. I yield to the gentleman from Texas.

Mr. GENE GREEN of Texas. Mr. Chairman, I just heard the earlier speaker talk about the quiche and chardonnay crowd. Mr. Chairman, and my colleague from California, I represent the beer and barbecue crowd, and they are concerned about their pensions.

I want to get this straight because I have heard today about how they are concerned about the pensions of those working folks. These are the same folks that are cutting job training, they want to abolish the minimum wage, they want to cut education funding, and now they are going to encourage pension plans to invest overseas so they will transfer those jobs overseas; is that correct?

Mr. MARTINEZ. Mr. Chairman, I would say that is correct.

Mr. GENE GREEN of Texas. Lord help us, I hope they do not get to privatize the space program; they will be building it in Taiwan.

Mr. MARTINEZ. Mr. Chairman, reclaiming my time, that is exactly what has happened. The pension fund money is being invested overseas rather than

creating jobs here. Somebody on the other side of the water is getting the benefit of those jobs where we and our people, in such dire circumstances, should be getting the benefit of it.

Mr. Chairman, I reserve the balance of my time.

Mr. FAWELL. Mr. Chairman, I yield myself such time as I may consume to attempt to, perhaps, reply to some of the, I think, rather outlandish comments that are now being made.

This legislation has in no way altered the basic ERISA law. And it certainly, insofar as domestic investments are concerned or foreign investments are concerned, absolutely no change has been made whatsoever. I think that is so very important to point out.

Mr. Chairman, I would also like to point out that the Committee on Investment of Employee Benefit Assets, and these are the professionals who are out there in the field, in fact, the entities that are a part of this particular committee represent 164 corporate pension plan sponsors totaling close to $1 trillion. They support his legislation.

Why do responsible people, and I think we are basically responsible people, why are we supporting this? It does not take a rocket scientist to understand this legislation. It simply is saying to the Clinton administration that you should stop, because you have an obligation of trust as the watchdog for proper investments, you should stop hyping and promoting building clearinghouses, which has never been done before, at a cost of millions of dollars, and doing everything possible short of mandating. Of course, they are not about to do that, they are smart enough not to; but, obviously, that is down the line. The President did it in Arkansas, put a quota. He will not put a quota here. But, look, why should we have all this hyping, all this promoting for a certain class of investments?

Now, Mr. Chairman, it has been mentioned many times with ETI's that they have not been called that in the past. They were never defined until the Clinton administration came along and defined them. Obviously, individuals, whether it is Mr. Reagan who was talking about a specific housing mode of investment, or others will make those kinds of queries. But never before has the Department of Labor gone out and said we are going to take a special class of investments and we are going to push them. We will try to convince the people who make these decisions, the fiduciaries and the managers of these plans.

We are the regulators. We walk into their office and say, how many ETI's do you have? Now, that is the fox guarding the chicken coop. They are supposed to be the watchdog, they are not supposed to be out there hyping.

Mr. Chairman, I suppose one could say we could have a clearinghouse showing junk bonds that could really sell. That is a nice special class of investment. One can make a lot of money in junk bonds, but most managers of pension plans do not invest in junk bonds. Why? Because there is the prudent man rule that has made it very, very clear that it is a sound conservative determination that they must make, and their sole purpose is to protect. And it goes back to common law, English law, that you protect the trust. The trustee's job is to protect the beneficiaries of the trust, whoever they may be, the worker, the pensioner or their children. And nobody is going to come in there and try to fiddle and tinker with it, and we have social tinkering now at a mass scale. That is the difference.

Mr. Reagan never suggested that. Mr. Kemp never suggested that. Mr. Reich suggested that, he is from Harvard and his elite views. And he was smart enough to know you cannot just push it across with a mandate. But, as I said in my opening comments, this is like Willie Sutton; they know where the money is. There is $3.5 trillion. Most public pensions are not in very good condition. Look at all your States, your teacher pension funds and so forth and so on. Thank goodness we were smart enough in Congress to have a thrift pension that basically is under the same kinds of requirements as in ERISA.

Now, maybe we should volunteer to have our pensions utilized for socially correct or politically correct investments, but that is what we are talking about here. We are simply suggesting that we should go back to the status quo. We do not need a clearinghouse run by some private entity that is in the securities business, basically, to try to peddle the concept of economically targeted investments. It just is not necessary. That is going way out.

When the interpretive bulletin came out in June of last year, people looked at it and gulped. For the first time, at least as far as I know, legally speaking, it was written what an economically targeted investment actually is. And I have read that definition, and right away it says investments selected for economic benefits they create in addition to what goes to the beneficiaries. Hey, what are we centering on? What are we interested in? We are interested in those economic benefits that we can get for third parties.

Now, Mr. Chairman, I agree with the gentleman from California that there is not an investment ever made that there are not incidental benefits. But we do not make an investment for the incidental benefits, and that is what the Department of Labor is doing. And I do not think we would want to let them do that when we think of our trust. If that is some right wing conservative nutty idea, then I plead guilty. But I think we should look long and hard at what has been done here and hopefully not spend too much time criticizing on ideologies. I think it is a good sound provision.

I think what the gentleman from New Jersey [Mr. SAXTON] has done, has nipped in the bud the concepts that Mr. Reich wants to inflict upon the laboring people of this country. I know that Government's record is lousy, lousy, lousy when we look at the Social Security fund. And the rule is what, from Congress on high. We say we can only invest for instance in Government bonds. What type of a pension plan is that? What type of a fiduciary would say that? Only Congress would say that. How we are going to let Congress start monkeying around.

Mr. Chairman, I reserve the balance of my time.

Mr. MARTINEZ. Mr. Chairman, I yield myself the balance of my time.

Mr. Chairman, let me try to sum up here.

If we read the interpretive bulletin, it says those requirements of the prudent man rule shall prevail. The interpretive bulletin has not changed in law, contrary to what the gentleman from Illinois [Mr. FAWELL] says. What he just reiterated a minute ago about ridiculous statements, there is nothing more ridiculous than saying that all the pension investors agree with this bill. The Pension Rights Center is a group representing millions of pension beneficiaries with over $1 trillion in assets, and they oppose H.R. 1594. More than that, Mr. SAXTON was written a letter by the Council of Institutional Investors in which the first paragraph, describing $800 billion on behalf of beneficiaries, was a very polite paragraph. But they get down to the nitty-gritty of it in the important paragraph, and it says, unfortunately, we believe H.R. 1594 may unwittingly create precisely the kind of encroachments on ERISA's critical investment standards it is thought to prevent by creating exactly the kind of political pressure you indicate is inappropriate.

The legislation imposes special constraints on some types of investments not politically favored by supporters of the bill.

□ 1530

Mr. FAWELL. Mr. Chairman, yield 4½ minutes to the esteemed gentleman from New Jersey [Mr. SAXTON], the basic creator of this legislation.

Mr. SAXTON. Mr. Chairman, I thank the gentleman for yielding time to me.

First let me say that the gentleman from Texas, Mr. STEVE STOCKMAN, has been a tremendous help on this bill. His name should have appeared as a cosponsor, and did not through some oversight. But I want to thank him and make known that he has been a tremendous help on the bill.

Let me just say, Mr. Chairman, that this bill does three things: It negates the interpretive bulletin that has been

talked about so much here today; it does away with the clearinghouse that was created by the Clinton-Reich effort; and it stops other Federal spending on efforts to move forward with this flawed concept. In other words, it returns the situation to the status that it enjoyed exactly during the Bush and Reagan administrations. Nothing has been changed with the law, nothing has been changed with the administration. It just rolls back what was done by Secretary Reich and President Clinton.

We have heard a lot about issues that have very little to do with this bill today. We have heard about the flow of capital to foreign countries, which we will talk a little bit more about later. We have heard about political motives. We have heard about cutting job training and other programs. My goodness, we even heard about the B–2. These issues have little, if anything, to do with the substance of what this administration has done.

There are two issues that are of importance in this entire debate. One is, what does it do to the rate of return on investments made with private pension moneys, the moneys of America's workers? The rate of return is something we all need to pay a great deal of attention to. It is our responsibility, if the overwhelming weight of evidence shows clearly that the rate of return significantly diminished in those pension funds that engage in ETI's.

Alicia Munnell, who is with the Department of Labor and has been nominated to be a member of the Council of Economic Advisers in the administration, concludes that a 2-percentage point difference will be felt by pension funds that invest in ETI's. Olivia Mitchell of the Wharton School concludes exactly the same thing. Some academics that dealt in the world of finance, Mar & Nofziger-Lowe, conclude that as much as 210 basis points or 2.1 percent less in returns can be expected in ETI's, so there is no debate, in my opinion at least, about the effect in investing in these socially risk investments.

The other issue is whether or not this increases risk. I think it was best summed up in a recent article in Business Week by Alina Burgh, President Clinton's top pension regulator, when she admitted "The ambitious nature of this project is difficult because it is a radical notion."

It is a radical notion, as it is pursued by this administration. That is why I think, without exception, Members of this House should vote to say, "Stop and look at this situation, roll back the interpretive bulletin." The pension community backs our bill. The Committee of Investment and Employee Benefits Assets, people who know and deal in these issues every day, and which represents 164 corporate pension plan sponsors who are responsible for investing and management of $900 million in ERISA-governed pension assets on behalf of 12 million participants, back this bill.

The Association of Private Pension Funds and Welfare Plans, the APPWP, say, "We share Representative SAXTON's opinion and yours"—this is addressed to Mr. FAWELL—"that ERISA's fiduciary standards will not be interpreted in a manner that will allow the value of benefits of plan participants and beneficiaries to be jeopardized."

We do not want to jeopardize other people's money. They have saved it for their retirement: The factory worker, the clerk in the department store, the person that delivers parcels. All these folks are concerned, and we should be as well. Vote to support this bill.

Mr. STARK. Mr. Chairman, I believe most people on both sides of the aisle know why we are spending the time of the House on this issue. This is nothing more than a cynical maneuver by the Republicans to give themselves some cover with the elderly for the massive cuts they are planning to make in Medicare and Medicaid.

We have heard the Republicans charge that the Clinton administration is raiding private pensions to fund the liberal social welfare programs that were rejected by the voters last November. And we have heard how the valiant Republicans are going to come charging in on their white horses to slay this misty Clinton dragon by passing H.R. 1594 and rescue the fair elderly from this dreadful attack on their pensions.

But we all know what is really going on. The Republicans are, as we speak, making plans for massive cuts in Medicare and Medicaid that will cause extensive harm to millions of senior citizens, both in their pocketbooks and in the quality of their health care.

Let me tell you a little bit about what the Republicans have in store for the elderly. The House Republicans' budget resolution would require us to cut $270 billion out of the Medicare program over the next 7 years. This is a huge cut—the program would be 25 percent smaller in 2002 under this plan than it would be under current law.

What this means for the elderly is that Medicare premiums and deductibles will go up, while benefits will go down. The Republican cuts will reduce seniors' access to health care and require new co-payments for services such as lab tests, home health care, and skilled nursing facilities.

On average, Social Security recipients will pay $3,500 more out of their own pockets for medical care over the next 7 years if the Republican Medicare proposals are passed. In the year 2002 alone, average costs for each senior will rise by $1,060. Seniors in my area of California would pay $1,466 more on average for health care by 2002—or a total increase of $4,783 over the next 7 years.

Seniors on Medicare have an average income of about $18,000 apiece—how can they possible pay more than $1,000 more per person for their medical care? About 83 percent of Medicare benefits go to seniors with income below $25,000. Medicare cuts of the size proposed represent a massive tax hike on middle and lower income seniors.

Lower-income seniors, especially those fortunate enough to need extended nursing home care, will be hit again by the additional huge cuts proposed in the Medicaid program. Almost two-thirds of Medicaid spending goes to senior citizens, largely for seniors in nursing homes who have already used up their own resources to pay for medical care. Turning Medicaid into a block grant program, as some Republicans have proposed, and cutting it by as much as $182 billion over the next 7 years will make it impossible to continue current levels of support for low-income seniors—at a time when needs will be rising dramatically because of Medicare cuts. A costly extended illness can happen to anyone—and these cuts would remove the Medicaid safety net for seniors who need extended nursing care.

We still don't have the full details of the Republicans' plans to cut Medicaid and Medicare. The proposals we've seen so far don't generate enough savings to meet their budget targets, but they are bad enough. For example, in the Supplementary Medical Insurance (Part B) part of Medicare—which is financially sound and does not require cuts to maintain its solvency—the Republicans may be planning to double the deductible that Medicare patients have to pay before Medicare reimburses them for their doctors' bills. And then after doubling the deductible, they plan to index it—just to make sure it goes up every year thereafter. At the same time, the Republicans plan to increase the premiums that Medicare enrollees must pay. And if that isn't enough, they may also want to make patients pay a higher share of costs of laboratory services, home health care services, and skilled nursing facilities.

And so the bottom line is, Medicare patients will be paying more up front for their coverage, and when they get sick and actually use medical services they'll pay more for that too. And if they use up all their resources and still need nursing home care, the Medicaid program will no longer be there to provide a safety net.

Now you understand why the Republicans need some protection, some way of conjuring seniors into believing that the Republicans are protecting their retirements, even as they eviscerate the Medicare and Medicaid programs. Today's charade is part of that effort.

The Republican bill under consideration focuses on a minor Labor Department regulation which lets pension fund managers consider ancillary benefits when making investment decisions. These are known as Economically Targeted Investments, or ETI's.

For decades, there has been strong bi-partisan support for requiring pension funds to seek the best possible financial returns for the sake of their beneficiaries. The Employee Retirement Income Security Act [ERISA] imposes that fiduciary duty on managers on the Nation's private pension plan assets of $4.5 trillion.

Early on, however, pension managers raised the question whether, in choosing between two investments with equally promising financial prospects, they could favor the investment with collateral benefits to their group or community, such as whether an investment creates jobs in the local community or stimulates small business development or even whether to pass up an investment because

the money would go abroad. In a series of letters to pension funds seeking clarification on this issue, the Department of Labor made two points. First, investments failing to make competitive returns could not be chosen. But, second, among investments with competitive returns, pension managers would not violate their fiduciary responsibility by giving consideration to collateral benefits.

This interpretation of ERISA is nonpartisan. It originated more than 20 years ago and has been endorsed by the Carter, Reagan, Bush and Clinton administrations. However, it was not widely known, even among pension professionals, since it only existed in a series of individual letters. Following a recommendation by the Bush administration's outside advisors on ERISA, the Labor Department put out an interpretive bulletin last year which restated the guidelines issued not only by Democratic administrations but also by the Reagan and Bush administrations.

In response, the Republicans began accusing the Clinton administration of plotting to hijack America's pension assets to fund its liberal social agenda. As time has passed, their claims have grown wilder. Last week, Congressman SAXTON, the chief sponsor of H.R. 1594, issued a preposterous study. First, it claims that the interpretive bulletins issued June 23, 1994 was a stealthy response to the Republican takeover of Congress in January 1995.

No less absurdly, it claims that ETI's would reduce pension assets by an average of $43,000 per beneficiary over a 30-year span. That phony calculation comes from, first, assuming the pension funds consistently sacrifice 2 percent a year in financial returns on ETI's, blatantly against the law; and second, that pension funds will grown 12 percent per year for 30 years reaching $2,075,000 per recipient. Because of ETI's, there would be only $2,032,000 apiece.

In fact, just as in health care and Social Security, the Clinton administration is working to defend the elderly:

The policy to permit economically targeted investments does not cost the elderly one red cent in pension benefits, since the rules require that the risks and returns of ETI's must be the same as for other investments.

The current interpretation of the law is identical to the policy adopted under previous Presidents, including both President Reagan and President Bush.

The ERISA rules require that all investments have competitive rates of return and risk but only permit the additional consideration of collateral benefits.

The legislation proposed by Vice Chairman SAXTON is not just a solution in search of a nonproblem, it is pernicious. It would create a thought police for pension fund managers. In effect, the Saxton bill says to fund managers: "Don't let us catch you considering anything in your investment decision that may benefit your country or your fellow citizens. If we catch you thinking about anything but the fund's bottom line, you're in trouble."

What else does the vice chairman's bill say to pension managers?

It says you can protect yourself by putting your funds in Wall Street but don't even think about putting them in a small business in your own community.

It says you can invest in a multinational firm that plans to close factories and ship jobs abroad, but don't even think about investing in an American company to help create jobs here.

It says you can invest in a foreign company that will compete with the United States but don't even think about using your funds to help an American company compete.

It is ironic that Representative SAXTON would sponsor a bill to eviscerate the ETI regulations when his own State of New Jersey has two very effective ETI programs.

In New Jersey, the State Investment Council directs the investment of about $34 billion of assets for the State public employees pension funds. The following is a statement of the council's policy:

The Council has determined that investing for the benefit of fund beneficiaries need not exclude investments in New Jersey or those which advance other social goals. In 1984 the Council codified a list of Social Investment rules for the State Division of Investment that includes reviewing all reasonable investment proposals presented by New Jersey corporations and giving preference to New Jersey investments if other terms are equal.

Is the vice chairman going to go back to New Jersey this weekend and demand that the State pension funds be prohibited from giving preference to New Jersey investments if other terms are equal?

There is another program the council initiated in 1986:

Under the program, the Division determines a market rate for mortgages once a month and creates an open window to buy identical New Jersey mortgages from banks at this rate. In fiscal year 1992, one million dollars of New Jersey mortgages were purchased. The open window can prevent temporary capital gaps from developing if New Jersey suffers a temporary shortage of secondary mortgage funds.

Is the vice chairman going to go home this weekend and demand that the State pension funds stop buying New Jersey mortgages and only purchase mortgages from other States?

Mr. Speaker, in summary, there is no truth, not even a kernel, to the Republican charges—the ERISA rules are very clear that ETI's are permissible only when they do not involve any sacrifice of return to plan beneficiaries. The interpretive bulletin on ETI's is no threat to private pension funds—Ronald Reagan didn't think so when he was President and nonpartisan experts do not think so today.

But the Republicans, who are desperate for any cover to protect themselves from the growing wrath of the seniors, have latched on to this bulletin and have shamelessly invented whatever distortion necessary to create an imaginary threat to private pension plans—a wispy dragon which they will slay by passing H.R. 1594.

Responsible Members of Congress should have no part of this charade. If the Republicans want to make billions of dollars in cuts in Medicare and Medicaid, they should do it in the open without diversions or smokescreens and they should accept the responsibility. I urge you to vote against H.R. 1594.

Mr. PETRI. Mr. Chairman, I rise in support of this legislation to defend our Nation's pension plans from the liberal social agenda of the Clinton administration.

With the Republicans in control of the Congress, the Clinton administration has had a difficult time funding its liberal programs.

As a way around this, the President's Department of Labor has been encouraging pension fund managers to invest in politically correct projects.

In effect, the President is using America's savings as his own piggy bank, and in doing so, he is putting his political goals ahead of protecting our Nation's pensioners.

This policy puts $3.8 trillion of private pension plan assets at risk.

Should we have Government bureaucrats picking which investments are better than others?

I don't think so.

This bill is intended to put an end to this backdoor money grab.

However, there is a related but equally important issue.

Pension plans now contain more than half of our economy's investment capital.

Since fund managers have a responsibility to invest their holdings prudently, they tend to be extremely risk-adverse and invest only in large, well established companies.

With their fiduciary responsibilities in mind, fund managers are understandably reluctant to invest in growth companies and venture markets.

These markets are comprised to small companies, whose success is vital to our Nation's economy.

While these markets are riskier, their rate of return generally out performs other investments.

However, as a result of risk-averse fund management, I doubt that there will be enough capital channeled to these economically important investments.

We have to try to enable fund managers with fiduciary responsibilities to invest a portion of their assets in these riskier ventures.

There should be ways to do this while safeguarding our Nation's pension plans.

Of course, this is different than investing in ETI's.

Investments in venture markets are focused on economic benefits, while ETI's are focused on social and political goals.

Mr. PACKARD. Mr. Chairman, today we take up economically targeted investments [ETI's]. Those who support ETI's represent they are safe, prudent ways to encourage investments in low-income housing, infrastructure, and business.

However, nothing could be further from the truth. ETI's are simply a backdoor for the Clinton administration to finance liberal social programs, and for the Department of Labor to sneak around laws that direct pension fund managers to invest solely for the financial benefit of plan participants.

This pursuit of ETI's is frightening. It is dangerous to the security of private pension savings. The overriding concern for pension investors must be fiscal soundness not liberal, social programs that could cost a 35-year-old worker $43,298 in pension income by the time he or she retires at the age of 65.

Mr. Speaker, as a cosponsor of H.R. 1594, I strongly urge all of my colleagues to support this measure, restoring law and fiscal responsibility within the Department of Labor.

The CHAIRMAN. All time for general debate has expired.

The committee amendment in the nature of a substitute printed in the bill shall be considered under the 5-minute rule by sections, and pursuant to the rule, each section shall be considered as having been read.

Pursuant to the order of the House of today, the Chairman of the Committee of the Whole may postpone until a time during further consideration in the Committee of the Whole a request for a recorded vote on any amendment made in order by the resolution. The Chairman of the Committee of the Whole may reduce to not less than 5 minutes the time for voting by electronic device on any postponed question that immediately follows another vote by electronic device without intervening business, provided that the time for voting by electronic device on the first in any series of questions shall not be less than 15 minutes.

The Clerk will designate section 1.

The text of section 1 is as follows:

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

SECTION 1. SENSE OF THE CONGRESS.

It is the sense of the Congress that it is inappropriate for the Department of Labor, as the principal enforcer of fiduciary standards in connection with employee pension benefit plans and employee welfare benefit plans (as defined in paragraphs (1) and (2) of section 3 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1002 (1), (2))), to take any action to promote or otherwise encourage economically targeted investments.

Mr. FAWELL. Mr. Chairman, I ask unanimous consent that the remainder of the committee amendment in the nature of a substitute be printed in the RECORD and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The text of the remainder of the committee amendment in the nature of a substitute is as follows:

SEC. 2. PROHIBITIONS ON DEPARTMENT OF LABOR REGARDING ECONOMICALLY TARGETED INVESTMENTS.

(a) IN GENERAL.—Interpretive Bulletin 94–1, issued by the Secretary of Labor on June 23, 1994 (59 Fed. Reg. 32606; 29 C.F.R. 2509.94–1), is null and void and shall have no force or effect. The provisions of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1001 et seq.) shall be interpreted and enforced without regard to such Interpretive Bulletin.

(b) RESTRICTIONS ON DEPARTMENT OF LABOR REGULATIONS.—The Secretary of Labor may not issue any rule, regulation, or interpretive bulletin which promotes or otherwise encourages economically targeted investments as a specified class of investments.

(c) RESTRICTIONS OF ACTIVITIES OF THE DEPARTMENT OF LABOR.—No officer or employee of the Department of Labor may travel, lecture, or otherwise expend resources available to such Department for the purpose of promoting, directly or indirectly, economically targeted investments.

(d) ECONOMICALLY TARGETED INVESTMENT DEFINED.—For purposes of this section, the term "economically targeted investment" has the meaning given such term in Interpretive Bulletin 94–1, as issued by the Secretary of Labor on June 23, 1994 (59 Fed. Reg. 32606; 29 C.F.R. 2509.94–1).

SEC. 3. PROHIBITION ON FEDERAL AGENCIES AGAINST ESTABLISHING OR MAINTAINING ANY CLEARINGHOUSE OR OTHER DATABASE RELATING TO ECONOMICALLY TARGETED INVESTMENTS.

(a) IN GENERAL.—Part 5 of subtitle B of title I of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1131 et seq.) is amended by adding at the end the following new section:

"PROHIBITION ON FEDERAL AGENCIES AGAINST ESTABLISHING OR MAINTAINING ANY CLEARINGHOUSE OR OTHER DATABASE RELATING TO ECONOMICALLY TARGETED INVESTMENTS

"SEC. 516. (a) IN GENERAL.—No agency or instrumentality of the Federal Government may establish or maintain, or contract with (or otherwise provide assistance to) any other party to establish or maintain, any clearinghouse, database, or other listing—

"(1) for the purpose of making available to employee benefit plans information on economically targeted investments,

"(2) for the purpose of encouraging, or providing assistance to, employee benefit plans or any other party related to an employee benefit plan to undertake or evaluate economically targeted investments, or

"(3) for the purpose of identifying economically targeted investments with respect to which such agency or instrumentality will withhold from undertaking enforcement actions relating to employee benefit plans under any otherwise applicable authority of such agency or instrumentality.

"(b) ECONOMICALLY TARGETED INVESTMENT DEFINED.—For purposes of this section, the term 'economically targeted investment' has the meaning given such term in Interpretive Bulletin 94–1, as issued by the Secretary on June 23, 1994 (59 Fed. Reg. 32606; 29 C.F.R. 2509.94–1).".

(b) CLERICAL AMENDMENT.—The table of contents in section 1 of such Act is amended by inserting at the end of the items relating to part 5 of subtitle B of title I the following new item:

"Sec. 516. Prohibition on Federal agencies against establishing or maintaining any clearinghouse or other database relating to economically targeted investments.".

SEC. 4. TERMINATION OF CONTRACTS.

The head of each agency and instrumentality of the Government of the United States shall immediately take such actions as are necessary and appropriate to terminate any contract or other arrangement entered into by such agency or instrumentality which is in violation of the requirements of the provisions of this Act or the amendments made thereby.

SEC. 5. EFFECTIVE DATE.

The preceding provisions of this Act (and the amendments made thereby) shall take effect on the date of the enactment of this Act.

The CHAIRMAN. Are there amendments to the bill?

AMENDMENT OFFERED BY MR. GENE GREEN OF TEXAS

Mr. GENE GREEN of Texas. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GENE GREEN of Texas: Insert after section 4 the following new section (redesignating section 5 as section 6):

SEC. 5. PROTECTION OF DOMESTIC INVESTMENTS.

Nothing in this Act shall be construed as prohibiting the investment by an employee benefit plan (within the meaning of paragraph (3) of section 3 of the Employee Retirement Income Security Act of 1974) in domestic investments, as distinguished from foreign investments.

Mr. GENE GREEN of Texas. Mr. Chairman, as we heard earlier in the debate on H.R. 1594, this is a bill that is unneeded, because there have been no mandates, but this amendment, if we are going to pass an unneeded bill, would make sure for those investment managers that it is clarified.

The amendment that we are considering seeks to accomplish one simple action. This amendment ensures that domestic investments are not prohibited under H.R. 1594. It ensures that American pension managers will not be afraid to invest in America and in American jobs. The amendment was read and it is in the RECORD, so all we are saying is that nothing in this amendment shall be construed as prohibiting the investment by an employee benefit plan in domestic investments, as distinguished from foreign investments.

Mr. Chairman, I am vested in a private pension plan. I am sure when I am 65 it is not going to provide as much as I would like, but I am one of those people who invested in it. And I do not want them to take chances with my money. I want to make sure they maximize the investment so I have as much as I can when I am 65.

However, I also want to make sure and I want them to have the encouragement to invest in the United States, instead of going overseas. My concern in this bill, if given a choice with the same risk, if this bill passes, someone who is a prudent investment manager may say, "I can get 15 percent in building houses somewhere overseas and maybe 15 percent in the city of Houston," they will go overseas because of the restrictions of this bill. I want to make sure that that is not the question. I want them to build those houses in Houston, TX, or Cleveland, OH, or anywhere else if the risk is the same as going overseas. That is why we need to adopt this amendment.

H.R. 1594 repeals an interpretive bulletin that says that pension managers may consider collateral benefits where the risk and return otherwise meet the prudent standard. In doing so, H.R. 1594 clearly discourages and may effectively forbid the consideration of collateral benefits by U.S. fund managers.

In fact, this bill, if read the way it could be interpreted, could ban pension fund investments in mortgage pools, such as those guaranteed by the Federal National Mortgage Association, holding the trustees legally liable if they authorize such investments, so we would hope they would encourage investments in mortgages in the United States.

To avoid that potential liability, pension plans may be reluctant to invest in these American investments that have collateral benefits. Everything has a collateral benefit, Mr. Chairman. When the State of Connecticut, and I notice the other side did not mention that, invested in a firearms industry, because that is a major job producer in Connecticut, I am glad they did; but I notice in their talking and discussing about it, they did not talk about that investment. They talked about some other investments that did not pan out.

I wish I could say that every investment all of us individually or as fund managers invested in was good. Some pay a higher percentage because they have a higher risk. That is what we want, is to take a little higher risk, but for higher benefits for those of us who are the ones who are going to benefit from it.

For 20 years pension fund managers have been building up solid portfolios in these economically targeted investments that diversify their holdings and provide a competitive rate of return. They create those jobs locally and incur no unusual investment risk. My amendment provides once and for all that nothing in H.R. 1594 prohibits that employee benefit plan from investing domestically.

As it is, pension plans have been increasingly investing overseas, and as Members will see from this chart, U.S. pension funds are increasing from 3.7 percent in 1989 to 8 percent in 1994. It is projected to go to 12 percent foreign investment in 1999.

What I do not want us to do is to encourage that by passing this bill. That is roughly $800 billion of our money that is being invested overseas when it could be invested here at the same rate of return. Let us make it clear, if this bill is enacted, a pension fund manager, faced with two choices of equivalent investment, one in the United States and one abroad, the safe course would be to invest abroad, because of 1594. Let us correct that by passing this amendment.

The failure of this amendment today would only encourage litigation, cost more for those of us who are vested in these pension plans, and call into question whether we are going to invest in creating American jobs in our country. This bill would throw a legal shadow over a decision to invest in a hometown or State, but would not affect a pension fund if it is doing the same thing in foreign securities or foreign countries. It is irresponsible for this Congress to talk about Social Security when Social Security cannot invest in anything but Government bonds.

If we want to do it, let the majority come up and say "We are going to do that," but let us invest our pension fund in our country at a competitive rate. Let us keep American investment here at home. Let us vote yes to create more jobs, and vote for the Green amendment.

Mr. FAWELL. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I feel like President Reagan when he said, "Now, there you go again." There is absolutely nothing in this legislation that proscribes collateral benefits one bit. There is nothing in this bill that prevents pension plans from investing domestically or in foreign investments, nothing whatsoever. ETI's are still left standing, assuming, of course, as the folks on the other side of the aisle have consistently said, that the prudent man rule lives. Certainly the prudent man rule does live.

There is only one question that is ever asked of an investment under the prudent man rule and under the ERISA laws. That is, is that something that is a solid investment for the people who are the beneficiaries of that trust fund? A lot of housing, for instance, programs are quite acceptable, obviously, under ERISA. The whole concept of this fantastically successful program, which has raised $3.5 trillion for the workers of America, is that the Federal Government is not micromanaging and dictating where the investments have to go.

This legislation obviously, coming along somehow heralding and trumpeting the fact that collateral benefits are something that are in some way proscribed, says "Well, we are going to have to amend the prudent man rule. We are going to have to start now having Congress mandate where the investments will go."

There is not a person here who is not, of course, deeply in favor of investments from pension plans all over America going into domestic investments, and obviously, that is occurring. That is where most of them go, obviously. However, is there any one of us who is going to say, "You cannot invest globally?" Do we want to start saying, "We are going to direct you," the fiduciaries, "where you are going to invest?" If we just give a little bit of thought about that, I do not think any one of us wants to believe that that is what we would want to do.

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Remember, this bill simply is putting us back to where we have always been in America, but without that clearinghouse and without the interpretive bulletin of June 1994. Otherwise, it is exactly the same with the proscription in this bill that says to the Department of Labor, do not go out hyping and promoting in regard to a special class of investments called ETI's. It makes it very, very clear that you can have advisory opinions about specific investments. If someone wants to write to the Department of Labor and ask in their opinion is this a good investment, the Department of Labor can give that opinion.

But this is an absolutely unnecessary amendment and it can only do harm, because here it comes, folks, the avalanche of people in Congress who know how best to direct the fiduciaries of America as to where their funds shall go. We will unfurl the flag that we are doing it for domestic purposes because of the fact that I suppose some evil people sneak out a global investment. Heavens, how terrible that would be.

This amendment is an absolutely terrible one. We just have not given the thought to it that we should. In effect, you are amending the prudent man rule.

Obviously that should not be done.

Mr. TRAFICANT. Mr. Chairman, I move to strike the last word.

Mr. Chairman, we are talking about perception here. Does the Congress of the United States want the perception to exist that we want to make sure, if you look at the words, that nothing in this bill shall be construed to prohibit pension plans from investing in domestic as opposed to foreign investments? That is the substance of the Green amendment. It makes no significant change in the ultimate goals of the legislative initiative.

But do we want the American investment community thinking, my God, if we are going to make a call to the Department of Labor, we could be in some way violating the law, and we better be careful about trying to develop some understanding about the legal consequences of, in fact, investing these pension funds in America?

We are talking about perception. To me, this is unbelievable. ERISA, as consistently interpreted by Department of Labor and the courts, allows pension plans to consider the collateral economic benefits of a potential investment, provided that potential investment has a comparable risk-adjusted return to other potential investments and is otherwise consistent.

This bill, then, would call into question the ability of pension plans to consider collateral benefits. As a result, pension plans may be reluctant to invest in domestic investments that have collateral domestic economic benefits, even though they may have competitive risk-adjusted returns that otherwise meet standards of ERISA.

In any regard, the result because of perception could be increased pension plan investment in foreign investments. Is that the goal we are after here?

I am not an attorney. All I know is this: U.S. pension plan funds increased from 3.7 percent in 1989 overseas to 8 percent in 1994. They are projected to hit over 12 percent in 1999. What is the goal of America's private pension plan money here?

Is the Congress of the United States saying we do not want the perception that you can invest in domestic activities even though the risk is no greater?

The Green amendment does not in fact turn back the clock on your legislation.

Mr. FAWELL. Mr. Chairman, will the gentleman yield?

Mr. TRAFICANT. I am not going to yield at this point.

I have listened to this entire debate. I do not take offense with the sponsor of the legislation. I think anybody that is trying to ensure that we do not have a social program agenda with private pension plans, that makes sense to me, but we are beginning to debate perceptions and we are going to start chasing the American pension plan dollars overseas. It has increased fourfold over the last 5 years.

My God, here we are cutting money in this country. We are saying we cannot be the parent for all, we cannot provide all the money in America, and I am agreeing with some of that conservative logic. But what I do not agree with is where the private sector should be incentivized to invest in markets in America where their chances of success are fair and reasonable. That leveraged incentivized sort of government programming makes sense to me.

To oppose this Green amendment is simply like saying, "Look, we take a tarnished look at what the Democrats are trying to do to this bill." The Democrats are going to oppose your bill. Democrats believe if it is not broke, do not fix it.

Now, maybe there are some people in the Department of Labor who are going too far, and maybe there will be some social agenda over there that does not meet what the approval of decent investments, but let me tell you something. When you look at the savings and loan debacle, you were not looking at economically targeted investment types of abuse, you were looking at the money abuse of those pension funds. They were putting them in their friends' accounts. They were swinging with the money.

Now what do I know? I am just a sheriff, in my former public life here, and all I am saying is, look, any perception that will lend to more offshore investment of America's pension funds to me is a no-brainer here. You should be accepting the Green amendment and should not be arguing it.

The CHAIRMAN pro tempore (Mr. McINNIS). The time of the gentleman from Ohio [Mr. TRAFICANT] has expired.

(By unanimous consent, Mr. TRAFICANT was allowed to proceed for 1 additional minute.)

Mr. TRAFICANT. Mr. Chairman, I am glad to yield to the gentleman from Illinois [Mr. FAWELL], the distinguished subcommittee chair whom I respect very much, if he still wants to engage me in some debate here.

Mr. FAWELL. Mr. Chairman, I only wanted to point out that all of those industrial figures to which the gentleman made reference to, of course, that all has occurred and it has got nothing to do with this legislation.

Second, I want to emphasize the fact that there is no prohibition in our legislation as to collateral benefits. That is to say, an investment is not deemed to be violative of the prudent man rule just because there are some incidental benefits that come from an investment. Indeed, every investment does have that. All that the prudent man rule says is that you shall concentrate upon the very first order of business.

The CHAIRMAN pro tempore. The time of the gentleman from Ohio [Mr. TRAFICANT] has again expired.

(By unanimous consent, Mr. TRAFICANT was allowed to proceed for 2 additional minutes.)

Mr. TRAFICANT. Mr. Chairman, I would like to respond to that.

Mr. FAWELL. If the gentleman would yield further, all we are trying to do is change that emphasis. We are not changing the substantive law. And once we start getting into the point of suggesting that, for instance, investments in infrastructure, nothing herein contained should be deemed to make that illegal, then the implication is, the negative implication is that others, for instance, do not rate as high and the implication also is that you do not even have to follow the prudent man rule in order to be able to have a domestic——

Mr. TRAFICANT. Reclaiming my time so I can respond a little bit. I have great admiration and respect for the gentleman from Illinois [Mr. FAWELL].

I do not think you on the House floor want to in any way promote pension funds going overseas. I know you do not want to do that. I am concerned about the perception that is what is coming out of the Congress of the United States of America. Unless you disagree with this, and unless I need a shrink on this legislation, I want to just ask a question: Is in fact the sponsor, the gentleman from Texas, Mr. GENE GREEN, saying that all he wants to do is ensure that this bill does prohibit pension plans from investing in domestic as opposed to foreign? That is the substance of this amendment. We are making it into something other than what it really is.

I do not want anybody to frivolously and flippantly mess around with my pension account or my constituents'. But, by God, when there is a reasonable investment with the same collateral risk and rewards in America, I do want the U.S. pension plans to find the domestic market, period. I will say that on the floor.

Here is what I am saying to the gentleman. We are projecting in the next 5 years to exactly triple U.S. pension plan investment overseas. Is that what the Members of the Congress of the United States want? I am beginning to believe it is, because I cannot see jobs, I cannot see investment, I see 4 million housing units, rental units needed, people trying to find first-time homes, and we are going to give the perception, stay away from domestic investment. And if you call Department of Labor, watch you do not get in trouble. Beam me up.

Mr. SAXTON. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I would say to the subcommittee chairman, the gentleman from Illinois [Mr. FAWELL], do not be so distraught over this amendment because whether it passes or not, it has no effect, because the bill does not do what the proponents claim that the perception is.

I would just like to make the observation that the opponents of this bill are very clearly anxious to avoid the key issue, the underperformance of ETI's. That is what this bill is all about, and this amendment has nothing whatsoever to do with the issues that are of concern to those of us who have worked so hard for a year to get this bill in the place that it is today.

All of the amendments from the other side, those to come, seem destined to distract attention away from the fact that ETI assets offer lower yields and more risk. That is what this is all about. The bill has nothing whatsoever to do with foreign investment or domestic investment.

Would anybody who is watching this debate think that those of us on this side of the aisle would be foolish enough to restrict domestic investment? Do they think that you would be foolish enough to read the language and really think that is true? It is fallacious, and your amendment is fallacious, as well, and you know it.

Frankly, I am a little bit surprised that we are having this debate here today. Let me talk a little bit about how fallacious your amendment is. The amendment starts with the assumption that an ETI investment and alternative investments offer exactly, that is your words, the same risk-adjusted return.

I would suspect that you would agree with me that at some point you cannot determine what is exactly the same rate of return and exactly the same risk. The Nobel laureate James M. Buchanan, in his book "Cost and Choices," makes that very point. There is no such thing in the world of economics as exactly the same rate of return and exactly the same risk, so this amendment on its face begins with an assumption that is not possible, according to the learned James Buchanan.

I would also point out that your argument is fallacious for another reason, and that is that the charts we have before us talk about the outflow of capital beginning in 1989 and continuing into years beyond 1995. Why,

this bill was not even thought of until 1994. Yet beginning in 1989, 5 full years earlier than the bill was conceived, you claim that somehow the perception was created 5 years before the bill was conceived that made all this happen.

Mr. Chairman, it is an attempt to confuse. This amendment has nothing to do whatsoever with the main issues that we are talking about here today, the protection of the rate of return and the minimization of risk in private pension plans.

□ 1600

I would make one other point, and that is that as I look at these charts, 1989 and 1990 were certainly watershed years. We had the largest tax increase that year in the history of our country. Then we had another one that trumped it in 1993, making it more difficult to do business in this country, making it more difficult, with the votes of all of my colleagues over there, to make a profit in this country.

My, it is not strange that pension fund managers would invest off shore. Is it not strange? So I say to the gentleman on the other side of the aisle, he is not fooling anyone. This has nothing to do with the substance of the bill. The bill does not speak to this in any way. The bill does not restrict domestic investment in any way. No one would be foolish enough to advance such a notion, except perhaps the author of this amendment.

So I guess I would plead with the gentleman from the other side of the aisle, please, let us get on with the business of the day. If the gentleman wants to talk about whether or not the rate of return in ETI's is less, it is 2 percent less or 3 percent less or whatever it is, or how much it hurts private pension plans, that is fine. We can talk about that. That is what this bill is about.

Or if the gentleman wants to talk about how much additional risk is created by virtue of investing in socially motivated risky investments, we can talk about that.

Mr. Chairman, this amendment has nothing to do with the substance of this bill whatsoever. It is an attempt, and I think a poorly disguised attempt, to cloud the issue.

Ms. VELÁZQUEZ. Mr. Chairman, I move to strike the requisite number of words.

I rise in strong support of the Green amendment to H.R. 1594.

This amendment simply states that nothing in this bill will prevent pension plan funds from investing in domestic ventures. Frankly, I can't see why anyone would oppose an amendment that simply reaffirms our commitment to job creation in this country.

Our country is quickly becoming a two-class society, and the No. 1 cause of this, is the lack of job creation. As companies in our communities close down and relocate in search of lower wages, what will take their place? At best we are replacing these good-paying blue collar jobs with minimum-wage, part-time positions. We are just not creating enough good-paying jobs in the United States. Every effort must be made to encourage economic growth in our struggling communities across this country. Mr. GREEN's amendment simply wants to make sure that we continue this commitment.

How can my colleagues expect districts like mine, which are in desperate need of a viable economic base, to develop good paying jobs if we are not willing to make a minimal commitment to domestic investment. If we continue to favor investment abroad over investment in our country because of cheap labor and lower costs, communities like mine will slide further down the list of priorities, receiving less and less. As domestic investment dwindles, pension funds will use their limited resources more and more in the suburbs, and will continue to shortchange our cities.

In my own district there is potential for growth through a variety of business opportunities. But if we are not willing to encourage domestic investments, we may be sacrificing the next Microsoft or Motorola, before it even gets started.

I call on my colleagues to support this amendment. What type of message would we be sending to investors across this country if we are not willing to adopt a simple amendment that encourages domestic investment. I yield back the balance of my time.

Mr. GENE GREEN of Texas. Mr. Chairman, will the gentlewoman yield?

Ms. VELÁZQUEZ. I yield to the gentleman from Texas.

Mr. GENE GREEN of Texas. Mr. Chairman, let me address some of the concerns that the gentlewoman from New York [Ms. VELÁZQUEZ] has raised and the other side has raised.

Mr. Chairman, they talk about the amendment, but let me read it for the Members of the House who may not be on the floor who are watching this.

> Nothing in this Act shall be construed as prohibiting the investment by an employee benefit plan, within the meaning of paragraph 3 of the ERISA, in domestic investments as distinguished for foreign investments.

I do not understand why they are so worked up in opposing it, unless that is their concern. Granted, they are stretching to pass this bill. They are stretching to say that people invested foreign because of the 1990 tax bill. I did not read their lips in 1990, and I hope I did not this year. But by stretching to oppose this amendment, by using that, all we are saying is that when you are comparing apples to apples, let us do it domestically. That is all this amendment asks for.

Mr. Chairman, my colleagues can come up with any other interpretation. Frankly, I do not understand why they are opposing the amendment, but I appreciate the support of the gentlewoman from New York [Ms. VELÁZQUEZ].

Mr. GOODLING. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, now we are seeing one of those tragedies unveiled on the floor of the House that happens so many times. If my colleagues want to hoodwink the American public, if they want to confuse the American public, if they want to confuse their fellow colleagues, just say that we are going to send money overseas or we are going to invest overseas or we are going to send business overseas, and everybody and their brother in the country will rise up in righteous indignation.

Mr. Chairman, the fact is that this bill has nothing to do whatsoever with whether any more investment is sent overseas is or is not sent overseas. It has nothing to do with that whatsoever.

A socially poor investment overseas is just as bad as a socially risky investment in the United States, and particularly when we are talking about somebody else's money. We are not talking about our money. We are talking about Federal Government money. We are talking about a retiree's money. We are talking about the money of someone who is going to retire.

Mr. Chairman, let us not confuse the issue with somehow or other believing that this legislation will increase or decrease any investment overseas. It has nothing to do with that.

Mr. CLAY. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, the sponsor of the bill indicated that the purpose of this legislation is concerned with underperformance of ETIs. The majority cited in their report that they were concerned about higher risk and lower return from social investing by public pension funds.

The GAO has said that the risk for social investment, if that is what we want to refer to it as, for ETI's, is no greater than the risk for other investments. We have got to keep in mind, it is very important for us to note, that the public pension funds that they are referring to are not required to take the substantial protections that we require of the private pension funds under ERISA. So that is no argument as to why we should do anything with ETI, and especially to encourage investments in overseas places.

Mr. Chairman, I support this very important clarifying amendment that is offered by the gentleman from Texas, Mr. GENE GREEN. This amendment will ensure that the bill will not further the already startling trend of overseas investments of our U.S. pension funds.

Why are we affirmatively discouraging investments in America? ERISA, as consistently interpreted by the Department of Labor and the courts, allows pension plan managers to consider the collateral economic benefits of a potential investment, provided, first, that the potential investment has a comparable risk-adjusted return to other potential investments, and second, that it is otherwise consistent with the standards of ERISA.

This is all that the Labor Department's interpretative bulletin says. Nonetheless, the original version of H.R. 1594 effectively forbids any consideration of collateral benefits. The Fawell substitutes before us now only modestly improves its predecessor and it calls into serious question the ability of pension to consider collateral benefits. The partisan hysteria surrendering the bill only adds to its chilling effect.

Mr. Chairman, as a result of this bill, pension plan managers would be very reluctant to make investments that bear collateral domestic benefits. To placate the underlying spirit of this cynical and partisan bill, the so-called prudent man likely will avoid otherwise attractive and lawful domestic investments like the plague. Any prudent man reading this legislation knows that pension managers will direct greater investment overseas, in turn, endangering more American jobs.

Mr. Chairman, I urge my colleagues to support the Green amendment.

Mr. KNOLLENBERG. Mr. Chairman, I move to strike the requisite number of words.

Mr. SAXTON. Mr. Chairman, will the gentleman yield?

Mr. KNOLLENBERG. I yield to the gentleman from New Jersey.

Mr. SAXTON. Mr. Chairman, I would like to address this matter of the GAO report that the previous speaker alluded to. As everyone knows, there are dozens of examples of ETI's that can be studied and reported on. The GAO happened to select the seven best ETI's that were available for them to report on.

Even given the dismal record of ETI's, it is conceivable that in a few cases that there can be five cases which can be expected to match market returns, and that was the case with the seven examples that were studied.

When the remainder of ETI's are studied, the performance of ETI's is not so rosy, and the pattern we have been talking about all afternoon comes right back. Returns are down and risk is up. Because of the limited data set, the GAO report even acknowledges and they say this in their report: "These results cannot be generalized to other pension plans."

Mr. Chairman, I thank the gentleman for yielding.

Mr. KNOLLENBERG. Mr. Chairman, I yield back the balance of my time.

Mr. BROWN of Ohio. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in strong support of the Green amendment and in strong support of American jobs. Let me understand this bill the way that it is written now. Pension funds collected from American workers are often invested in American corporations doing business abroad or foreign corporations in other countries.

These pension dollars, these pension fund dollars, are attracted to low wages in other countries, are attracted oftentimes to weak environmental laws in other countries and nonexistent worker safety laws in those countries.

These dollars taken from American workers are invested in these companies, American or foreign companies, doing business abroad because they see great profits in these businesses doing business in Mexico, or doing business in Taiwan, or doing business in low-wage countries.

Mr. Chairman, the problem with that is that the end of that, the complete circle, is that those companies, often American companies doing business in other countries, manufacturing in other countries, those businesses then taken those same jobs from American workers.

I have money taken out of my wages into a pension; that money is invested in another country, often an American business or foreign business; that comes back and takes my job away.

Some pension fund managers, as the gentleman from Texas [Mr. GENE GREEN] asserts, would like to consider that issue; that if we are going to invest in pension funds around the world, that that money not come back and steal American jobs. I do not know how in this Chamber my friends on the other side of the aisle can explain to American workers that we sent their money overseas so that it could come back and take our jobs.

The interesting thing, I have heard my friends on the other side of the aisle, many of them, not so much the ones in this debate, rail about the evils of NAFTA, which I agreed with them on; the evils of GATT, the evils of extending NAFTA to Chile; the evils of the Mexican bail out. They were right about that.

Now they want to allow these pension dollars to go abroad and be invested in companies doing business in countries where they do not pay very much, where they have weakened environmental laws and nonexistent labor laws and it comes back and steals Americans jobs.

You cannot have it both ways. If you think those trade agreements are bad, as most of them have been, they you do not want our pension dollars subsidizing jobs in other countries so they can come back and take our jobs as American workers.

I say to my colleagues to go back to their district this weekend and explain to them, if they vote "no" on the Green amendment, and explain to them how they said go ahead and invest my pension dollars in enterprises in other lands that turned around and took my job.

Mr. Chairman, I do not think that my colleagues want do to that. I ask for a "yes" vote on the Green amendment.

Mr. GENE GREEN of Texas. Mr. Chairman, will the gentleman yield?

Mr. BROWN of Ohio. I yield to the gentleman from Texas.

Mr. GENE GREEN of Texas. Mr. Chairman, we talked about the concern about investing overseas and the opposition to the amendment. I have a hard time figuring out why they will not just accept it.

□ 1615

But granted, investment overseas would cause, in this amendment, if we do not take this amendment, it may increase it.

Let me talk about, in the National Journal in June of this year, they talked about the challenge to pension fund trustees, and let me just quote, "The congressional Republicans, by turning ETI's into an ideological issue, are casting a chill over pension fund investments that could strengthen the homegrown economies of the States, cities and towns the pensioners grew up in and, indeed, that they continue to depend on for their broader, long-term security".

Mr. BROWN of Ohio. Pensions, under the gentleman's amendment, pension fund managers are going to be able to have leeway to make these decisions? Correct?

Mr. GENE GREEN of Texas. We are not changing that by this amendment. I am concerned the whole bill may cause pension fund managers to say, "We do not want to invest in riskier investment in inner-city Cleveland or inner-city Houston, but we can invest in inner-city Lebanon. Maybe we ought to build housing in Lebanon, not inner-city Houston, because we can get a greater return over there." I do not want to scare those pension fund managers off from U.S. investments by this bill. I am concerned by seeing some of the letters that raise concerns about this bill.

Again, the article was in the National Journal saying just what the gentleman's argument was. We have workers here who pay into a pension. We do not want any mandates on ETI's, and I would be up here like a lot of Members opposing it if they said, "No, we want you to put it back into the inner-city investments that are shaky." If those investments pay a decent rate of return for their risk, then why should they not?

Mr. MARTINEZ. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I guess what it really boils down to is some of my friends on the other side of the aisle prefer foreign investments with these pension funds rather than investments here in America.

I heard earlier the idea hoodwink, and social.

I guess they have a problem with social. It must translate to them as communism anytime you try to do some social good in our country. But as far as hoodwinking, they are the ones trying to hoodwink the American people.

The fact is the investments have been going overseas and abroad in recent years simply because people are afraid to make those kinds of decisions of investments here because of some run-in with the Federal Government and the ERISA, but let me tell you the other side has taken a twist on an old song that used to go something like this, for those of you that are old enough to remember it, "Eliminate the negative, accentuate the positive." What they have done is elaborate he negative as to not accentuate the positive.

Let me give you an example of the collateral kind of investment that was made in a company that you all are very well aware of here in the United States. A pension plan purchased a block of stock in a corporation, thereby increased its cash flow and its cash position, and the equity in that company, and that allowed the company to borrow funds at a lower rate so they could expand the factory and create more jobs. You wonder who that company was? That was General Motors, and what is good enough for General Motors is good enough for America, I have always said, and good enough for me.

When you talk about, and continue to be talked about on the other side, about investing in underperforming investments, let me tell you now, even with the interpretive bulletin, even with the law as it is now, that would be breaking the law if they did it knowingly. The trouble with any investment you make, you never know how it is going to turn out. You investigate it and hope it will do the best it possibly can for the beneficiaries. Something can always go wrong.

Wake up and open your eyes. We are living in a depressed economy in this country. There are places in this country right now that are living in depression-like conditions. These places need relief. They need investment here in the United States that will return profit here in the United States, not send it abroad.

Mr. GENE GREEN of Texas. Mr. Chairman, will the gentleman yield?

Mr. MARTINEZ. I yield to the gentleman from Texas.

Mr. GENE GREEN of Texas. Mr. Chairman, I thank my colleague, the gentleman from California, not only for his leadership on this bill, but also for yielding to me, and again for the benefit of the Members, let me again read the amendment for the Members who have not had a chance to look at it: "Nothing in this act shall be construed as prohibiting the investment by employee benefit plans within the meaning of paragraph 3 of section 3 of the ERISA in domestic investments as distinguished from foreign investments."

Let me also go to read the infamous, I guess, 94.1 interpretive bulletin: The fiduciary standards applicable to ETI's are no different than the applicable to plan investments generally. "Therefore, if the above requirements are met, the selection of the ETI or the engaging in an investment course of action intended to result in the selection of an ETI will not violate it." We are talking about the same investment standards, and again, for the people, who are trying to pass this bill, Mr. Chairman, to say that they are not encouraging overseas investments, again, why should they not accept the amendment if they are more concerned about investing again in Lebanon, PA, than in Lebanon, the country?

Mr. DORNAN. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman and my colleagues, this argument that overseas pension investment is going to drain capital from the United States reflects, I believe, a fundamental lack of understanding about economics. In fact, in 1994, the last year for which we have pension data, the net flow of capital into the United States amounted to about $150 billion.

It is very misleading to argue that the international investments of pension funds drain capital from the United States when the facts show a large capital inflow to our U.S. economy. The pension data cited creates the impression that capital is being drained from the United States when the official data clearly shows the big picture is one of a net investment in the United States.

Mr. SAXTON. Mr. Chairman, will the gentleman yield?

Mr. DORNAN. I yield to the gentleman from New Jersey.

Mr. SAXTON. Mr. Chairman, I would like to thank the gentleman from California for bringing up this very important point. As a matter of fact, as the gentleman from California well knows, this publication, called "Economic Indicators," which is put out by the Council of Economic Advisors, who, incidentally, are appointed by the President, and prepared for the Joint Economic Committee, verifies that exact fact. As a matter of fact, it is kind of interesting to look at the history, and these charts give just the opposite impression.

This year, as the gentleman pointed out, $151 billion more in capital flowed into this country from pension funds and other sources than flowed out, $150 billion net income to us.

Let me just go back and give you some perspective on this. In 1990, it was $92 billion more flowed into the country than out; in 1991, it was down to $7 billion more flowed in than flowed out; and then we began to rebuild the next year, it was $61 billion; the next year, $99 billion; and this year, $150 billion more came across our borders, coming in, than went out.

Again, the proponents of these charts for this amendment are once again trying to confuse this situation by saying more capital, and these charts certainly give the impression that you are saying more capital is flowing out than flowing in; quite the opposite is, in fact, the case.

Mrs. MINK of Hawaii. Mr. Chairman, I move to strike the requisite number of words.

Mr. GENE GREEN of Texas. Mr. Chairman, will the gentlewoman yield?

Mrs. MINK of Hawaii. I yield to the gentleman from Texas.

Mr. GENE GREEN of Texas. To my colleague from Hawaii, I thank the gentlewoman for yielding.

The issue just came up, and I am glad it was brought up, concerning the amount of investment in our country as compared to the amount of outflow in investment. I share the concern.

The United States is the greatest country in the world to invest in, and that is why people will come here. But why should we discourage our own investment managers or pension managers to go overseas?

We might want to consider, it was announced today or yesterday, the investment in the Rockefeller Center by some foreign nationals who are now deciding it was not such a great investment, but I agree, we have a great investment climate here. Why should we not have American workers creating their own American jobs instead of encouraging, by not adopting this amendment, what may be happening in this bill?

Again, I urge an "aye" vote on the Green amendment.

Mrs. MINK of Hawaii. Mr. Chairman, reclaiming my time, I would like to say that there is such a disparity in the arguments that have been made on the legislation that is pending, and for that reason I rise in strong support of the Green amendment, with the hope that it will clarify some of the arguments that have been made with respect to this bill. I rise in strong opposition to H.R. 1594, because I think it erroneously interprets the bulletin that is referred to as 94–1.

The supporters of this legislation contend that the bulletin IB–94–1 that the Labor Department issued promotes these economically targeted investments at the expense of the pension beneficiaries, and as the gentleman

from Texas [Mr. GENE GREEN] said, with the possible interpretation that the moneys could go to foreign investments rather than investing in the future of our own country. The interpretive bulletin issued by the Labor Department says nothing of the kind. It does not change the fiduciary responsibility one iota, and therefore it seems to me that this legislation is entirely unwarranted and unnecessary. The interpretive bulletin put out by the Labor Department does not change the primary fiduciary responsibility, which is to assure the safety of the investments of these pension funds.

What it does say is that in looking toward the investments that are permitted, that the trustees and so forth who are making these decisions ought to consider the additional benefit that could be accrued to communities if investments were placed in the communities with reference to housing projects and projects of that kind.

Further, contrary to what has been said on the floor this afternoon by the supporters of this legislation, the Labor Department bulletin 94–1 does not supplant ERISA at all. The bulletin does not put the goal of promoting and encouraging the application of ERISA to these economically targeted investments above the fiduciary's first commitment to the participants and the beneficiaries of the benefit plan.

So it seems to me that the bulletin has to be looked at in the context in which it exists over previous administrations and over this administration, and I believe you will see that it fully complies with the intent and the spirit an the letter of the law as expressed in ERISA. Fundamentally, what this disagreement seems to be between the Republicans and the Democrats on our side is whether these pension funds should be invested at all in projects that are located in our communities that could upgrade the infrastructure, meet some of the pressing needs of various aspects of our communities, and in that context, the Green amendment is vital, and it should be adopted, because what it says is that in the investments that are made of our pension funds, we ought to pay attention to the needs of this country, of the domestic needs of this country, and in doing so I believe it also goes to the heart of our objection to this pending legislation, and that is to negate the importance of economically targeted investments which have an ancillary social benefit to our communities.

These investments that are being made in our communities are economically targeted and without any jeopardy whatsoever to the employees, to the pension plans, to their annuities, and afford no additional risk. So it seems to me we are debating a piece of legislation here that makes an egregious accusation against this administration, nullifies the policies of two previous administrations and does tremendous social harm and disadvantage to our local communities.

For that reason, I support the Green amendment and urge that H.R. 1594 be defeated.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas, Mr. GENE GREEN.

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. GENE GREEN of Texas. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were ayes 192, noes 217, not voting 25, as follows:

[Roll No. 649]

AYES—192

Abercrombie	Gephardt	Orton
Andrews	Geren	Owens
Baesler	Gibbons	Pallone
Baldacci	Gonzalez	Pastor
Barcia	Gordon	Payne (NJ)
Barrett (WI)	Green	Payne (VA)
Becerra	Gutierrez	Pelosi
Beilenson	Hamilton	Peterson (FL)
Bentsen	Harman	Peterson (MN)
Berman	Hastings (FL)	Pickett
Bevill	Hayes	Pomeroy
Bishop	Hefner	Poshard
Bonior	Hilliard	Rahall
Borski	Hinchey	Rangel
Boucher	Holden	Reed
Brewster	Hoyer	Richardson
Browder	Jackson-Lee	Riggs
Brown (CA)	Jacobs	Rivers
Brown (FL)	Johnson (SD)	Roemer
Brown (OH)	Johnson, E. B.	Ros-Lehtinen
Bryant (TX)	Johnston	Rose
Cardin	Kanjorski	Roybal-Allard
Chapman	Kaptur	Sabo
Clay	Kennedy (MA)	Sanders
Clayton	Kennedy (RI)	Sawyer
Clement	Kennelly	Schroeder
Clyburn	Kildee	Schumer
Coleman	Kingston	Scott
Collins (IL)	Kleczka	Serrano
Collins (MI)	Klink	Skaggs
Condit	LaFalce	Skelton
Conyers	Levin	Slaughter
Costello	Lewis (GA)	Smith (NJ)
Coyne	Lincoln	Spratt
Cramer	Lofgren	Stark
Danner	Lowey	Stenholm
DeFazio	Luther	Stokes
DeLauro	Maloney	Studds
Dellums	Manton	Stupak
Deutsch	Markey	Tanner
Diaz-Balart	Martinez	Tauzin
Dicks	Mascara	Taylor (MS)
Dingell	Matsui	Tejeda
Dixon	McCarthy	Thompson
Doggett	McHale	Thornton
Dooley	McKinney	Thurman
Doyle	McNulty	Torres
Duncan	Meehan	Towns
Edwards	Meek	Traficant
Engel	Mfume	Velazquez
Ensign	Miller (CA)	Vento
Eshoo	Mineta	Visclosky
Evans	Minge	Volkmer
Farr	Mink	Ward
Fattah	Montgomery	Waters
Fazio	Murtha	Watt (NC)
Filner	Nadler	Waxman
Flake	Neal	Weldon (PA)
Foglietta	Neumann	Wilson
Forbes	Ney	Wise
Fox	Oberstar	Woolsey
Frank (MA)	Obey	Wyden
Frost	Olver	Wynn
Gejdenson	Ortiz	Yates

NOES—217

Allard	Gallegly	Moorhead
Archer	Ganske	Moran
Armey	Gekas	Morella
Bachus	Gilchrest	Myers
Baker (CA)	Gillmor	Myrick
Baker (LA)	Gilman	Nethercutt
Ballenger	Goodlatte	Norwood
Barr	Goodling	Nussle
Barrett (NE)	Goss	Oxley
Bartlett	Graham	Packard
Barton	Greenwood	Paxon
Bass	Gunderson	Petri
Bateman	Gutknecht	Pombo
Bereuter	Hall (TX)	Porter
Bilbray	Hancock	Portman
Bilirakis	Hansen	Pryce
Bliley	Hastert	Quillen
Blute	Hastings (WA)	Quinn
Boehlert	Hayworth	Radanovich
Boehner	Hefley	Ramstad
Bonilla	Heineman	Regula
Bono	Herger	Roberts
Brownback	Hilleary	Rogers
Bryant (TN)	Hobson	Rohrabacher
Bunn	Hoekstra	Roth
Bunning	Hoke	Roukema
Burr	Horn	Royce
Burton	Hostettler	Salmon
Callahan	Houghton	Sanford
Calvert	Hunter	Saxton
Camp	Hutchinson	Scarborough
Canady	Hyde	Schaefer
Castle	Inglis	Schiff
Chabot	Istook	Seastrand
Chambliss	Johnson (CT)	Sensenbrenner
Chenoweth	Johnson, Sam	Shadegg
Christensen	Jones	Shaw
Chrysler	Kasich	Shays
Clinger	Kelly	Shuster
Coble	Kim	Skeen
Collins (GA)	King	Smith (MI)
Combest	Klug	Smith (TX)
Cooley	Knollenberg	Smith (WA)
Cox	Kolbe	Solomon
Crane	LaHood	Souder
Crapo	Largent	Spence
Cremeans	Latham	Stearns
Cubin	LaTourette	Stockman
Cunningham	Laughlin	Stump
Davis	Lazio	Talent
Deal	Leach	Tate
DeLay	Lewis (CA)	Taylor (NC)
Dickey	Lewis (KY)	Thomas
Doolittle	Lightfoot	Thornberry
Dornan	Linder	Tiahrt
Dreier	Livingston	Torkildsen
Dunn	LoBiondo	Upton
Ehlers	Longley	Vucanovich
Ehrlich	Lucas	Walker
Emerson	Manzullo	Walsh
English	Martini	Wamp
Everett	McCollum	Watts (OK)
Ewing	McCrery	Weldon (FL)
Fawell	McDade	Weller
Fields (TX)	McHugh	White
Flanagan	McInnis	Whitfield
Foley	McIntosh	Wicker
Fowler	McKeon	Young (AK)
Franks (CT)	Metcalf	Young (FL)
Franks (NJ)	Meyers	Zeliff
Frelinghuysen	Mica	Zimmer
Frisa	Miller (FL)	
Funderburk	Molinari	

NOT VOTING—25

Ackerman	Jefferson	Rush
Buyer	Lantos	Sisisky
Coburn	Lipinski	Torricelli
de la Garza	McDermott	Tucker
Durbin	Menendez	Waldholtz
Fields (LA)	Moakley	Williams
Ford	Mollohan	Wolf
Furse	Parker	
Hall (OH)	Reynolds	

□ 1651

Mr. STOCKMAN and Mr. MANZULLO changed their vote from "aye" to "no."

Mr. KINGSTON and Mr. MURTHA changed their vote from "no" to "aye."

So the amendment was rejected.

The result of the vote was announced as above recorded.

AMENDMENT OFFERED BY MR. PAYNE OF NEW JERSEY

Mr. PAYNE of New Jersey. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. PAYNE of New Jersey: Insert after section 4 the following new section (redesignating section 5 as section 6):

SEC. 5. PROTECTION OF INVESTMENTS IN INFRASTRUCTURE IMPROVEMENTS

Nothing in this Act shall be construed as prohibiting the investment by an employee benefit plan (within the meaning of paragraph (3) of section 3 of the Employee Retirement Income Security Act of 1974) in infrastructure improvements.

Mr. PAYNE of New Jersey. Mr. Chairman, I have an amendment at the desk. Mr. Chairman, today we are here to target the working people in this country again, this time in the ability of the pension funds to make investments that take collateral benefits into consideration when plan fiduciaries are making investment decisions with pension contributions.

Economically targeted investments are any investments or assets that earn competitive risk-adjusted rates of return while also producing collateral benefits such as infrastructure revitalization, economic development, and job creation. To be sure, these components are integrally linked, because when there are jobs available, more money circulates back into the economy and stimulates economic growth.

My amendment simply states that employee benefit plans cannot be prohibited from considering infrastructure improvement and revitalization as part of their investment decisions.

I have sat here on many occasions this session listening to many of my colleagues talk about getting Government out of the lives of the people and today we are sitting here considering a bill that would immobilize the investment decisions of many pension plans. We also hear on one hand proclamations from the majority that individuals must be more personally responsible, but then on the other hand we remove the incentives that promote personal responsibility like job creation, and that's what 1594 does.

My amendment today would free the hands of plan fiduciaries because they would be allowed to consider infrastructure improvement as part of their decisionmaking process.

By providing billions of dollars for investment in American companies and infrastructure, ETI's serves as an economic catalyst while still offering competitive investment returns to pension plan participants and retirees.

Since I know everyone here is interested in the long-term economic health of our Nation and its retirement system, I urge my colleagues to support my amendment.

□ 1700

Mr. SAXTON. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I would just like once again to make the observation that the opponents of this bill seem to be very anxious to avoid the key issue, and that issue is the underperformance of economically targeted investments. All of the amendments from the other side seem designed to distract attention away from the fact that ETI assets offer lower yields and more risk than normal investments. Thus, ETI's are especially inappropriate for pension investment.

Once again, I believe the amendment of my friend from New Jersey [Mr. PAYNE] is totally unnecessary. There is nothing whatsoever in the bill that prohibits or in any way inhibits pension fund managers from investing their funds for the purposes stated in the gentleman's amendment. Therefore, I think the amendment is unnecessary and I believe intended to cloud the issue.

To the issue of ETI's and their underperformance, I would point once again to four studies done to demonstrate this quite conclusively. The first one was done by Alicia Munnell, an employee of the Department of Labor nominated to the Council of Economic Advisors by the President, who concludes in a study and report that she has done that there is a differential of about a negative two points, 2 percentage points in the rate of return, on ETI's. Olivia Mitchell of the Wharton School comes to exactly the same conclusion, that ETI's underperform by about 2 percentage points. Marr, Nofsinger, and Low has a study showing it is worse than that, that ETI's underperform by 2.1 percent.

So in the interest of moving this process forward, and in the interest of protecting the rates of return for private pension participants and in the interest of keeping risk low, I would suggest that this amendment is unnecessary and that all Members should vote no.

Mr. MARTINEZ. Mr. Chairman, I rise in support of the Payne amendment.

Mr. Chairman, I will not take 5 minutes. I will try to be very brief because it is the same old thing. Collateral benefits, if you took the strictest interpretation of the fiduciary relationship, a pension manager would not be able to invest in collateral investments.

Under this law, it puts even a greater cloud to that kind of investment, not necessarily abroad, but here. The fact is that these are good investments. I cited earlier the case of GM. That was a collateral investment that returned not only to the company itself, but benefit to the employees of that company and especially those that it created jobs for, and it created certainly a great benefit to the beneficiaries of the pension fund.

That had to be approved by the Department of Labor and was approved by the Department of Labor, and not under Clinton's administration. But you keep bringing up this idea that somehow or another the Clinton administration is doing something different than what previous administrations have done, and therefore a need for this.

I think there are two things that have the other side hung up. The word "social," social programs, that somehow some of them equate to something nefarious or something that is not good, because it equates to socialism or something else, because it benefits somebody in a depressed neighborhood or such. That is the farthest thing from the truth.

The other thing is this idea of the fiduciary relationship or fiduciary responsibility that says the funds must be invested only for the benefit of the pension fund or the beneficiaries of that pension fund. If you really think about that for an instance, that is just taking it a little bit too literally. The fact is there is no investment made anywhere, anyplace, that somebody who is receiving the benefit of that investment does not receive a benefit, sometimes very great benefits, as in the case of GM.

I think the Payne amendment, trying to protect those kinds of collateral economic investments, is a very good one that is necessary to continue the kinds of work that have been successful, not the examples of the ones that have been unsuccessful. So many of the instances where they have been unsuccessful, the people actually violated the law in doing it, and still the law was there to try to protect against it and it did not. There is nothing in life that is so guaranteed that there is not going to be something that goes wrong once in a while. But you take a few instances and elaborate that to the greatest extent you possibly can to make the case you wanted to make for something totally unjustified, and in this case this is the case with this bill. I recommend the acceptance of the Payne amendment. At least it makes the bill a little more practical in regard to collateral investments.

Mr. PAYNE of New Jersey. Mr. Chairman, will the gentleman yield?

Mr. MARTINEZ. I yield to the gentleman from New Jersey.

Mr. PAYNE of New Jersey. Mr. Chairman, the gentleman is absolutely right. The plan fiduciaries cannot even consider the investment also unless all things are equal. That is what makes this so scary. 1594 leaves a lot of ambiguity about the ability of plan fiduciaries to make these kinds of investments. I only seek to clarify, so that infrastructure improvements can be considered. ETIs are still subject to the prudent man standard as they have always been. So I would urge once again

that my colleagues support this amendment.

Mr. GOODLING. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, first of all I want to emphasize again the bill does not prohibit pension plans investment in ETIs of any kind. So it does not matter what it is. The bill does not prevent you from investing in those ETIs.

However, if you accept this amendment, then you create a negative implication for all other ETIs that we do not mention in the law. So every other ETI not mentioned in the law then becomes suspect. So if we are going to effectively prohibit any promotion of ETIs, either directly or by inference, then the bill cannot include specific reference to any particular type of plan investment.

The bill does not change the legal status of ETIs, so pension plans can continue to invest in infrastructure improvements if they want to, but it surely is inappropriate for Congress to be passing judgment on any particular type of pension plan investment. ERISA clearly and properly leaves it to the plan manager and the fiduciaries to determine whether an investment is prudent for that plan.

So let us not have a negative impact on ETIs simply because we single one out. Let us make very sure that we do not get in the business of determining as a Congress what are good or what are bad investments. That is up to the manager, as I indicated, and the fiduciaries, to determine, not us.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New Jersey [Mr. PAYNE].

The amendment was rejected.

AMENDMENT OFFERED BY MR. TRAFICANT

Mr. TRAFICANT. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. TRAFICANT: Page 6, insert after line 2 the following (and redesignate section 5 as section 6 accordingly):

SEC. 5. AUTHORITY OF DEPARTMENT OF LABOR WITH RESPECT TO INVESTMENTS IN THE CONSTRUCTION OR RENOVATION OF AFFORDABLE HOUSING UNITS.

Nothing in this Act (or the amendments made thereby) shall be construed as prohibiting the Department of Labor from issuing advisory opinions regarding the legality of investments in the construction or renovation of affordable housing units.

Mr. TRAFICANT. Mr. Chairman, I am not standing on the floor today saying the Republicans want to ship pension plan investment overseas, nor am I standing on the floor today saying that the Republicans want to send jobs overseas. These previous amendments talked about specific activities, such as nothing in the bill shall be construed as prohibiting pension plans from investment in infrastructure improvements.

The Traficant amendment does not in fact deal with a provision of the bill that would prohibit pension plan investment in housing. But I would like to have the attention of the other side of the aisle. My amendment deals with an advisory opinion on housing being given to someone who may invest or want to invest in the housing in the United States of America.

Let me say this: We need 4 million rental units minimum just to meet demand. I am not talking simply about low income housing here. I am talking about affordable housing, first-time home buyers. And the Traficant amendment says nothing in this act shall be construed as prohibiting the Department of Labor from issuing advisory opinions.

It does not say that investors have to invest in American housing or not. But it says nothing in the bill shall be construed as prohibiting the Department of Labor from interacting with a reasonable concern from some pension account who may want to invest in American housing.

Now, look, that is a significant difference here. I voted to roll back regulations in this country that have overburdened our economy and shipped jobs overseas. I think we have gone too far when a dog urinates in a parking lot and that it is deemed a wetland. But mine does not deal with the issue of investing in housing; it does deal with who has more information than the Department of Labor on, in fact, American domestic housing needs?

If a pension plan out there wants to make an investment in housing, in a development in Dallas, in a condominium for senior citizens in Colorado, and they want information, nothing in this bill should be construed as in fact prohibiting the Department of Labor from giving them an opinion relative to that concern.

This is a reasonable amendment here, unless the Congress of the United States is saying look, do not worry about housing, the Congress of the United States and taxpayers are going to take care of housing. I am talking about a specific need. I am talking about an advisory opinion. I am not talking about a limitation that the bill speaks to on housing.

My amendment is not ill-intended. I do not think that we can afford to have fiduciaries guessing if they will get sued each time they are interested in investing in constructing housing in this country.

This is a reasonable amendment, and let me say this: The California Public Employees Retirement System funneled $375 million into construction of 32 first-time home buyer homes. The yields have already exceeded 20 percent return more than originally anticipated. The New York City Employees Retirement System invested in the construction of 15,000 affordable housing units. It is enjoying a return nearly 30 percent higher than its fixed income portfolio.

Housing investment trusts of AFL-CIO, $1.1 billion from 380 pension plans. If this trust was in fact publicly traded as a fixed income fund, it would rank as either No. 1 or No. 2 in the United States of America.

Folks, the taxpayer cannot afford all this housing. Mine deals with an advisory opinion to take some of the nebulous gray area out of some investment planner who would in fact call the Department of Labor seeking information.

Now, I think this is a reasonable amendment. It does not require a whole lot of animosity here or fanfare.

Mr. Chairman, I would ask for this reasonable amendment to be approved.

Mr. SAXTON. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I would just make the observation that the opponents of the bill seem to be very anxious to avoid the key issue, the underperformance of ETIs. All of the amendments from the other side seem to be destined to distract attention away from the fact that ETI assets offer lower yields and more risk than normal investments; thus, ETIs are especially inappropriate for pension fund investments.

The bill as it stands does not in any way prohibit the Department of Labor from issuing advisory opinions.

□ 1715

Nor does it prohibit the Department of Labor, nor did it discourage domestic investment, nor did it encourage foreign investment, nor does it do any of the other things that these amendments purport that it does. This is just an attempt to divert attention away from the key issues. Those are the underperformance of ETIs and the additional risks posed by ETIs. I ask all Members to vote against this amendment.

Mr. FAWELL. Mr. Chairman, I move to strike the last word in opposition to the amendment.

If I can have the attention of my good friend from Ohio, I know that there is no better man in this Congress when he jumps on an issue to articulate his views. I think it is important that we make it clear that in the report language there is a statement that I think addresses precisely the point that the gentleman is understandably bringing forth. That is, and I quote: Nothing in the bill is intended to affect the ability of the DOL to issue advisory opinions, information letters, typical releases, prohibited transaction exemptions, or other pronouncements interpreting and applying ERISA fiduciary responsibility rules—and this is the important part—to particular factual situations or exempting specific transactions from the prohibited transaction provisions.

99-059 O—97 Vol. 141 (Pt. 17) 40

We did not want it understood that when we were objecting to a specification of a broad class of investments, which is what ETI's are, that this did not mean that when someone, as for instance Jack Kemp, when he made the request to Secretary Dole for a specific advisory opinion, that is quite possible. We have made it, I think, very, very clear in the report language that it is possible. I would hope on that basis the gentleman would withdraw his amendment, because I think you can rest assured that in a circumstance where a specific investor wants to find out where his particular investment stands in the viewpoint of the DOL, he can get that advisory opinion.

Mr. TRAFICANT. Mr. Chairman, will the gentleman yield?

Mr. FAWELL. Mr. Chairman, I yield to the gentleman from Ohio.

Mr. TRAFICANT. Mr. Chairman, the gentleman is not opposed to advisory opinions, but the legislative debate here today dealt with offshore investment of pension plan money, dealt with infrastructure; and the legislative history can be construed in many, many different ways.

I think ETI's applied to housing at times can be a little bit partisan here. Housing may not necessarily be an economically targeted investment in this country. I believe that it should be not in the report language but it should be part and parcel to the bill itself that treats such investment with such return on its merit.

Mr. FAWELL. Mr. Chairman, reclaiming my time, I would hope the gentleman would not do that, because, again, now he has in statutory form all the negative implications to others who might be seeking letters of opinion.

We want to make it very clear that any time someone has an economically targeted investment, and they believe that the adjusted returns are sufficient to justify that, and if there is any question, and a lot of your fiduciaries will have those questions, that they feel free that they can propound these requests for advisory opinions.

I think the amendment has the unfortunate consequence of putting in jeopardy all of those others unless we start specifying for every one. It has always been a power of the Department of Labor to issue specific advisory opinions. In fact, when President Reagan first spoke on the subject, it was on housing. It was a request for a specific opinion from the Department of Labor, which he was able to get. And we have made it clear that that is not being altered, should not be altered at all.

So I think there could be unintended consequences here, when it is, let us say, in other areas, in infrastructure or whatever, because they do not have specific statutory language, then you raise that negative implication.

Mr. TRAFICANT. Mr. Chairman, if the gentleman will continue to yield, taking that argument, if I were to accept that argument, why do we not just have, and I could rework my amendment to say that on the advisory opinion listed on a broad base in the report language that it shall be in fact incorporated in the text of the bill and take away such dubious nature and vagueness that would be involved and leave it not with just housing then but to satisfy some of the concerns people may have on this side? Take your report language that you say speaks to that intent and take that report language on the basis of our dialog here and incorporate it into the form of an amendment that in fact puts it into the text of the bill, not just the report language. If the gentleman will do that, I will withdraw my amendment, resubmit it in its general form, which would in fact incorporate the gentleman's report language into the text of the bill.

Mr. FAWELL. Well, all I can say is that the report language is one thing. It is full and complete, and the gentleman is talking about a major lifting of language and inserting it in the bill.

I do not think I could agree to that, but I can assure that what the gentleman are thinking about, individual factual opinions on a specific investment that is what we are talking about.

The CHAIRMAN. The time of the gentleman from Illinois [Mr. FAWELL] has expired.

(By unanimous consent, Mr. FAWELL was allowed to proceed for 1 additional minute.)

Mr. FAWELL. Mr. Chairman, we do not want this construed to mean that there can be just generalized opinions. So I think it is something that ought to remain in the report language. And I repeat, I think if what the gentleman has is centered only upon housing, then all other ETI's would, I think, have a negative intention.

Mr. TRAFICANT. Mr. Chairman, if the gentleman will continue to yield, what I was saying is it would incorporate his language in the report language, not with its specificity towards housing but its general nature into the text of the bill. See, this side of the aisle is believing that if what the gentleman is saying cannot be affirmed by putting into the bill, then how strong is the intent of it listed in the report language?

So if in fact the bill itself would clarify that which is in the report language, what would be the major hurdle for us to handle? I can understand the gentleman saying housing would give the negative impact on something else or vice versa. But if we are saying the general intention of his report language being incorporated into the bill, how would it affect the gentleman's intentions?

Mr. MARTINEZ. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the amendment.

Well, there is the crux of the whole thing, and no one said it better than the distinguished gentleman from Illinois. He said report language is one thing, law is another. Report language has no force in law but law does prevail. If we go to section 2, paragraphs B and C, we will see where those two paragraphs actually preclude the Department of Labor from doing its job, of giving a definition on a particular project. They combine the two, and especially paragraph C, no officer or employee of the Department of Labor may travel, lecture or otherwise expend resources available to the Department for the purposes of promoting—and get this, because this is the key—directly or indirectly economically targeted investments.

So if a person writes in or calls or wants to find out about a targeted investment or something that might be considered a targeted investment, if they were to give an interpretation, somebody in the Department could take this language and make the definition: Well, I am directly and indirectly advising this person on it, so somebody could construe it is promoting that targeted investment.

The bill is badly written. Now, they may have wanted in that paragraph C to restrict them from traveling and lecturing and otherwise expending resources, but I doubt very much that they really wanted to handcuff them from being able to give an opinion on a particular project, but that is what they do, in effect. That has been the crux of the whole thing.

Mr. Chairman, the legislative bulletin did nothing like that except make it clear to people what they would be getting into and what were the definitions of the law. I would support it for all the reasons that the gentleman from Ohio has stated: the tremendous need for housing in this country. The fact is that most real estate investments wisely done, wisely built are great money makers.

I know a lot of people in this Congress itself that have made investments towards retirement in real estate. I certainly have because I know it is a serious return on your money. Regardless, under this legislation the way it is written now, they will not be allowed to make those kinds of investments or at least interpret for an individual whether that investment would be a legitimate investment or not.

That is why I think it is paramount we adopt at least the amendment of the gentleman from Ohio.

Mr. TRAFICANT. Mr. Chairman, I ask unanimous consent to withdraw the pending amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

Mr. FAWELL. Reserving the right to object, Mr. Chairman, I am not quite sure what is happening here.

Mr. TRAFICANT. Mr. Chairman, will the gentleman yield?

Mr. FAWELL. I yield to the gentleman from Ohio.

Mr. TRAFICANT. Mr. Chairman, I plan to offer an amendment in its general form that would say nothing in the act shall be construed as prohibiting the Department of Labor from issuing advisory opinions regarding the legality of investments, period. That would in fact incorporate the intent of the report language into the text of the bill showing that we are concerned about one specific aspect which may, in fact, limit another. I am prepared to withdraw on the strength of the gentleman's intent and would simply reinforce his report language into the bill in general terms.

Mr. FAWELL. I object, Mr. Chairman.

The CHAIRMAN. Objection is heard.

PARLIAMENTARY INQUIRY

Mr. TRAFICANT. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. TRAFICANT. Mr. Chairman, is this an open rule or is it not?

The CHAIRMAN. It is.

Mr. TRAFICANT. Mr. Chairman, after this vote is evidently taken, I can reoffer another amendment, or is that precluded by some aspect of the rule?

The CHAIRMAN. An amendment otherwise in order may be offered.

Mr. TRAFICANT. Mr. Chairman, I ask unanimous consent, again, to withdraw the pending amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

The CHAIRMAN. The amendment is withdrawn.

□ 1730

AMENDMENT OFFERED BY MR. TRAFICANT

Mr. TRAFICANT. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. TRAFICANT: Page 6, insert after line 2 the following (and redesignate section 5 as section 6 accordingly);

SEC. 5. AUTHORITY OF DEPARTMENT OF LABOR WITH RESPECT TO INVESTMENTS.

Nothing in this Act (or the amendments made thereby) shall be construed as prohibiting the Department of Labor from issuing advisory opinions regarding the legality of investments.

Mr. TRAFICANT. I would like to explain this, Mr. Chairman, because I believe the gentleman only has a partial draft.

Mr. Chairman, there are two discussions here on the House floor occurring simultaneously. The Democrats are saying that we do not trust the intent of the legislative initiative. The Democrats are saying that the bill is not needed if we look at the law. The Republicans are saying, "We have handled your intentions. We have no intent to screw anybody, give anybody the shaft, but we are taking care of that in the report language."

We agree that we do not want to ship money overseas, we agree that we do not want to prohibit investments in infrastructure, we agree that we do not want to, in fact, stop with at least giving advisory opinions on some of these things. But if we, in fact, highlight one, then the myriad of others brings an evil connotation, that Darth Vader is going to come in and take away our freedom.

What this amendment says is this takes the intent of the legislation that is listed in some report language and puts that general intent right into the text of the bill and clarifies it. It says,

Authority of the Department of Labor with respect to investments: Nothing in this act shall be construed as prohibiting the Department of Labor from issuing advisory opinions regarding the legality of investments.

If that is what I have heard the gentleman state, then this basically reinforces the intent of the report language.

I would like to have the attention of the majority side here, because I think I am talking to Peoria, IL. I think we can come to some understanding on this. If what the gentleman from Illinois was saying is: Look, we have no problem with your amendment, TRAFICANT, the only thing is it is already listed, because you are dealing with advisory opinions, and we are not trying to kill advisory opinions; but we do not want to highlight housing, because if we say yes to housing it will give the connotation that all these other things are in fact prohibited or they cannot give opinions on them, because they are not listed.

Therefore, what we do is, in general terms, take the intent of your report language, put it in the bill, so if somebody wants to call the Department of Labor about infrastructure investments, they are going to get an advisory opinion. If they want to call about American versus foreign investment or want some materials, they can get an opinion.

My amendment deals with the advisory opinion of the Department of Labor. My amendment attempts to, in fact, incorporate the text of the bill. My amendment clarifies, rather than leaves open a vague or nebulous connotation on either side, depending on what partisan flag people are flying here.

Mr. FAWELL. Mr. Chairman, will the gentleman yield?

Mr. TRAFICANT. I yield to the gentleman from Illinois.

Mr. FAWELL. Mr. Chairman, this is a good example, I think, of people trying to, in good faith, have an understanding. The ERISA law is very arcane. It is important to understand that the DOL does issue advisory opinions, but they do not issue advisory opinions that can tell a fiduciary that the particular transaction is or is not legal. They do not give an opinion on the legality. The fiduciary will have personal liability, if indeed it turns out that a particular investment did not meet the various standards of the prudent man rule and all the case law that goes with it. So that what the gentleman is setting forth here is not what is in the report language.

The report language was very carefully drawn to be able to continue the opinions which over the years the Department of Labor does give in reference to prohibited transactions, in matters such as that. However, I repeat, it is not so easy that they can just simply say, "Mr. TRAFICANT, in regard to your particular private pension plan and your desired investment over here, we can tell you it is legal or it is not legal."

Therefore, I cannot agree to this amendment. I wish we could have gotten together sooner.

Mr. TRAFICANT. Reclaiming my time, I think what is bothering the gentleman is the words, "the legality of investments." Is that the gentleman's concern?

Mr. FAWELL. Certainly in regard to the word "legality."

The CHAIRMAN. The time of the gentleman from Ohio [Mr. TRAFICANT] has expired.

(By unanimous consent, Mr. TRAFICANT was allowed to proceed for 2 additional minutes.)

Mr. TRAFICANT. Mr. Chairman, nothing in this act shall be construed as prohibiting the Department of Labor from issuing advisory opinions regarding investments.

Mr. FAWELL. Unfortunately, and I do not mean to be troublesome here, if the gentleman will continue to yield.

Mr. TRAFICANT. Reclaiming my time, I am going to ask a direct question: What would the intent of the Traficant amendment be that is germane, that would be so much different from the intent of the gentleman's report language? Could the gentleman specify?

Mr. FAWELL. The report language is very careful to refer to those kinds of activities by the Department of Labor in regard to technical releases, prohibited transactions, exemptions, in any number of areas. I cannot say that I am such an expert on the subject that I can fully give an explanation.

Mr. TRAFICANT. Reclaiming my time, though, with the gentleman's report language in its specificity, would not, in fact, the specificity of the report language completely delineate the intent of incorporating this general amendment into the text of the bill, to establish the gentleman's intent? How in God's name, after the report language is listed in the bill, could this

general type of an amendment dealing with intent be so impacted?

Mr. MARTINEZ. Mr. Chairman, will the gentleman yield?

Mr. TRAFICANT. I yield to the gentleman from California.

Mr. MARTINEZ. Mr. Chairman, it would seem to me that the intent here is not to have that part of the report language play any effect on what the Department of Labor does, because I know the gentleman from Illinois [Mr. FAWELL] has been here long enough to understand that the report language does not carry any force in law, but that the law prevails over what is written in the report language.

That being the case, we have opened Pandora's box to the Department of Labor being able to issue these opinions and legislative bulletins to individuals who request them on what the status of an investment is that they would make, whether it would be in keeping with the fiduciary relationship that they have or not, and that is what they are trying to prohibit in this whole piece of legislation. What the gentleman has done is asked them to put their money where their mouth is, and they will not do it.

Mr. TRAFICANT. Yes.

Mr. MARTINEZ. Mr. Chairman, I move to strike the requisite number of words.

As I was saying, the gentleman has asked them to put their money where their mouth is and they have refused to do it, which shows the clear intent of this legislation and why this legislation is not necessary. They are going to do it because they have the votes, but it is not necessarily going to be right.

Mr. TRAFICANT. Mr. Chairman, will the gentleman yield?

Mr. MARTINEZ. I yield to the gentleman from Ohio.

Mr. TRAFICANT. Mr. Chairman, to our distinguished ranking member, if, in fact, the Traficant amendment removes the legality of, and leaving it general, would not the general aspect of the Traficant amendment in the bill be further clarified and fortified by the support language of the report?

Mr. MARTINEZ. What the gentleman has done in essence in his amendment is negated the need for my neutrality amendment which I was going to offer later, and my amendment would allow the Department of Labor to offer these interpretations and opinions, which is their duty and responsibility.

What the gentleman actually has done is summed it up in a more clear way so it would be more universal to all of the problems that arise when people are trying to make these kinds of decisions, but do not want to be in violation of any law or in violation of ERISA. What the gentleman has done, what they have tried to do in their legislation, created the inability of the Department of Labor to promote or to actually go out and try to push, as they say they would do, which I do not believe, but the gentleman has prevented them from doing that in this legislation. But he has still allowed them to carry out their duties, their functions, and their responsibilities.

Mr. TRAFICANT. If the gentleman will continue to yield, the managers of the bill said "Look, we are not against this advisory opinion on housing, but if we specify housing, bang, you are going to give a connotation to this everything else." Now you come back and say "Look, you are changing the tone of this by the inclusion of the words 'advisory opinion on the legality of.'" If, in fact, "the legality of" is removed, would it not, in fact, give the general focus and intent of the bill's report language clarified in the text of the bill and then fortified by the support language of the report? In other words, what I am saying is I can understand the gentleman's position on "the legality of," and it does deal now with the specific set of legal parameters. That I can understand.

However, with that removed, even though that is not the pending amendment, I cannot in any form or fashion understand a continued debate on this issue.

Mr. MARTINEZ. Taking back my time, Mr. Chairman, what I think the gentleman has done is accomplished a great deal in his amendment. I am not sure that they will accept it, but the fact is that if we do this, without that specific legality language in there, we eliminate a whole lot of problems for a whole lot of people, including them. The thing is that I still believe that this legislation is erroneous in its concept, in its assumptions, and they have taken in a few isolated instances where there have been pension funds invested improperly and tried to run that into a whole new concept and find problems with the interpretive bulletin.

If they find problems with that, this is something that allows the Department of Labor to do what they intended to do with the interpretive bulletin but still allows them do it in a way that makes them happy, with the department remaining neutral in its promotion of ETI's.

Mr. FAWELL. Mr. Chairman, I rise to oppose the amendment. I am not sure just what it is now.

Mr. Chairman, as it is right now, I gather we are saying that nothing in the act shall be construed as prohibiting the Department of Labor from issuing advisory opinions. That is obviously so wide open, or advisory opinions regarding the legality of investments, and I am not sure which one it is, but I gather it is the latter regarding the legality of investments. That is a power that the DOL does not have right now.

I would not want to accept it at this point. It may be that down the road we could work out some language. If the gentleman took that off, then we just open it up to any advisory opinion that might be involved. I think that I cannot accept what is before me right now. I would regretfully have to oppose the amendment. I would hope we could have a meeting of the minds. I do not think that it is necessary when we have specific factual situations. There is a pretty well-recognized route whereby the DOL has this ability to get informational letters, technical releases, prohibited transactions, exemptions. But I am not going to wade around in that law at this hour of the day here on the floor, when I say to the gentleman from Ohio, who is a good friend of mine, I just would not want to try to do it right now.

I will say to him, I will do everything I can to see that his concerns are taken care of if he feels that that report language is not sufficient, if and when it does come into a conference committee, but this is not the right time. I do not feel, based on my knowledge of all of the aspects of that terribly arcane statute known as ERISA, that I would want to just say at this point that I could accept this amendment.

Mr. TRAFICANT. Mr. Chairman, will the gentleman yield?

Mr. FAWELL. I yield to the gentleman from Ohio.

Mr. TRAFICANT. Mr. Chairman, I ask unanimous consent that the amendment be withdrawn.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

AMENDMENT OFFERED BY MR. TRAFICANT

Mr. TRAFICANT. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. TRAFICANT: Nothing in this act is intended to affect the ability of the Department of Labor to issue advisory opinions, information letters, technical releases, prohibited transactions, exemptions, or other pronouncements interpreting and applying ERISA's fiduciary responsibility rules to particular factual situations, or exempting specific transactions from the prohibited transaction provisions of ERISA (pursuant to 29 U.S.C. §§ 1106, 1108).

Mr. TRAFICANT. Mr. Chairman, I have a report, together with minority and additional views. I want to read the language.

Mr. FAWELL. Mr. Chairman, will the gentleman yield?

Mr. TRAFICANT. I yield to the gentleman from Illinois.

Mr. FAWELL. Mr. Chairman, I gather this is a direct copy of the language to which I made reference.

Mr. TRAFICANT. Word for word. It would be incorporated into the text of the bill.

Mr. FAWELL. We can accept that, Mr. Chairman.

Mr. TRAFICANT. I thank the gentleman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio [Mr. TRAFICANT].

The amendment was agreed to.

□ 1745

AMENDMENT OFFERED BY MR. HINCHEY

Mr. HINCHEY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HINCHEY: Insert after section 4 the following new section (redesignating section 5 as section 6):

SECTION 5. PROTECTION OF DOMESTIC INVESTMENTS.

Nothing in this Act shall be construed as prohibiting the investment by an employee benefit plan (within the meaning of paragraph (3) of section 3 of the Employee Retirement Income Security Act of 1974) in domestic investments, as distinguished from foreign investments. The Secretary of Labor shall take such actions as are necessary to encourage domestic investments by pension plans to the extent that such investments are in conformity with the requirements of the Employee Retirement Income Security Act of 1974.

Mr. FAWELL. Mr. Chairman, I reserve a point of order. We have no copy of this amendment and I have no knowledge of what the contents are.

The CHAIRMAN. The gentleman reserves a point of order.

Mr. HINCHEY. Mr. Chairman, this country has a major problem. It has a major domestic investment deficit. The domestic investment deficit has been established to be as high as $1 trillion a year. That is the primary reason why we are seeing a decline in the standard of living of the American people, why we are seeing a decline in job opportunities, and why we are seeing a decline in the purchasing power of American working men and women. The investment deficit needs to be corrected. Unfortunately this Congress is going to the opposite direction. The majority party in the House of Representatives, not content with slashing and burning every domestic investment program that this country has, exacerbating the economic difficulties of the Nation, they are not content with that, now what they want to do by this bill is to place in jeopardy every investment trustee who would consider making an investment in a domestic program that has some positive social consequences.

Already the problem of investment in these pension plans is causing us difficulty in that it is siphoning funds that ought to be invested here in the United States to be invested outside of our country overseas.

We have heard some talk about ETI's. The ETI's, targeted investment, amount to only about $30 billion. Juxtaposed against that is the fact we have $150 billion out of pension funds invested overseas now. If the bill in chief passes without the proper amendments, that problem is going to be made immeasurably worse. We will see pension trustees fearful of being challenged on their investments here in this country, domestic investments that have positive social consequences. I am talking about things like housing, first home mortgage buyers, medical clinics, basic infrastructure. They will be cowed by the language in the bill in chief from making those kinds of investments and they will find it much easier to target those investments overseas where they are not so constrained by the language in this bill.

What I am seeking to do here basically is to take the language in the amendment that was offered by the gentleman from Texas, Mr. GENE GREEN, some time ago and modify that amendment to say as follows:

The Secretary of Labor shall take such actions as are necessary to encourage domestic investments by pension plans to the extent that such investments are in conformity with the requirements of the Employee Retirement Income Security Act of 1974.

The language in this amendment is perfectly consistent with the provisions of ERISA, perfectly in tune with the protections that are enshrined in the law currently with ERISA.

We have been told that there is nothing in the bill that prevents these kind of ETI investments currently being made, that the bill does not prevent that. I am skeptical about that and I think that that skepticism was reflected by a large number of the Members of this House by a vote that was had here earlier this afternoon.

Nevertheless, whether or not that is the intention, unquestionably that is the effect. The effect of this bill, if it passes, the bill in chief, will be to send a message to every pension trustee, telling them that if they want to invest in their home community, if they want to put money into housing in their town, if they want to put money into improving the water supply distribution system in their community, if they want to improve the sewage treatment plant and clean up the water supplies in their area, if they want to provide medical facilities for the people in their towns, in their communities, they had better think twice about doing it because those investments are socially sound and they have positive social value. This bill, the bill in chief, would impinge upon their ability to do that and it would have the effect of taking that money and investing it overseas.

If it is true, as the sponsors of the bill have told us, that they have no intention of siphoning money that ought to be invested domestically and having that money invested overseas, if it is true that what they have said, that they have no intention of taking money from these targeted investments in needed domestic improvements, if that is true, if they do not want to make it difficult to do that, then what I am trying to do is make it easier for them. All they have to do is accept this language, and the language here in the amendment is perfectly consistent with all the safety provisions in ERISA and I think consistent with what I have heard from some of the people on the other side of the aisle.

Mr. SAXTON. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I would once again make the observation that the opponents of the bill are extremely anxious to avoid the real issues here and, of course, those issues are the underperformance of ETI's. ETI's simply do not have the kind of return that pension plans that invest in non-ETI's have. This administration has people residing in it who are in responsible places who know these issues, who claim that, as we do, that the ETI-type investments generally promote or have associated with them rates of return that are approximately 2 percent less than non-ETI types of pension fund investments. So all of the amendments from the other side to date have been designed to detract attention away from the fact that ETI assets offer lower yields and more risk than normal investments. Thus ETI's are especially inappropriate for pension fund investments.

I hesitate, but I guess somebody ought to point out here that in addition to that, the major thrust of our bill is to take away from the Department of Labor the authority, or the position that they are currently in, to advocate for any type of investment. That is what the clearinghouse is all about. It is set up to advocate for a special class of investments. This amendment would advocate for another special class of investments.

Let me just point out that I think any responsible pension fund manager in the United States of America, given two investments that look like they are approximately of equal caliber, one being domestic and one being foreign, I would certainly hope that any responsible person finding themselves in that position, with American workers' money entrusted to them, would make the domestic investment. But we are certainly not going to accept an investment that once again puts in the lap of the Department of Labor the responsibility of advocating for this new special type of investment.

Let me point out also that it is also the responsibility of the pension fund manager, pursuant to the ERISA law, to act solely and completely in the best interest of the participants in the pension plan. Most pension fund investors, as you have seen by your own charts and by your own data that you have brought out, from time to time find it necessary to diversify and on some occasions they make investments in foreign types of investments that happen to have a rate of return that they believe is in the best interest of the participants in the plan.

So it is not in the purview of the Department of Labor to intervene in these instances. It is in the purview of

the responsibility of the pension fund manager to make those kinds of decisions. That is part of the free enterprise system and it is not for Secretary Reich or his employees or anybody else to meddle in those types of decisions. Your amendment, sir, gives Secretary Reich not only the right but the responsibility to carry out those kinds of incentives.

The second point I would like to make with regard to the position that you present has to do with the net flow of capital into and out of the United States. I pointed this out before. This publication which is put out by Council of Economic Advisors called Economic Indicators points out very clearly that there is a net flow of $151 billion in the most recent year reported, 1994, into the United States of America. It has been so increasingly over the last 5 or 6 years, bottoming out with only $7 billion in 1991 and once again we are back up to $151 billion.

So the fact of the matter is that the net flow of assets, of capital assets, is into the United States, not out of the United States as the gentleman would try to confuse some members of the public by bringing forth this amendment.

I think that once again these amendments are a series of amendments which are designed to divert attention away from the real issues here. The real issues are in keeping with the intent and the literal language of the ERISA law which requires pension fund managers to act solely and completely for the best benefit of the participants in the pension plan. The underperformance of ETI's by virtue of a full 2 percent and the additional risk posed by ETI's and the decisions thereby made by pension fund managers with regard to ETI's are certainly not in keeping with the spirit or the letter of the law.

Mr. MARTINEZ. Mr. Chairman, I rise in support of the amendment.

The gentleman who just spoke would like Members to believe that all ETI's are bad investments. That is not true. We have illustrated and we have given examples of ETI's that are very successful and very profitable for the pension beneficiaries.

The gentleman is saying over and over again that that is the issue. That is not the issue, because the real issue is whether or not those that were bad investments were advisable under the law or permissible under the law. They were neither permissible nor advisable under the law, and that has not changed in anything done by the interpretive bulletin, but he chooses to ignore that and keep coming back to the same rhetoric.

The fact is that the majority here wants to mismanage the Department of Labor. In fact in this new Congress they want to mismanage every part of the Government, including the administrative branch, and we will probably next get into the judicial branch. I do not think that is the answer.

The gentleman from New York [Mr. HINCHEY] is to be commended for his amendment, and I will tell why. I would have offered a stronger amendment. I would have offered an amendment that says that no American worker's pension fund that he earned here in the United States could be invested in any foreign investment because, as earlier was said by the gentleman from Ohio [Mr. BROWN], those dollars go abroad in investments there that create products that come back to steal our markets, and to create jobs and economy over there to rob people of jobs here.

I would have said the gentleman's amendment is a very weak amendment really, because my amendment would have said no American pension dollars from American workers could be expended anywhere else, in any foreign country; it had to be expended here for investment here, to realize our economic benefit rather than that of someone abroad.

Mr. HINCHEY. Mr. Chairman, will the gentleman yield?

Mr. MARTINEZ. I yield to the gentleman from New York.

Mr. HINCHEY. Mr. Chairman, I would just like to point out to the ranking minority member something that he knows, and that of course is that we knew that a stronger amendment would not stand any chance of passage or being accepted by the other side of the aisle. It was our hope that this amendment, as moderate as it is, and as in keeping with ERISA as it is and all the protections and provisions of ERISA as it is, would be accepted. But they are apparently so zealous in their desire to prevent pension funds from being invested in domestic programs, so desirous of seeing that money, if it has to go overseas rather than being invested here in this country, that they are even opposing this very moderate amendment.

□ 1800

Mr. MARTINEZ. Reclaiming my time, I agree with the gentleman that this is a reasonable amendment as it is offered, but there have been several reasonable amendments that have been offered; none of them accepted. The intent of this legislation should be clear to everyone.

Mr. KNOLLENBERG. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I have been sitting here, obviously, as many of us have, listening to the debate and there seems to be a recurring theme that comes from the other side of the aisle.

I do not challenge their honesty and integrity about bringing forth the argument. I have heard the words used over there "hung up" or "ambiguous." There is an ambiguity about what we are saying. There is a misunderstanding.

Mr. Chairman, I have misunderstood some of the direction over here as well, but there is one thing that we have to keep coming back to. This is repetitious. You have heard it before. Nothing like singing the same thing over and over. But the Saxton bill does not prohibit investing in ETI's. There is no prohibition or language or sentence or phrase that refers to that.

The only thing that I can tell my colleagues, though, is that the DOL, the Department of Labor interpretive bulletin does promote investments in ETI's and that is where I think the hangup or the problem is.

If my colleagues want some proof of the fact that they are promoting it, think about this for just a little bit. They are spending, the administration is spending $1 million to establish a clearinghouse to produce, I heard, a variety of things. I heard a list, which is probably is. But it is a somewhat sanctioned grouping of names of investments that are satisfactory, all of which happen to be ETI's. That is No. 1.

No. 2, they are sending the Assistant Secretary around who is actively promoting and I understand spending 10 percent of her time promoting ETI's. That is proactive.

No. 3, there has been talk, and not just talk, but indications of inappropriate pressure that have been put on the pension managers.

Let me tell my colleagues something about pension managers. They are not blocks of wood. They do assess, they analyze, they scrutinize, they weigh, and look at what is best for their pension beneficiaries. It might be an investment in Lebanon, IN, or Lebanon, PA, or it may be overseas, but it may be in the heart of their own hometown. They look at all sides of the equation; not just one.

Mr. Chairman, I remind my colleagues that one of the reasons that ETI's do have to be scrutinized more closely is because the Department of Labor itself has acknowledged, my friends on the other side of the aisle want to call them social investments. Fine, but these ETI's, I will call them ETI's, I have called them PTI's, politically targeted investments, but the ETI's are less liquid. They require more expertise to evaluate. They require a longer period of time to generate significant investment returns.

Mr. Chairman, I am not a pension investment manager. I think I am average in terms of those kinds of things. But if those were the words that I read, it would have a great deal of impact on what I would do in terms of investing, even as an individual. And pension mangers, as I say, are not blocks of wood. They do weigh all of this.

The problem of this bill is that it addresses the promotion of ETI's. And,

frankly, that is something that is very contrary to its charge as the Nation's pension watchdog. So, I am just suggesting that if there is some confusion or misunderstanding, it has to be, I believe, over that very issue. That the Saxton bill does not preclude investment in any of those arenas, any of those areas.

Mr. HINCHEY. Mr. Chairman, will the gentleman yield?

Mr. KNOLLENBERG. I yield to the gentleman from New York.

Mr. HINCHEY. Mr. Chairman, I am glad that the gentleman from Michigan [Mr. KNOLLENBERG] is attempting to clear that up for us, because that is exactly what we are trying to do here.

It has been said, for example, that these ETI's are bad investments. As a matter of fact, ETI's in California and New York are actually performing better than the market. So, they can be very, very profitable investments indeed.

But we are not trying to force anyone into anything. We are not trying to say that anyone should go into an ETI or anything of that nature. All this amendment says is to the extent that it is possible, the Secretary of Labor shall take whatever action he deems necessary, consistent with the protections and provisions of ERISA, to try to ensure that these funds are invested domestically; that they are invested here in this country and the needs of this country, so that we can create jobs for our people and increase their standards of living and increase their buying power, which has been shrinking for the better part of 20 years. That is all this amendment says. Just invest the money here in this country domestically.

Mr. KNOLLENBERG. Mr. Chairman, reclaiming my time, those are good, solid suggestions about what you want to do, but here is what bothers me a great deal.

The CHAIRMAN (Mr. EMERSON). The time of the gentleman from Michigan [Mr. KNOLLENBERG] has expired.

(By unanimous consent, Mr. KNOLLENBERG was allowed to proceed for 2 additional minutes.)

Mr. KNOLLENBERG. Mr. Chairman, I want to look at this aspect of it since, in the judgment of the gentleman from New York [Mr. HINCHEY], the Department of Labor's directive does not preclude investment in ETI's, and since the bill of the gentleman from New Jersey [Mr. SAXTON] does not preclude or prohibit or in any way challenge the investment in ETI's, why is there any need for an amendment?

Mr. HINCHEY. Mr. Chairman, if the gentleman would continue to yield, I think it is very clear. We want the investment trustees to have as much latitude as possible to act in the context of their lights in the best interests of the people they represent in their pension system.

We want them to do it insofar as it is consistent with all the protections and provisions in the law in a way that is going to promote economic growth and development in this country, because that too is in the best interest of the pensioners, potential pensioners, the investors in that pension system.

To the extent that we can grow this economy and marshal our investment in ways that produce growth and create income, we are benefiting everyone in the economy. That is what we are trying to do with this amendment, because it is not clear in the bill that that would be allowed.

Contrarily, if I may, the bill indicates that the trustees, if they do that in a way that is socially just, they will be imperiled.

Mr. KNOLLENBERG. Mr. Chairman, reclaiming my time, we do not need the amendment, because we have not precluded investment in any domestic activity.

The CHAIRMAN. Does the gentleman from Illinois [Mr. FAWELL] insist upon his point of order? He had reserved a point of order.

Mr. FAWELL. Mr. Chairman, I withdraw my reservation of a point of order on the amendment.

Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise, briefly, in opposition to the amendment. There is just one point that I think I can add that might be of help. It seems to me that we have come full circle now. We have legislation which was introduced which basically was aimed at proscribing the Department of Labor from being able to go out and promote and hype, spend millions of dollars toward being able to have a clearinghouse, et cetera, et cetera, to encourage ETI's.

We did not outlaw ETI's, but we simply said that they are a part of the investment area, but nobody has to do it, especially the entity which is the regulator and is supposed to be the watchdog for proper investments. That is not appropriate for the Department of Labor to be doing that.

Mr. Chairman, now what do we get here? We now say that the Secretary of Labor shall take such actions as are necessary, anything in his discretion, to encourage domestic investments, which means obviously of course ETI's, which may have the main emphasis of social investments. And he can, if it is in his discretion, it could be with affirmative action, it could be goals, timetables, it could be quotas, the whole shooting match.

Well, I will give the gentleman from New York [Mr. HINCHEY] credit. I do not want to take up a whole lot of time, but to me, the gentleman has surpassed the basic problem that this bill is here to try to rectify. Mr. Chairman, I think that it is not a very good amendment and should be defeated.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. HINCHEY].

The question was taken; and the Chairman announced that the noes appeared to have it.

Mr. HINCHEY. Mr. Chairman, I demand a recorded vote, and pending that, I make the point of order that a quorum is not present.

The CHAIRMAN. Pursuant to the order of the House of today, further proceedings on the amendment offered by the gentleman from New York [Mr. HINCHEY] will be postponed.

The point of no quorum is considered withdrawn.

The CHAIRMAN. Are there further amendments?

AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. MARTINEZ

Mr. MARTINEZ. Mr. Chairman, I offer an amendment in the nature of a substitute.

The Clerk read as follows:

Amendment in the nature of a substitute offered by Mr. MARTINEZ: Strike all after the enacting clause and insert the following:

SECTION 1. SENSE OF THE CONGRESS.

It is the sense of the Congress that the Department of Labor, as the principal enforcer of fiduciary standards in connection with employee pension benefit plans and employee welfare benefit plans (as defined in paragraphs (1) and (2) of section 3 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1002(1), (2))), should remain neutral regarding economically targeted investments.

SEC. 2. PROHIBITIONS ON DEPARTMENT OF LABOR REGARDING ECONOMICALLY TARGETED INVESTMENTS.

(a) IN GENERAL.—Interpretive Bulletin 94–1, issued by the Secretary of Labor on June 23, 1994 (59 Fed. Reg. 32606; 29 C.F.R. 2509.94–1), shall be interpreted so as to neither advocate nor discourage economically targeted investments.

(b) RESTRICTIONS ON DEPARTMENT OF LABOR REGULATIONS.—The Secretary of Labor may not issue any rule, regulation, or interpretive bulletin which promotes or otherwise encourages, or which discourages, economically targeted investments as a specified class of investments.

(c) RESTRICTIONS ON ACTIVITIES OF THE DEPARTMENT OF LABOR.—No officer or employee of the Department of Labor may travel, lecture, or otherwise expend resources available to such Department for the purpose of promoting or discouraging, directly or indirectly, economically targeted investments.

(d) CONTINUED AUTHORITY OF SECRETARY.—Nothing in this section shall be construed to preclude the Secretary of Labor from offering advice in response to requests as to the appropriateness under the Employee Retirement Income Security Act of 1974 of particular investments or investment strategies.

(e) ECONOMICALLY TARGETED INVESTMENT DEFINED.—For purposes of this section, the term "economically targeted investment" has the meaning given such term in Interpretive Bulletin 94–1, as issued by the Secretary of Labor on June 23, 1994 (59 Fed. Reg. 32606; 29 C.F.R. 2509.94–1).

SEC. 3. EFFECTIVE DATE.

The preceding provisions of this Act shall take effect on the date of the enactment of this Act.

Mr. MARTINEZ (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. MARTINEZ. Mr. Chairman, my amendment is an amendment in the nature of a substitute to the bill and is designed to achieve complete neutrality on the part of the Department of Labor, much as the bill that we are considering now says it claims to do or claims that it wants to do.

Mr. Chairman, my bill clearly states that the interpretive bulletin is not to be interpreted as either encouraging or discouraging investments in ETI's. Further, it prevents the Department from taking a position either in favor of ETI's or against them as a matter of investment strategy.

It does preserve the requirement that the Department of Labor respond to specific inquiries from investment managers and employee benefit plans with respect to any investment strategy, solely in order to ensure that the opinions of legality under ERISA may continue to be rendered as they have been since ERISA was first implemented a generation ago.

Finally, my amendment in the nature of a substitute prohibits expenditures by the Department of Labor which are made with the purpose of either discouraging or encouraging investments in ETI's.

Mr. Chairman, I urge the adoption of this amendment, because it truly is a neutrality amendment; one that answers any of the reasons given for the bill in the first place. Yet, my amendment has the benefit of ensuring that the investment community is able to take whatever action it deems necessary with respect to investment strategies.

Under the bill as brought to the floor today, I am advised that this is not the case. The bill we are presented with will result in litigation by any party disgruntled with any investment for the sole reason that the investment can have a collateral benefit.

My amendment ensures that the investment manager is the one who considers the investment, not an outsider, and that the investment manager is not subject to "Monday morning quarterbacking" with respect to those decisions.

Mr. Chairman, I offer this amendment in the hopes that it would be accepted. I do not fool myself. I am fully prepared for what will ensue.

Mr. SAXON. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, once again we have another in a series of amendments that is intended to divert attention from the underlying issue under consideration here, and that is the underperformance of ETI.

Mr. Chairman, ETI's historically have been shown to produce rates of return that are approximately 2 percent less than other good pension fund investments, and that is at a substantially higher risk.

I further oppose this amendment because in my opinion the substitute amendment's attempt to ensure DOL neutrality is unnecessary, since the bill simply makes clear that the law is as it was before the Department of Labor's decision to promote ETI's took place.

Under the bill as it currently stands, we negate the interpretive bulletin that Secretary Reich issued more than a year ago, which is the subject of a great deal of debate and has been ever since. We do away with the clearinghouse that was set up to promote economically targeted investments, because we believe that for the most part they are investments that should be viewed with a great deal of skepticism.

Third, we stop the sending of any Federal moneys to encourage ETI's through the Department of Labor or any other Federal department.

Mr. Chairman, this amendment is totally unnecessary, and I believe is intended to divert attention away from the real issues, which are the economics of how pension funds are invested.

The CHAIRMAN. The question is on the amendment in the nature of a substitute offered by the gentleman from California [Mr. MARTINEZ].

The amendment in the nature of a substitute was rejected.

AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. ANDREWS

Mr. ANDREWS. Mr. Chairman, I offer an amendment in the nature of a substitute.

The Clerk read as follows:

Amendment in the nature of a substitute offered by Mr. ANDREWS: Strike all after the enacting clause and insert the following:

SECTION 1. SENATE OF THE CONGRESS.

It is the sense of the Congress that the Department of Labor should apply the same fiduciary standards to economically targeted investments (as defined in Interpretive Bulletin 94-1, issued by the Secretary of Labor on June 23, 1994 (59 Fed. Reg. 32606, 29 C.F.R. 2509.94-1)) as are applicable to investments by pension plans generally under the Employee Retirement Income Security Act of 1974.

SEC. 2. EFFECT OF INTERPRETIVE BULLETIN 94-1.

Interpretive Bulletin 94-1 (referred to in section 1) shall be null and void to the extend it is construed to authorize investments which are in violation of the Employee Retirement Income Security Act of 1974.

SEC. 3. PROHIBITION ON FEDERAL AGENCIES AGAINST ESTABLISHING OR MAINTAINING ANY CLEARINGHOUSE OR OTHER DATABASE RELATING TO ECONOMICALLY TARGETED INVESTMENTS.

(a) IN GENERAL.—Part 5 of subtitle B of title I of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1131 et seq.) is amended by adding at the end the following new section:

"PROHIBITION ON FEDERAL AGENCIES AGAINST ESTABLISHING OR MAINTAINING ANY CLEARINGHOUSE OR OTHER DATABASE RELATING TO ECONOMICALLY TARGETED INVESTMENTS

"SEC. 516. (a) IN GENERAL.—No agency or instrumentality of the Federal Government may establish or maintain, or contract with (or otherwise provide assistance to) any other party to establish or maintain, any clearinghouse, database, or other listing—

"(1) for the purpose of making available to employee benefit plans information on economically targeted investments,

"(2) for the purpose of encouraging, or providing assistance to, employee benefit plans or any other party related to an employee benefit plan to undertake or evaluate economically targeted investments, or

"(3) for the purpose of identifying economically targeted investments with respect to which such agency or instrumentality will withhold from undertaking enforcement actions relating to employee benefit plans under any otherwise applicable authority of such agency or instrumentality.

"(b) ECONOMICALLY TARGETED INVESTMENT DEFINED.—For purposes of this section, the term 'economically targeted investment' has the meaning given such term in Interpretive Bulletin 94-1, as issued by the Secretary on June 23, 1994 (59 Fed. Reg. 32606; 29 C.F.R. 2509.94-01).".

(b) CLERICAL AMENDMENT.—The table of contents in section 1 of such Act is amended by inserting at the end of the items relating to part 5 of subtitle B of title I the following new item.

"Sec. 516. Prohibition on Federal agencies against establishing or maintaining any clearinghouse or other database relating to economically targeted investments.".

SEC. 4. TERMINATION OF CONTRACTS.

The head of each agency and instrumentality of the Government of the United States shall immediately take such actions as are necessary and appropriate to terminate any contract or other arrangement entered into by such agency or instrumentality which is in violation of the requirements of the provisions of this Act or the amendments made thereby.

SEC. 5. EFFECTIVE DATE.

The preceding provisions of this Act (and the amendments made thereby) shall take effect on the date of the enactment of this Act.

Mr. ANDREWS (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. FAWELL. Mr. Chairman, I reserve a point of order on the amendment. I am not aware of just what this amendment is all about.

The CHAIRMAN. The gentleman from Illinois [Mr. FAWELL] reserves a point of order on the amendment.

The gentleman from New Jersey [Mr. ANDREWS] is recognized for 5 minutes.

□ 1815

Mr. ANDREWS. Mr. Chairman, there are some severe problems with America's pension system as we meet here

tonight. There are employees of private companies and pensioners of private companies who are legitimately worried that they may not have a pension someday because of the failure of many American businesses and the extent to which the Private Pension Guarantee Benefit Corporation is thinly capitalized. There is a very real risk if we do not do something about that problem that many Americans may not have the pension check on which they depended. There are Americans who used to work for governments or school districts or who work for government or school districts today who are legitimately worried about their pensions because it has become the practice of some governments at the State and local level around America to borrow from that pension fund or not put enough in in order to meet short-term budgetary or political objectives. That is a real problem that deserves our attention.

Tonight as we consider this legislation, however, neither of those problems receives any attention, and instead I rather think that we are looking at a bill that in good faith presents a solution in search of a problem by talking about economically targeted investments. Nevertheless, my friends on the majority side have raised some real and viable questions about economically targeted investments or ETI's. My substitute amendment attempts to address each of those legitimate points and place the Secretary of Labor exactly where he belongs, with respect to economically targeted investments or any kind of decision by pension fund managers. It places the Secretary of Labor out of the picture because the Secretary of Labor, absent his regulatory duties under ERISA, has no business, none, meddling in the decisions of pension managers across the country.

We have heard that people are concerned about spending a million dollars of taxpayer money on a clearinghouse to deal with the ETI's. So I am concerned about that. So my substitute abolishes the clearinghouse and permits the expenditure of nothing on it.

We have heard that people are concerned about this bill or the pronouncements of the Secretary of Labor creating a standard of review other than the traditional prudent man standard for ETI's. I am concerned about that, too. So my amendment expressly provides that the prudent man rule will remain the only measure under which investments will be evaluated under the ERISA law. It says the prudent man standard and only the prudent man standard.

Here is the difference between my substitute and the bill that is before us: My substitute says that the Secretary of Labor shall not promote ETI's, but neither shall detract from ETI's. My amendment says the Secretary of Labor shall not promote investments in U.S. savings bonds nor shall be detract from investments in U.S. savings bonds or the stock of IBM or any other potential investment. My amendment says that the Secretary of Labor has no rightful place meddling in the investment decisions of our pension funds.

My amendment, I would think, in many ways is a quintessential conservative amendment in that it says the Federal Government simply has on place injecting itself in the decisions of investment managers of the pension funds of our country.

So to summarize, Mr. Chairman, wish that we had brought to the floor tonight legislation that would address the underfunding of the Private Benefit Guarantee Corporation, the Pension Benefit Guarantee Corporation that put the pensions of many Americans at risk. I wish we had brought to the floor tonight an amendment I offered in committee that would have provided public employees with the right of review if their Governor and the State legislature decides to play budget fiscal politics with their pension and make it subject to some review under ERISA.

The CHAIRMAN. The time of the gentleman from New Jersey has expired.

(By unanimous consent, Mr. ANDREWS was allowed to proceed for 2 additional minutes.)

Mr. ANDREWS. We have not addressed either of those issues. Instead we brought forward this proposal, and I read its intent as a wholesome and good-faith one that says that the Secretary of Labor has no business meddling in the investment decisions of investment managers. I agree. So what we simply say is that he should be neutral with respect to all such investments and stay out.

We hear the proponents of this bill saying that we should not spend $1 million of taxpayers' money on a clearinghouse. I agree. So my substitute strikes the authority to do that.

The difference between my amendment and the pending bill is simply this: I say that we should not take a position at all on ETI's, that the position of the Secretary of Labor ought to be that is a decision that the investment fund managers ought to make under the prudent man and only under the prudent man rule.

The CHAIRMAN. The gentleman from Illinois reserved a point of order. Does he insist on it?

Mr. FAWELL. No; I do not reserve the point of order.

Mr. SAXTON. Mr. Chairman, I move to strike the last word. I would like to thank my colleague from New Jersey for a very clear statement as to say how he feels about the current situation.

As I was saying, Mr. Chairman, I would like to commend the gentleman from New Jersey for his very articulate recognition of the situation, and I might say that although we cannot accept his amendment, he does move in the right direction, and we appreciate the fact that for the first time we have an amendment that at least recognizes that there is a problem with the way the Department of Labor is doing business.

I wish that we could accept the gentleman's amendment. However, he simply does not go far enough. What we are trying to do with the bill as it stands is to go back to the situation that existed during the Carter years and the Reagan years and the Bush years, where essentially what the gentleman has suggested occurred, and that was that the Department of Labor did not take a position relative to the ETI's unless they were requested to do so by somebody, some pension fund manager who wanted the Department of Labor's interpretation as to the appropriateness of an investment. So we negate the interpretive bulletin. We do away with the clearinghouse, and we stop the expenditure of any Federal moneys to in any way promote ETI's.

The gentleman's amendment, while it is certainly well thought out, according to the information I have here, expresses the sense of Congress that it is inappropriate for the Department of Labor to promote ETI's and that is nice. However, we prefer to have this carry the effect of law, and that is what the bill, as it currently stands, does.

In addition to that, the gentleman's amendment also renders the interpretive bulletin null and void, but he weakens that statement by saying only to the extent that is construed to violate ERISA. I am not quite sure at this hour how to interpret exactly what that does or what it is intended to do, so I think the bill, as it currently stands, is absolutely clear. It goes to the points that the gentleman made in his very articulate explanation of his amendment. It negates the interpretive bulletin. It does away with the clearinghouse, as it currently stands, and it stops the expenditures of money to advocate for a particular class of investment.

Mr. GOODLING. Mr. Chairman, will the gentleman yield?

Mr. SAXTON. I yield to the gentleman from Pennsylvania, the chairman of the full committee.

Mr. GOODLING. Mr. Chairman, my major concern with this substitute is the point the gentleman mentioned. 94-1 shall be null and void to the extent it is construed in violation of ERISA. My fear is that, and I have many, many wonderful attorney friends but they are all very busy at the present time, my fear is that we are going to give them much more business than they can ever handle, and it may be a long, long time until we go through the

court process to find out what is construed in violation of ERISA means, and that would be my major concern with the substitute.

Mr. CLAY. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in support of this amendment.

Mr. Chairman, I support this amendment.

This is the amendment that my Republican colleagues should have reported out of the committee had the leadership not been determined to placate the sponsor of the bill, and to satisfy their own desire to demagog on this issue.

Democrats and Republicans who want to continue the tradition of bipartisan pension policy should support this amendment.

From the moment that the sponsor of the bill surfaced with his legislation, the Republican leadership of the Opportunities Committee knew full well that the original Saxton bill would have been an absolute disaster. It basically dropped a nuclear bomb on 15 years of bipartisan pension policy.

Unfortunately, Representative FAWELL was allowed to make only modest improvements in the original bill. If the Saxton bill is a hydrogen bomb, obliterating everything in its path, the Fawell bill is a neutron bomb. It leaves standing all past Labor Department administrative opinions on ETI's, but obliterates every other mention of the term. It keeps intact the vague, overbroad GAG order on Labor Department personnel. It repeals interpretive bulletin 94–1, even though everyone agrees that bulletin simply restates 15 years of bipartisan interpretation of ERISA.

The purpose of the Andrews amendment is to take the committee Republicans at their word that their overriding objective is to require the Labor Department to acknowledge the prudent man rule and to remain neutral on ETI's. This bears repeating: Mr. ANDREWS has taken our colleagues at their word about their intended goal.

The Andrews amendment gives them neutrality. As long as ERISA is satisfied, ETI's are to rise or fall on their own merits. No help from the Labor Department. No promotion of ETI's. No clearinghouse.

The Andrews amendment establishes as the overarching policy that the Labor Department is to apply ERISA's strict fiduciary standards to ETI's in the same manner that they are applied to plan investment generally. ERISA comes first. Beneficiaries come first. The application of the prudent man rules comes first.

If you support the fiduciary standards of ERISA.

If you support the prudent man rule.

If you support giving private sector pension managers the maximum flexibility allowed under ERISA to consider investments, free of any political pressure, then support the Andrews amendment.

Mr. ANDREWS. Mr. Chairman, will the gentleman yield?

Mr. CLAY. I yield to the gentleman from New Jersey.

Mr. ANDREWS. Mr. Chairman, I would like to respond, if I could, to the two points raised about concern about the substitute.

First of all, with respect to whether or not the substitute prohibits the Secretary of Labor from promoting ETI's or simply declares that to be the sense of the Congress, in fact, the amendment does prohibit, in section 3, specifically prohibits the Secretary of Labor from entering into any contract or taking any step which does so. So it is simply not a sense of Congress.

Second, with respect to the chairman's concern about creating employment for attorneys, which is a truly valid concern, I would suggest that that really is something, with all due respect, it is a red herring for this reason: My amendment says that if the bulletin is construed to be null and void because it violates ERISA, my understanding is that an investment which runs afoul of the prudent man standard is, in fact, a violation of ERISA as ERISA has been interpreted. So, therefore, this incorporates by reference the prudent man standard that is applied, for years, since 1974, the year ERISA was first enacted. I believe, should litigation be brought to interpret this section, it would be quickly resolved, and it would be very clearly resolved that to the extent that this interpretive bulletin authorizes or permits an investment decision outside the scope of the prudent man rule, it is illegal and not permitted.

Mr. CLAY. Mr. Chairman, this amendment establishes the over- arching policy that the Labor Department is to apply ERISA's strict fiduciary standards to ETI's in the same manner they are applied to plan investments generally.

ERISA comes first. Beneficiaries come first. The application of the prudent man rule comes first. If you support the fiduciary standards of ERISA, if you support the prudent man rule, if you support giving private sector pension managers maximum flexibility allowed under ERISA, free of any political pressure, then you have to support the Andrews amendment, and I urge my colleagues to do just that.

Mr. FAWELL. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise to oppose the amendment. I think it is a move in the right direction, I believe, in the short chance I have had to review it. It is woefully weak in regard to a very important element, and that is proscribing the right of the Department of Labor to continue to promote and hype in regard to ETI's.

What we had in section 1 were where we clearly said this is inappropriate, that language is gone, and as I read even insofar as section 3 and section 2 of the amendment. The prohibitions against promotion, et cetera, are gone.

The amendment certainly renders this very confusing interpretive bulletin null and void, but as has been indicated by several, only to the extent it is construed to violate ERISA. Our bill really did not live or die on that basis or even make that claim. What we said is the interpretive bulletin is a very outlandish effort to start promoting what the Department of Labor set forth as a definition of ETI's, and it was that to which we made, of course, major objection. To introduce this language about whether it does or does not violate ERISA, I agree with the statement made by Chairman GOODLING, we will have a lot of lawyers arguing how many angels can dance on the end of a pin as a result of that.

I think that although this is a movement in the right direction, we have a very clear bill that has to go through an awful lot of rigorous examination, and for that reason, with the utmost respect for the gentleman who has proffered this amendment, I certainly must oppose it.

□ 1830

Mr. ANDREWS. Mr. Chairman, will the gentleman yield?

Mr. FAWELL. I yield to the gentleman from New Jersey.

Mr. ANDREWS. Mr. Chairman, I hear that my friend, the gentleman from Illinois [Mr. FAWELL], is making two objections. I would like to try to meet them.

With respect to the effect of Interpretive Bulletin 94–1, in the appropriate procedural manner, Mr. Chairman, I would offer to change that section to say the following:

Interpretive Bulletin 94–1 referred to in section 1 shall be null and void, period, because that is the intent of this section.

Second, with respect to the gentleman's concern about the——

Mr. FAWELL. Reclaiming my time, if I may say, "Except to the extent——"

Mr. ANDREWS. Well, why do we not strike that? I would offer to strike it.

Second, let me say this to the gentleman, that to the extent that he is concerned about a prohibition against the promotion of ETI's by the Government, let me just read to him section 3. It will be section 516(a).

No agency or instrumentality of the Federal Government may establish, or maintain, or contract with or otherwise provide assistance to any other party to establish or maintain any clearinghouse data base or any other listing, sub 2, for the purpose of encouraging or providing assistance to employee benefit plans or any other part relating to an employee benefit plan to undertake or evaluate economically targeted investments.

That seems pretty clear to me is a prohibition against promotion. I would be curious if the gentleman can explain to me why it is not.

Mr. FAWELL. As I have indicated, first of all in section 1 the gentleman has entirely removed the very clear statement that any promotion is inappropriate on behalf of the Department of Labor.

In reference to the other sections of the bill, frankly the gentleman had here a complete new bill of seven or, eight pages, and I have not had the chance to go fully through it, but I have noted that at least statements where we have said that we had proscriptions in regard to promotion, it seemed to me the gentleman had left those out. In fact in section 2 I am informed that those proscriptions have been pretty well deleted.

Mr. ANDREWS. If the gentleman would yield, that is certainly not our intent, not my understanding. I do not know of any broader proscription we could include.

Mr. FAWELL. It does appear in section 2 that is the case. I am not absolutely sure in regard to section 3, but we have an excellent bill. It is too bad something like this was not introduced in committee. The gentleman is a member of the committee, and we certainly would have considered it, but nevertheless I have a great deal of respect for the gentleman, and I know he put some work into it. I appreciate that.

The CHAIRMAN. The question is on the amendment in the nature of a substitute offered by the gentleman from New Jersey [Mr. ANDREWS].

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. ANDREWS. Mr. Chairman, I demand a recorded vote.

The CHAIRMAN. Pursuant to the order of the House of today, further proceedings on the amendment in the nature of a substitute offered by the gentleman from New Jersey [Mr. ANDREWS] will be postponed.

The point of no quorum is considered withdrawn.

SEQUENTIAL VOTES POSTPONED IN COMMITTEE OF THE WHOLE

The CHAIRMAN. Pursuant to the order of the House of today, proceedings will now resume on those amendments on which further proceedings were postponed in the following order: the amendment offered by the gentleman from New York [Mr. HINCHEY]; the amendment in the nature of a substitute offered by [Mr. ANDREWS].

AMENDMENT OFFERED BY MR. HINCHEY

The CHAIRMAN. The pending business is the demand for a recorded vote on the amendment offered by the gentleman from New York [Mr. HINCHEY] on which further proceedings were postponed and on which the noes prevailed by voice vote.

The Clerk will designate the amendment.

The Clerk designated the amendment.

RECORDED VOTE

The CHAIRMAN. A recorded vote has been demanded.

A recorded vote was ordered.

The CHAIRMAN. This will be a 15-minute vote followed by a possible 5-minute vote.

The vote was taken by electronic device, and there were—ayes 179, noes 234, now voting 21, as follows:

[Roll No. 650]

AYES—179

Andrews	Furse	Obey
Baesler	Gejdenson	Olver
Baldacci	Gephardt	Ortiz
Barcia	Gibbons	Orton
Barrett (WI)	Gonzalez	Owens
Becerra	Gordon	Pallone
Beilenson	Green	Pastor
Bentsen	Gutierrez	Payne (NJ)
Berman	Hall (OH)	Payne (VA)
Bevill	Hamilton	Peterson (FL)
Bishop	Harman	Peterson (MN)
Bonior	Hastings (FL)	Pomeroy
Borski	Hefner	Poshard
Boucher	Hinchey	Rahall
Browder	Holden	Rangel
Brown (CA)	Hoyer	Reed
Brown (FL)	Jackson-Lee	Richardson
Brown (OH)	Jacobs	Rivers
Bryant (TX)	Johnson (SD)	Roemer
Cardin	Johnson, E. B.	Ros-Lehtinen
Chapman	Johnston	Rose
Clay	Kanjorski	Roybal-Allard
Clayton	Kaptur	Rush
Clement	Kennedy (MA)	Sabo
Clyburn	Kennedy (RI)	Sanders
Coleman	Kennelly	Sawyer
Collins (IL)	Kildee	Schroeder
Collins (MI)	Kleczka	Schumer
Condit	Klink	Scott
Conyers	LaFalce	Serrano
Costello	Levin	Skaggs
Coyne	Lewis (GA)	Skelton
Cramer	Lincoln	Slaughter
Danner	Lipinski	Spratt
de la Garza	Lofgren	Stark
DeFazio	Lowey	Stokes
DeLauro	Luther	Studds
Dellums	Maloney	Stupak
Deutsch	Manton	Tanner
Diaz-Balart	Markey	Tejeda
Dicks	Martinez	Thompson
Dingell	Mascara	Thornton
Dixon	Matsui	Thurman
Doggett	McCarthy	Torres
Dooley	McDermott	Towns
Doyle	McHale	Traficant
Edwards	McKinney	Velazquez
Engel	McNulty	Vento
Eshoo	Meehan	Visclosky
Evans	Meek	Volkmer
Farr	Mfume	Ward
Fields (LA)	Miller (CA)	Waters
Filner	Mineta	Watt (NC)
Flake	Minge	Waxman
Foglietta	Mink	Wise
Forbes	Moran	Woolsey
Ford	Murtha	Wyden
Fox	Nadler	Wynn
Frank (MA)	Neal	Yates
Frost	Oberstar	

NOES—234

Allard	Bateman	Bunn
Archer	Bereuter	Bunning
Armey	Bilbray	Burr
Bachus	Bilirakis	Burton
Baker (CA)	Bliley	Buyer
Baker (LA)	Blute	Callahan
Ballenger	Boehlert	Calvert
Barr	Bonilla	Camp
Barrett (NE)	Bono	Canady
Bartlett	Brewster	Castle
Barton	Brownback	Chabot
Bass	Bryant (TN)	Chambliss
Chenoweth	Hobson	Pombo
Christensen	Hoekstra	Porter
Chrysler	Hoke	Portman
Clinger	Horn	Pryce
Coble	Hostettler	Quillen
Coburn	Houghton	Quinn
Collins (GA)	Hunter	Radanovich
Combest	Hutchinson	Ramstad
Cooley	Hyde	Regula
Cox	Inglis	Riggs
Crane	Istook	Roberts
Crapo	Johnson (CT)	Rogers
Cremeans	Johnson, Sam	Rohrabacher
Cubin	Jones	Roth
Cunningham	Kasich	Roukema
Davis	Kelly	Royce
Deal	Kim	Salmon
DeLay	King	Sanford
Dickey	Kingston	Saxton
Doolittle	Klug	Scarborough
Dornan	Knollenberg	Schaefer
Dreier	Kolbe	Schiff
Duncan	LaHood	Seastrand
Dunn	Largent	Sensenbrenner
Ehlers	Latham	Shadegg
Ehrlich	LaTourette	Shaw
Emerson	Laughlin	Shays
English	Lazio	Shuster
Ensign	Leach	Skeen
Everett	Lewis (CA)	Smith (MI)
Ewing	Lewis (KY)	Smith (NJ)
Fawell	Lightfoot	Smith (TX)
Fields (TX)	Linder	Smith (WA)
Flanagan	Livingston	Solomon
Foley	LoBiondo	Souder
Fowler	Longley	Spence
Franks (CT)	Lucas	Stearns
Franks (NJ)	Manzullo	Stenholm
Frelinghuysen	Martini	Stockman
Frisa	McCollum	Stump
Funderburk	McCrery	Talent
Gallegly	McDade	Tate
Ganske	McHugh	Tauzin
Gekas	McInnis	Taylor (MS)
Geren	McIntosh	Taylor (NC)
Gilchrest	McKeon	Thomas
Gillmor	Metcalf	Thornberry
Gilman	Meyers	Tiahrt
Goodlatte	Mica	Torkildsen
Goodling	Miller (FL)	Upton
Goss	Molinari	Vucanovich
Graham	Montgomery	Walker
Greenwood	Moorhead	Walsh
Gunderson	Morella	Wamp
Gutknecht	Myers	Watts (OK)
Hall (TX)	Myrick	Weldon (FL)
Hancock	Nethercutt	Weller
Hansen	Neumann	White
Hastert	Ney	Whitfield
Hastings (WA)	Norwood	Wicker
Hayes	Nussle	Wilson
Hayworth	Oxley	Wolf
Hefley	Packard	Young (AK)
Heineman	Paxon	Young (FL)
Herger	Petri	Zeliff
Hilleary	Pickett	Zimmer

NOT VOTING—21

Abercrombie	Jefferson	Reynolds
Ackerman	Lantos	Sisisky
Boehner	Menendez	Torricelli
Durbin	Moakley	Tucker
Fattah	Mollohan	Waldholtz
Fazio	Parker	Weldon (PA)
Hilliard	Pelosi	Williams

□ 1855

So the amendment was rejected.

The result of the vote was announced as above recorded.

AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. ANDREWS

The CHAIRMAN. The pending business is the demand for a recorded vote on the amendment in the nature of a substitute offered by the gentleman from New Jersey [Mr. ANDREWS] on which further proceedings were postponed and on which the noes prevailed by voice vote.

The Clerk will designate the amendment in the nature of a substitute.

The Clerk designated the amendment in the nature of a substitute.

RECORDED VOTE

The CHAIRMAN. A recorded vote has been demanded.

A recorded vote was ordered.

The CHAIRMAN. This is a 5-minute vote.

The vote was taken by electronic device, and there were—ayes 178, noes 232, not voting 24, as follows:

[Roll No. 651]

AYES—178

Andrews
Baesler
Baldacci
Barcia
Barrett (WI)
Becerra
Beilenson
Bentsen
Berman
Bevill
Bishop
Bonior
Borski
Boucher
Brewster
Browder
Brown (CA)
Brown (FL)
Brown (OH)
Bryant (TX)
Cardin
Chapman
Clay
Clayton
Clement
Clyburn
Coleman
Collins (IL)
Collins (MI)
Condit
Conyers
Costello
Coyne
Cramer
Danner
de la Garza
DeFazio
DeLauro
Dellums
Deutsch
Diaz-Balart
Dicks
Dingell
Dixon
Doggett
Dooley
Doyle
Edwards
Engel
Eshoo
Evans
Farr
Fazio
Fields (LA)
Filner
Flake
Foglietta
Forbes
Ford
Frank (MA)
Frost
Furse
Gejdenson
Gephardt
Gibbons
Gonzalez
Gordon
Green
Gutierrez
Hall (OH)
Hamilton
Harman
Hastings (FL)
Hefner
Hinchey
Holden
Hoyer
Jackson-Lee
Jacobs
Johnson (SD)
Johnson, E. B.
Johnston
Kanjorski
Kaptur
Kennedy (MA)
Kennedy (RI)
Kennelly
Kildee
Kingston
Kleczka
Klink
LaFalce
Levin
Lewis (GA)
Lincoln
Lipinski
Lofgren
Lowey
Luther
Maloney
Manton
Markey
Martinez
Mascara
Matsui
McCarthy
McDermott
McHale
McKinney
McNulty
Meehan
Meek
Mfume
Miller (CA)
Mineta
Minge
Montgomery
Murtha
Nadler
Neal
Oberstar
Obey
Olver
Ortiz
Orton
Owens
Pallone
Pastor
Payne (NJ)
Payne (VA)
Peterson (FL)
Peterson (MN)
Pickett
Pomeroy
Poshard
Rangel
Reed
Richardson
Rivers
Roemer
Ros-Lehtinen
Rose
Roybal-Allard
Rush
Sabo
Sanders
Sawyer
Schroeder
Schumer
Scott
Serrano
Skaggs
Skelton
Slaughter
Stark
Stokes
Studds
Stupak
Tanner
Tejeda
Thompson
Thornton
Thurman
Torres
Towns
Vento
Visclosky
Volkmer
Ward
Waters
Watt (NC)
Waxman
Wilson
Wise
Woolsey
Wyden
Wynn
Yates

NOES—232

Allard
Archer
Armey
Bachus
Baker (CA)
Baker (LA)
Ballenger
Barr
Barrett (NE)
Bartlett
Barton
Bass
Bereuter
Bilbray
Bilirakis
Bliley
Blute
Boehlert
Bonilla
Bono
Brownback
Bryant (TN)
Bunning
Burr
Burton
Buyer
Callahan
Calvert
Camp
Canady
Castle
Chabot
Chambliss
Chenoweth
Christensen
Chrysler
Coble
Coburn
Collins (GA)
Combest
Cooley
Cox
Crane
Crapo
Cremeans
Cubin
Cunningham
Davis
Deal
DeLay
Dickey
Doolittle
Dornan
Dreier
Duncan
Dunn
Ehlers
Ehrlich
Emerson
English
Ensign
Everett
Ewing
Fawell
Fields (TX)
Flanagan
Foley
Fowler
Fox
Franks (CT)
Franks (NJ)
Frelinghuysen
Frisa
Funderburk
Gallegly
Ganske
Gekas
Geren
Gilchrest
Gillmor
Gilman
Goodlatte
Goodling
Goss
Graham
Greenwood
Gunderson
Gutknecht
Hall (TX)
Hancock
Hansen
Hastert
Hastings (WA)
Hayes
Hayworth
Hefley
Heineman
Hilleary
Hobson
Hoekstra
Hoke
Horn
Hostettler
Houghton
Hunter
Hutchinson
Hyde
Inglis
Istook
Johnson (CT)
Johnson, Sam
Jones
Kasich
Kelly
Kim
King
Klug
Knollenberg
Kolbe
LaHood
Largent
Latham
LaTourette
Laughlin
Lazio
Leach
Lewis (CA)
Lewis (KY)
Lightfoot
Linder
Livingston
LoBiondo
Longley
Lucas
Manzullo
Martini
McCollum
McCrery
McDade
McHugh
McInnis
McIntosh
McKeon
Metcalf
Meyers
Mica
Miller (FL)
Mink
Molinari
Moorhead
Moran
Morella
Myers
Myrick
Nethercutt
Neumann
Ney
Norwood
Nussle
Oxley
Packard
Paxon
Petri
Pombo
Porter
Portman
Pryce
Quillen
Quinn
Radanovich
Rahall
Ramstad
Regula
Riggs
Roberts
Rogers
Rohrabacher
Roth
Roukema
Royce
Salmon
Sanford
Saxton
Scarborough
Schaefer
Schiff
Seastrand
Sensenbrenner
Shadegg
Shaw
Shays
Shuster
Skeen
Smith (MI)
Smith (NJ)
Smith (TX)
Smith (WA)
Solomon
Souder
Spence
Spratt
Stearns
Stenholm
Stockman
Stump
Talent
Tate
Tauzin
Taylor (MS)
Taylor (NC)
Thomas
Thornberry
Tiahrt
Torkildsen
Traficant
Upton
Velazquez
Vucanovich
Walker
Walsh
Wamp
Watts (OK)
Weldon (FL)
Weller
White
Whitfield
Wicker
Wolf
Young (AK)
Young (FL)
Zeliff
Zimmer

NOT VOTING—24

Abercrombie
Ackerman
Bateman
Boehner
Bunn
Clinger
Durbin
Fattah
Herger
Hilliard
Jefferson
Lantos
Menendez
Moakley
Mollohan
Parker
Pelosi
Reynolds
Sisisky
Torricelli
Tucker
Waldholtz
Weldon (PA)
Williams

□ 1904

Mr. WISE changed his vote from "no" to "aye."

So the amendment in the nature of a substitute was rejected.

The result of the vote was announced as above recorded.

PERSONAL EXPLANATION

Mr. ABERCROMBIE. Mr. Chairman, during rollcall vote Nos. 650, 651 on H.R. 1594 I was unavoidably detained. Had I been present I would have voted "aye" on both.

The CHAIRMAN. The question is on the committee amendment in the nature of a substitute, as amended.

The committee amendment in the nature of a substitute, as amended, was agreed to.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker pro tempore (Mr. DICKEY) having assumed the Chair, Mr. EMERSON, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 1594) to place restrictions on the promotion by the Department of Labor and other Federal agencies and instrumentalities of economically targeted investments in connection with employee benefit plans, pursuant to House Resolution 215, he reported the bill back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER pro tempore. Under the rule, the previous question is ordered.

Is a separate vote demanded on the amendment to the committee amendment in the nature of a substitute? If not, the question is on the committee amendment in the nature of a substitute.

The committee amendment in the nature of a substitute was agreed to.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

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

The SPEAKER pro tempore. The question is on the passage of the bill.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

RECORDED VOTE

Mr. FAWELL. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—yeas 239, nays 179, not voting 16, as follows:

[Roll No. 652]

AYES—239

Allard
Archer
Armey
Bachus
Baker (CA)
Baker (LA)
Ballenger
Barr
Barrett (NE)
Bartlett
Barton
Bass
Bateman
Bereuter
Bilbray
Bilirakis
Bliley
Blute
Boehlert
Boehner
Bonilla
Bono
Brownback
Bryant (TN)
Bunn
Bunning
Burr
Burton
Buyer
Callahan
Calvert
Camp
Canady
Castle
Chabot
Chambliss
Chenoweth
Christensen
Chrysler
Clinger
Coble
Coburn
Collins (GA)
Combest
Cooley
Cox
Crane
Crapo
Cremeans
Cubin
Cunningham
Davis
Deal
DeLay
Dickey
Doolittle
Dornan
Dreier
Duncan
Dunn
Ehlers
Ehrlich
Emerson
English
Ensign
Everett
Ewing
Fawell
Fields (TX)
Flanagan
Foley
Fowler
Fox
Franks (CT)
Franks (NJ)
Frelinghuysen
Frisa
Funderburk
Gallegly
Ganske
Gekas
Geren
Gilchrest
Gillmor
Gilman
Goodlatte
Goodling
Goss
Graham
Greenwood

Gunderson
Gutknecht
Hall (TX)
Hancock
Hansen
Hastert
Hastings (WA)
Hayes
Hayworth
Hefley
Heineman
Herger
Hilleary
Hobson
Hoekstra
Hoke
Horn
Hostettler
Houghton
Hunter
Hutchinson
Hyde
Inglis
Istook
Johnson (CT)
Johnson (SD)
Johnson, Sam
Jones
Kasich
Kelly
Kim
King
Kingston
Klug
Knollenberg
Kolbe
LaHood
Largent
Latham
LaTourette
Laughlin
Lazio
Leach
Lewis (CA)
Lewis (KY)
Lightfoot
Linder
Livingston
LoBiondo
Longley
Lucas
Manzullo
Martini
McCollum
McCrery
McHugh
McInnis
McIntosh
McKeon
Metcalf
Meyers
Mica
Miller (FL)
Molinari
Montgomery
Moorhead
Morella
Myers
Myrick
Nethercutt
Neumann
Ney
Norwood
Nussle
Oxley
Packard
Paxon
Petri
Pickett
Pombo
Porter
Portman
Pryce
Quillen
Quinn
Radanovich
Ramstad
Reed
Regula
Riggs
Roberts
Rogers
Rohrabacher
Roth
Roukema
Royce
Salmon
Sanford
Saxton
Scarborough
Schaefer
Schiff
Seastrand
Sensenbrenner
Shadegg
Shaw
Shays
Shuster
Skeen
Skelton
Smith (MI)
Smith (NJ)
Smith (TX)
Smith (WA)
Solomon
Souder
Spence
Stearns
Stenholm
Stockman
Stump
Talent
Tanner
Tate
Tauzin
Taylor (MS)
Taylor (NC)
Thomas
Thornberry
Tiahrt
Torkildsen
Traficant
Upton
Vucanovich
Walker
Walsh
Wamp
Watts (OK)
Weldon (FL)
Weldon (PA)
Weller
White
Whitfield
Wicker
Wolf
Young (AK)
Young (FL)
Zeliff
Zimmer

NOES—179

Abercrombie
Andrews
Baesler
Baldacci
Barcia
Barrett (WI)
Becerra
Beilenson
Bentsen
Berman
Bevill
Bishop
Bonior
Borski
Boucher
Brewster
Browder
Brown (CA)
Brown (FL)
Brown (OH)
Bryant (TX)
Cardin
Chapman
Clay
Clayton
Clement
Clyburn
Coleman
Collins (IL)
Collins (MI)
Condit
Conyers
Costello
Coyne
Cramer
Danner
de la Garza
DeFazio
DeLauro
Dellums
Deutsch
Diaz-Balart
Dicks
Dingell
Dixon
Doggett
Dooley
Doyle
Edwards
Engel
Eshoo
Evans
Farr
Fazio
Fields (LA)
Filner
Flake
Foglietta
Forbes
Ford
Frank (MA)
Frost
Furse
Gejdenson
Gephardt
Gibbons
Gonzalez
Gordon
Green
Gutierrez
Hall (OH)
Hamilton
Harman
Hastings (FL)
Hefner
Hilliard
Hinchey
Holden
Hoyer
Jackson-Lee
Jacobs
Johnson, E. B.
Johnston
Kanjorski
Kaptur
Kennedy (MA)
Kennedy (RI)
Kennelly
Kildee
Kleczka
Klink
LaFalce
Levin
Lewis (GA)
Lincoln
Lipinski
Lofgren
Lowey
Luther
Maloney
Manton
Markey
Martinez
Mascara
Matsui
McCarthy
McDade
McDermott
McHale
McKinney
McNulty
Meehan
Meek
Mfume
Miller (CA)
Mineta
Minge
Mink
Moran
Murtha
Neal
Oberstar
Obey
Olver
Ortiz
Orton
Owens
Pallone
Pastor
Payne (NJ)
Payne (VA)
Pelosi
Peterson (FL)
Peterson (MN)
Pomeroy
Poshard
Rahall
Rangel
Richardson
Rivers
Roemer
Ros-Lehtinen
Rose
Roybal-Allard
Rush
Sabo
Sanders
Sawyer
Schroeder
Schumer
Scott
Serrano
Skaggs
Slaughter
Spratt
Stark
Stokes
Studds
Stupak
Tejeda
Thompson
Thornton
Thurman
Torres
Towns
Velázquez
Vento
Visclosky
Volkmer
Ward
Waters
Watt (NC)
Waxman
Wilson
Wise
Woolsey
Wyden
Wynn
Yates

NOT VOTING—16

Ackerman
Durbin
Fattah
Jefferson
Lantos
Menendez
Moakley
Mollohan
Nadler
Parker
Reynolds
Sisisky
Torricelli
Tucker
Waldholtz
Williams

□ 1925

Mr. DOOLEY changed his vote from "aye" to "no."

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

SMALL BUSINESS CREDIT EFFICIENCY ACT OF 1995

The SPEAKER pro tempore (Mr. DICKEY). The pending business is the question of suspending the rules and passing the bill, H.R. 2150, as amended.

The Clerk read the title of the bill.

The SPEAKER pro tempore. The question is on the motion offered by the gentlewoman from Kansas [Mrs. MEYERS] that the House suspend the rules and pass the bill, H.R. 2150, as amended.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. POSHARD. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 405, nays 0, not voting 29, as follows:

[Roll No. 653]

YEAS—405

Abercrombie
Allard
Andrews
Archer
Armey
Bachus
Baker (CA)
Baker (LA)
Baldacci
Ballenger
Barcia
Barr
Barrett (NE)
Barrett (WI)
Bartlett
Barton
Bass
Bateman
Becerra
Beilenson
Bentsen
Bereuter
Berman
Bevill
Bilbray
Bilirakis
Bishop
Bliley
Blute
Boehlert
Boehner
Bonilla
Bonior
Bono
Borski
Boucher
Brewster
Browder
Brown (CA)
Brown (FL)
Brown (OH)
Brownback
Bryant (TN)
Bryant (TX)
Bunn
Bunning
Burr
Burton
Buyer
Callahan
Calvert
Camp
Canady
Cardin
Castle
Chabot
Chambliss
Chapman
Chenoweth
Christensen
Chrysler
Clay
Clayton
Clement
Clinger
Clyburn
Coble
Coburn
Coleman
Collins (IL)
Collins (MI)
Combest
Condit
Conyers
Cooley
Costello
Cox
Coyne
Cramer
Crane
Crapo
Cremeans
Cubin
Cunningham
Danner
Davis
de la Garza
Deal
DeFazio
DeLauro
DeLay
Dellums
Deutsch
Diaz-Balart
Dickey
Dicks
Dingell
Dixon
Doggett
Dooley
Doolittle
Dornan
Doyle
Dreier
Duncan
Dunn
Ehlers
Ehrlich
Emerson
Engel
English
Ensign
Eshoo
Evans
Everett
Ewing
Farr
Fawell
Fazio
Fields (LA)
Fields (TX)
Filner
Flake
Flanagan
Foglietta
Foley
Forbes
Ford
Fowler
Fox
Frank (MA)
Franks (CT)
Franks (NJ)
Frelinghuysen
Frisa
Frost
Funderburk
Gallegly
Ganske
Gejdenson
Gekas
Gephardt
Geren
Gibbons
Gilchrest
Gillmor
Gilman
Gonzalez
Goodlatte
Goodling
Gordon
Goss
Graham
Green
Greenwood
Gunderson
Gutierrez
Gutknecht
Hall (OH)
Hall (TX)
Hamilton
Hancock
Hansen
Harman
Hastert
Hastings (FL)
Hastings (WA)
Hayes
Hayworth
Hefley
Hefner
Heineman
Herger
Hilleary
Hilliard
Hinchey
Hobson
Hoekstra
Hoke
Holden
Horn
Hostettler
Houghton
Hoyer
Hunter
Hutchinson
Hyde
Inglis
Istook
Jackson-Lee
Jacobs
Johnson (CT)
Johnson (SD)
Johnson, E. B.
Johnson, Sam
Johnston
Jones
Kanjorski
Kaptur
Kasich
Kelly
Kennedy (MA)
Kennedy (RI)
Kennelly
Kildee
Kim
King
Kingston
Kleczka
Klink
Klug
Knollenberg
Kolbe
LaFalce
LaHood
Largent
Latham
LaTourette
Laughlin
Lazio
Leach
Levin
Lewis (CA)
Lewis (GA)
Lewis (KY)
Lightfoot
Lincoln
Linder
Lipinski
LoBiondo
Lofgren
Longley
Lowey
Lucas
Luther
Maloney
Manton
Manzullo
Markey
Martinez
Martini
Mascara
Matsui
McCarthy
McCollum
McCrery
McDermott
McHale
McHugh
McInnis
McIntosh
McKeon
McKinney
McNulty
Meehan
Meek
Metcalf
Meyers
Mfume
Mica
Miller (FL)
Mineta
Minge
Mink
Molinari
Montgomery
Moorhead
Moran
Morella
Myers
Myrick
Neal
Nethercutt
Neumann
Ney
Norwood
Nussle
Oberstar
Obey
Olver
Ortiz
Orton
Owens
Oxley
Packard
Pallone
Pastor
Paxon
Payne (NJ)
Payne (VA)
Pelosi
Peterson (FL)
Peterson (MN)
Petri
Pickett
Pombo
Pomeroy
Porter
Portman
Poshard
Pryce
Quillen
Quinn
Rahall
Ramstad
Rangel
Reed
Regula
Richardson
Riggs
Rivers
Roberts
Roemer
Rogers
Rohrabacher
Rose
Roth
Roybal-Allard
Royce
Rush
Sabo
Salmon
Sanders
Sanford
Sawyer
Saxton
Scarborough
Schaefer
Schiff
Schroeder
Schumer
Scott
Seastrand
Sensenbrenner
Serrano
Shadegg
Shaw
Shays
Shuster
Skaggs
Skeen
Skelton
Slaughter
Smith (MI)
Smith (NJ)
Smith (TX)
Smith (WA)
Solomon
Souder
Spence
Spratt
Stark
Stearns
Stenholm
Stockman
Stokes
Studds
Stump
Stupak
Talent
Tanner
Tate
Tauzin

Taylor (MS)	Velazquez	Weller
Taylor (NC)	Vento	White
Tejeda	Visclosky	Whitfield
Thomas	Vucanovich	Wicker
Thompson	Walker	Wilson
Thornberry	Walsh	Wise
Thornton	Wamp	Wolf
Thurman	Ward	Woolsey
Tiahrt	Waters	Wyden
Torkildsen	Watt (NC)	Wynn
Torres	Watts (OK)	Young (AK)
Towns	Waxman	Young (FL)
Traficant	Weldon (FL)	Zeliff
Upton	Weldon (PA)	Zimmer

NOT VOTING—29

Ackerman	McDade	Ros-Lehtinen
Baesler	Menendez	Roukema
Collins (GA)	Miller (CA)	Sisisky
Durbin	Moakley	Torricelli
Edwards	Mollohan	Tucker
Fattah	Murtha	Volkmer
Furse	Nadler	Waldholtz
Jefferson	Parker	Williams
Lantos	Radanovich	Yates
Livingston	Reynolds	

□ 1945

So (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mrs. MEYERS of Kansas. Mr. Speaker, on behalf of the gentleman from Illinois [Mr. FAWELL], I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on H.R. 1594, to place restrictions on the promotion by the Department of Labor and other Federal agencies and instrumentalities of economically targeted investments in connection with employee benefit plans.

The SPEAKER pro tempore (Mr. DICKEY). Is there objection to the request of the gentlewoman from Kansas?

There was no objection.

SMALL BUSINESS LENDING ENHANCEMENT ACT OF 1995

Mrs. MEYERS of Kansas. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the Senate bill (S. 895) to amend the Small Business Act to reduce the level of participation by the Small Business Administration in certain loans guaranteed by the administration, and for other purposes, and ask for its immediate consideration in the House.

The Clerk read the title of the Senate bill.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from Kansas?

There was no objection.

The Clerk read the Senate bill, as follows:

S. 895

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

SECTION 1. SHORT TITLE.

This Act may be cited as the "Small Business Lending Enhancement Act of 1995".

SEC. 2. REDUCED LEVEL OF PARTICIPATION IN GUARANTEED LOANS.

Section 7(a)(2) of the Small Business Act (15 U.S.C. 636(a)(2)) is amended to read as follows:

"(2) LEVEL OF PARTICIPATION IN GUARANTEED LOANS.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), in an agreement to participate in a loan on a deferred basis under this subsection (including a loan made under the Preferred Lenders Program), such participation by the Administration shall be equal to—

"(i) 75 percent of the balance of the financing outstanding at the time of disbursement of the loan, if such balance exceeds $100,000; or

"(ii) 80 percent of the balance of the financing outstanding at the time of disbursement of the loan, if such balance is less than or equal to $100,000.

"(B) REDUCED PARTICIPATION UPON REQUEST.—

"(i) IN GENERAL.—The guarantee percentage specified by subparagraph (A) for any loan under this subsection may be reduced upon the request of the participating lender.

"(ii) PROHIBITION.—The Administration shall not use the guarantee percentage requested by a participating lender under clause (i) as a criterion for establishing priorities in approving loan guarantee requests under this subsection.

"(C) INTEREST RATE UNDER PREFERRED LENDERS PROGRAM.—

"(i) IN GENERAL.—The maximum interest rate for a loan guaranteed under the Preferred Lenders Program shall not exceed the maximum interest rate, as determined by the Administration, applicable to other loans guaranteed under this subsection.

"(ii) PREFERRED LENDERS PROGRAM DEFINED.—For purposes of this subparagraph, the term 'Preferred Lenders Program' means any program established by the Administrator, as authorized under the proviso in section 5(b)(7), under which a written agreement between the lender and the Administration delegates to the lender—

"(I) complete authority to make and close loans with a guarantee from the Administration without obtaining the prior specific approval of the Administration; and

"(II) authority to service and liquidate such loans.".

SEC. 3. GUARANTEE FEES.

(a) AMOUNT OF FEES.—Section 7(a)(18) of the Small Business Act (15 U.S.C. 636(a)(18)) is amended to read as follows:

"(18) GUARANTEE FEES.—

"(A) IN GENERAL.—With respect to each loan guaranteed under this subsection (other than a loan that is repayable in 1 year or less), the Administration shall collect a guarantee fee, which shall be payable by the participating lender and may be charged to the borrower, in an amount equal to the sum of—

"(i) 2.5 percent of the amount of the deferred participation share of the loan that is less than or equal to $250,000;

"(ii) if the deferred participation share of the loan exceeds $250,000, 3 percent of the difference between—

"(I) $500,000 or the total deferred participation share of the loan, whichever is less; and

"(II) $250,000; and

"(iii) if the deferred participation share of the loan exceeds $500,000, 3.5 percent of the difference between—

"(I) $750,000 or the total deferred participation share of the loan, whichever is less; and

"(II) $500,000.

"(B) EXCEPTION FOR CERTAIN LOANS.—Notwithstanding subparagraph (A), if the total deferred participation share of a loan guaranteed under this subsection is less than or equal to $80,000, the guarantee fee collected under subparagraph (A) shall be in an amount equal to 2 percent of the total deferred participation share of the loan.

"(C) DISCRETIONARY INCREASE.—Notwithstanding subparagraphs (A) and (B), during the 90-day period beginning on the first day of any fiscal year, the Administration may increase the guarantee fee collected under this paragraph by an amount not to exceed 0.375 percent of the total deferred participation share of the loan, if the Administration—

"(i) determines that such action is necessary to meet projected borrower demand for loans under this subsection during that fiscal year, based on the subsidy cost of the loan program under this subsection and amounts provided in advance for such program in appropriations Acts; and

"(ii) not less than 15 days prior to imposing any such increase, notifies the Committees on Small Business of the Senate and the House of Representatives of the determination made under clause (i).".

(b) REPEAL OF PROVISIONS ALLOWING RETENTION OF FEES BY LENDERS.—Section 7(a)(19) of the Small business Act (15 U.S.C. 636(a)(19)) is amended—

(1) in subparagraph (B)—

(A) by striking "shall (i) develop" and inserting "shall develop"; and

(B) by striking ", and (ii)" and all that follows through the end of the subparagraph and inserting a period; and

(2) by striking subparagraph (C).

SEC. 4. ESTABLISHMENT OF ANNUAL FEE.

(a) IN GENERAL.—Section 7(a) of the Small Business Act (15 U.S.C. 636(a)) is amended by adding at the end the following new paragraph:

"(23) ANNUAL FEE.—

"(A) IN GENERAL.—With respect to each loan guaranteed under this subsection, the Administration shall, in accordance with such terms and procedures as the Administration shall establish by regulation, assess and collect an annual fee in an amount equal to 0.5 percent of the outstanding balance of the deferred participation share of the loan.

"(B) PAYER.—The annual fee assessed under subparagraph (A) shall be payable by the participating lender and shall not be charged to the borrower.".

(b) CONFORMING AMENDMENT.—Section 5(g)(4)(A) of the Small Business Act (15 U.S.C. 634(g)(4)(A)) is amended—

(1) by striking the first sentence and inserting the following: "The Administration may collect a fee for any loan guarantee sold into the secondary market under subsection (f) in an amount equal to not more than 50 percent of the portion of the sale price that exceeds 110 percent of the outstanding principal amount of the portion of the loan guaranteed by the Administration."; and

(2) by striking "fees" each place such term appears and inserting "fee".

SEC. 5. NOTIFICATION REQUIREMENT.

(a) IN GENERAL.—Section 7(a) of the Small Business Act (15 U.S.C. 636(a)) is amended by adding at the end the following new paragraph:

"(24) NOTIFICATION REQUIREMENT.—The Administration shall notify the Committees on Small Business of the Senate and the House of Representatives not later than 15 days before making any significant policy or administrative change affecting the operation of the loan program under this subsection.".

SEC. 6. DEVELOPMENT COMPANY DEBENTURES.

Section 503(b) of the Small Business Investment Act of 1958 (15 U.S.C. 697(b)) is amended—

(1) in paragraph (5), by striking "and" at the end;

(2) in paragraph (6), by striking the period at the end and inserting "; and"; and

(3) by adding at the end the following new paragraph:

"(7) with respect to each loan made from the proceeds of such debenture, the Administration—

"(A) assess and collects a fee, which shall be payable by the borrower, in an amount equal to 0.0625 percent per year of the outstanding balance of the loan; and

"(B) uses the proceeds of such fee to offset the cost (as such term is defined in section 502 of the Federal Credit Reform Act of 1990) to the Administration of making guarantees under subsection (a).".

SEC. 7. PILOT PREFERRED SURETY BOND GUARANTEE PROGRAM EXTENSION.

Section 207 of the Small Business Administration Reauthorization and Amendment Act of 1988 (15 U.S.C. 694b note) is amended by striking "September 30, 1995" and inserting "September 30, 1997".

MOTION OFFERED BY MRS. MEYERS OF KANSAS

Mrs. MEYERS of Kansas. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mrs. MEYERS of Kansas moves to strike out all after the enacting clause of the Senate bill, S. 895, and insert the text of H.R. 2150 as passed the House.

The motion was agreed to.

The Senate bill was ordered to be read a third time, was read the third time, and passed.

The title of the Senate bill was amended so as to read: "A bill to amend the Small Business Act and the Small Business Investment Act of 1958 to reduce the cost to the Federal Government of guaranteeing certain loans and debentures, and for other purposes."

A motion to reconsider was laid on the table.

A similar House bill (H.R. 2150) was laid on the table.

APPOINTMENT OF CONFEREES

Mrs. MEYERS of Kansas. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mrs. MEYERS of Kansas moves that the House insist on its amendment to the Senate bill, S. 895, and request a conference with the Senate thereon.

The motion was agreed to.

The SPEAKER pro tempore. Without objection, the Chair appoints the following conferees:

Mrs. MEYERS of Kansas; and Messrs. TORKILDSEN, LONGLEY, LAFALCE, and POSHARD.

There was no objection.

PERMISSION FOR SUNDRY COMMITTEES AND THEIR SUBCOMMITTEES TO SIT TOMORROW, WEDNESDAY, SEPTEMBER 13, 1995, DURING THE 5-MINUTE RULE

Mr. GOSS. Mr. Speaker, I ask unanimous consent that the following committees and their subcommittees be permitted to sit tomorrow while the House is meeting in the Committee of the Whole House under the 5-minute rule: The Committee on Commerce, the Committee on International Relations, the Committee on the Judiciary, the Committee on Resources, and the Committee on Small Business.

It is my understanding that the minority has been consulted and that there is no objection to these requests.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Florida?

There was no objection.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 1162, DEFICIT REDUCTION LOCK BOX ACT OF 1995

Mr. GOSS, from the Committee on Rules, submitted a privileged report (Rept. No. 104–243) on the resolution (H. Res. 218) providing for consideration of the bill (H.R. 1162) to establish a deficit reduction trust fund and provide for the downward adjustment of discretionary spending limits in appropriation bills, which was referred to the House Calendar and ordered to be printed.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 1670, FEDERAL ACQUISITION REFORM ACT OF 1995

Mr. GOSS, from the Committee on Rules, submitted a privileged report (Rept. No. 104–244) on the resolution (H. Res. 219) providing for the consideration of the bill (H.R. 1670) to revise and streamline the acquisition laws of the Federal Government, to reorganize the mechanisms for resolving Federal procurement disputes, and for other purposes, which was referred to the House Calendar and ordered to be printed.

PROVIDING FOR CONSIDERATION OF H.R. 1655, INTELLIGENCE AUTHORIZATION ACT, 1996

Mr. GOSS. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 216 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 216

Resolved, That at any time after the adoption of this resolution the Speaker may, pursuant to clause 1(b) of rule XXIII, declare the House resolved into the Committee of the Whole House on the state of the Union for consideration of the bill (H.R. 1655) to authorize appropriations for fiscal year 1996 for intelligence and intelligence-related activities of the United States Government, the Community Management Account, and the Central Intelligence Agency Retirement and Disability System, and for other purposes. The first reading of the bill shall be dispensed with. Points of order against consideration of the bill for failure to comply with section 302(f), 308(a), or 401(b) of the Congressional Budget Act of 1974 are waived. General debate shall be confined to the bill and shall not exceed one hour equally divided and controlled by the chairman and ranking minority member of the Permanent Select Committee on Intelligence. After general debate the bill shall be considered for amendment under the five-minute rule. It shall be in order to consider as an original bill for the purpose of amendment under the five-minute rule the amendment in the nature of a substitute recommended by the Permanent Select Committee on Intelligence now printed in the bill, modified by the amendment recommended by the Committee on Government Reform and Oversight now printed in the bill and by an amendment striking title VII. The committee amendment in the nature of a substitute, as modified, shall be considered by title rather than by section. The first section and each title shall be considered as read. Points of order against the committee amendment in the nature of a substitute, as modified, for failure to comply with clause 7 of rule XVI, clause 5(a) of rule XXI, or section 302(f) or section 401(b) of the Congressional Budget Act of 1974 are waived. No amendment to the committee amendment in the nature of a substitute, as modified, shall be in order unless printed in the portion of the Congressional Record designated for that purpose in clause 6 of rule XXIII. At the conclusion of consideration of the bill for amendment the Committee shall rise and report the bill to the House with such amendments as may have been adopted. Any Member may demand a separate vote in the House on any amendment adopted in the Committee of the Whole to the bill or to the committee amendment in the nature of a substitute, as modified. The previous question shall be considered as ordered on the bill and amendments thereto to final passage wihtout intervening motion except one motion to recommit with or without instructions.

The SPEAKER pro tempore. The gentleman from Florida [Mr. GOSS] is recognized for 1 hour.

Mr. GOSS. Mr. Speaker, for the purpose of debate only, I yield the customary 30 minutes to the distinguished gentleman from California [Mr. BEILENSON], pending which I yield myself such time as I may consume. During consideration of this resolution, all time yielded is for the purpose of debate only.

Mr. Speaker, House Resolution 216 provides for the consideration of H.R. 1655, the Intelligence Authorization Act for Fiscal Year 1996. The Rules Committee met last week to grant this rule, which was requested jointly by the chairman of the committee, Mr. COMBEST, and the ranking member, Mr. DICKS. As has been customary in the Intelligence Committee, of which I am proud to be a new member, bipartisan cooperation was apparent in the rule request. I am pleased that our Rules Committee was able to grant the committee's reasonable request by providing an open amendment process while injecting a small point of caution for the sensitivity of the subject matter by including a preprinting requirement.

Mr. Speaker, this rule provides 1 hour of general debate equally divided and controlled by the chairman and ranking member of the Permanent Select Committee on Intelligence. The rule waives sections 302(f), 308(a) and 401(b) of the Budget Act against consideration of the bill, waivers that are all related to the issue of new entitlement authority. Our committee is most appreciative of the detailed and comprehensive explanation the Intelligence Committee provided to us in support of these waiver requests. Section 305 of the bill allows a spouse who fully cooperates in a Federal investigation of his wife or her husband to receive spousal benefits upon a determination by the Attorney General that the spouse has fully cooperated with the Government's investigation and prosecution of national security offenses. Section 601 makes a technical correction to clarify that a retired military officer who is appointed as Director or Deputy Director of Central Intelligence can receive pay at the appropriate level of the Executive schedule. Although we technically have new entitlements, in both cases we are talking about very small amounts of money. In fact, the Budget Committee, which generally plays "budget cop" in instances where Budget Act waivers are requested, has reviewed these requests without complaint.

This rule makes in order as an original bill for the purpose of amendment the Intelligence Committee's amendment in the nature of a substitute now printed in the bill, as modified by the Government Reform and Oversight Committee amendment striking section 505 now printed in the bill and by an amendment striking title VII.

Although we generally try to avoid self-executing amendments such as this, this change in the reported bill reflected a compromise agreement worked out among the committees of jurisdiction. There was legitimate concern in the Government Reform and Oversight Committee about the provision the Intelligence Committee had included in section 505, waiving the 2 percent retirement annuity reduction that NSA employees normally incur when expecting early retirement. This is a pilot program at NSA that raised concerns among our colleagues on the Government Reform Committee and we respect their conclusion that it should not be included in this bill. The second matter deleted from the bill by this rule is title VII, which addressed a consolidation issue within the State Department. This provision had raised some red flags with the Committee on International Relations, and hence agreement was reached to remove it. All in all, I am proud of the level of communication and cooperation among all the committees in agreeing to this consensus product.

Mr. Speaker, this rule provides that the committee amendment in the nature of a substitute, as modified, shall be considered by title with the first section and each title considered as read. The rule also waives clause 7 of rule 17 prohibiting nongermane amendments against the committee substitute as modified. In addition, the rule waives clause 5(a) of rule 21 prohibiting appropriations in a legislative bill against the committee substitute as modified. And, as I discussed earlier, the rule waives section 302(f) and section 401(b) against the committee substitute as modified for the same reasons that made the waivers necessary for consideration of the bill.

In addition, the rule requires that all amendments be preprinted in the CONGRESSIONAL RECORD, an important provision to assist the committee in protecting the security of classified matters contained within this bill, while protecting the rights of Members by guaranteeing an open amendment process. Finally, the rule provides one motion to recommit with or without instructions.

Mr. Speaker, I know my friend from California, Mr. BEILENSON, who served his country admirably as chairman of the Intelligence Committee, understands the important of this subject matter. The paradox of the intelligence business is that successes, by their very nature, go unremarked and often unknown to most people. That is because intelligence success stories generally prevent bad things from happening. So the public picture presented of intelligence is generally skewed toward the negative, the problems, the times when things go wrong and the sensational.

Clearly, the Ames case and the recent flareup over Guatemala provide two examples of this phenomenon. It is the duty of the members of the select committee, and today of all Members of this House, to see the whole picture and ensure that our intelligence community has the necessary resources and oversight to fulfill its mission. As Members know, there are currently several comprehensive reviews being undertaken to assess the roles and capabilities of our intelligence services. I am privileged to be working on two of those efforts: IC 21, led by Chairman COMBEST, and the Aspin Commission, now led by Harold Brown. It is necessary to reassess where we are and where we want to be in world events, and then to determine what type of information is needed and how to best ensure that such information is available. In the meantime, I believe H.R. 1655 offers a responsible level of funding for intelligence activities, while setting appropriate priorities for how that money should be spent. As I have grown fond of saying to those who believe the end of the cold war provides a good time to slash funding for intelligence, it hardly makes sense to turn off the radar just as you are sailing the ship of State into the fog, in unfamiliar waters, without a reliable chart. I urge my colleagues to support this rule and the bill.

The Speaker, I include material from the Committee on Rules for the RECORD, as follows:

THE AMENDMENT PROCESS UNDER SPECIAL RULES REPORTED BY THE RULES COMMITTEE,[1] 103D CONGRESS V. 104TH CONGRESS

[As of September 12, 1995]

Rule type	103d Congress		104th Congress	
	Number of rules	Percent of total	Number of rules	Percent of total
Open/Modified-open[2]	46	44	43	73
Modified Closed[3]	49	47	14	24
Closed[4]	9	9	2	3
Total	104	100	59	100

[1] This table applies only to rules which provide for the original consideration of bills, joint resolutions or budget resolutions and which provide for an amendment process. It does not apply to special rules which only waive points of order against appropriations bills which are already privileged and are considered under an open amendment process under House rules.

[2] An open rule is one under which any Member may offer a germane amendment under the five-minute rule. A modified open rule is one under which any Member may offer a germane amendment under the five-minute rule subject only to an overall time limit on the amendment process and/or a requirement that the amendment be preprinted in the Congressional Record.

[3] A modified closed rule is one under which the Rules Committee limits the amendments that may be offered only to those amendments designated in the special rule or the Rules Committee report to accompany it, or which preclude amendments to a particular portion of a bill, even though the rest of the bill may be completely open to amendment.

[4] A closed rule is one under which no amendments may be offered (other than amendments recommended by the committee in reporting the bill).

SPECIAL RULES REPORTED BY THE RULES COMMITTEE, 104TH CONGRESS

[As of September 12, 1995]

H. Res. No. (Date rept.)	Rule type	Bill No.	Subject	Disposition of rule
H. Res. 38 (1/18/95)	O	H.R. 5	Unfunded Mandate Reform	A: 350–71 (1/19/95)
H. Res. 44 (1/24/95)	MC	H. Con. Res. 17	Social Security	A: 255–172 (1/25/95)
		H.J. Res. 1	Balanced Budget Amdt	

SPECIAL RULES REPORTED BY THE RULES COMMITTEE, 104TH CONGRESS—Continued

[As of September 12, 1995]

H. Res. No. (Date rept.)	Rule type	Bill No.	Subject	Disposition of rule
H. Res. 51 (1/31/95)	O	H.R. 101	Land Transfer, Taos Pueblo Indians	A: voice vote (2/1/95)
H. Res. 52 (1/31/95)	O	H.R. 400	Land Exchange, Arctic Nat'l. Park and Preserve	A: voice vote (2/1/95)
H. Res. 53 (1/31/95)	O	H.R. 440	Land Conveyance, Butte County, Calif	A: voice vote (2/1/95)
H. Res. 55 (2/1/95)	O	H.R. 2	Line Item Veto	A: voice vote (2/2/95)
H. Res. 60 (2/6/95)	O	H.R. 665	Victim Restitution	A: voice vote (2/7/95)
H. Res. 61 (2/6/95)	O	H.R. 666	Exclusionary Rule Reform	A: voice vote (2/7/95)
H. Res. 63 (2/8/95)	MO	H.R. 667	Violent Criminal Incarceration	A: voice vote (2/9/95)
H. Res. 69 (2/9/95)	O	H.R. 668	Criminal Alien Deportation	A: voice vote (2/10/95)
H. Res. 79 (2/10/95)	MO	H.R. 728	Law Enforcement Block Grants	A: voice vote (2/13/95)
H. Res. 83 (2/13/95)	MO	H.R. 7	National Security Revitalization	PQ: 229–100; A: 227–127 (2/15/95)
H. Res. 88 (2/16/95)	MC	H.R. 831	Health Insurance Deductibility	PQ: 230–191; A: 229–188 (2/21/95)
H. Res. 91 (2/21/95)	O	H.R. 830	Paperwork Reduction Act	A: voice vote (2/22/95)
H. Res. 92 (2/21/95)	MC	H.R. 889	Defense Supplemental	A: 282–144 (2/22/95)
H. Res. 93 (2/22/95)	MO	H.R. 450	Regulatory Transition Act	A: 252–175 (2/23/95)
H. Res. 96 (2/24/95)	MO	H.R. 1022	Risk Assessment	A: 253–165 (2/27/95)
H. Res. 100 (2/27/95)	O	H.R. 926	Regulatory Reform and Relief Act	A: voice vote (2/28/95)
H. Res. 101 (2/28/95)	MO	H.R. 925	Private Property Protection Act	A: 271–151 (3/2/95)
H. Res. 103 (3/3/95)	MO	H.R. 1058	Securities Litigation Reform	
H. Res. 104 (3/3/95)	MO	H.R. 988	Attorney Accountability Act	A: voice vote (3/6/95)
H. Res. 105 (3/6/95)	MO			A: 257–155 (3/7/95)
H. Res. 108 (3/7/95)	Debate	H.R. 956	Product Liability Reform	A: voice vote (3/8/95)
H. Res. 109 (3/8/95)	MC			PQ: 234–191 A: 247–181 (3/9/95)
H. Res. 115 (3/14/95)	MO	H.R. 1159	Making Emergency Supp. Approps.	A: 242–190 (3/15/95)
H. Res. 116 (3/15/95)	MC	H.J. Res. 73	Term Limits Const. Amdt	A: voice vote (3/28/95)
H. Res. 117 (3/16/95)	Debate	H.R. 4	Personal Responsibility Act of 1995	A: voice vote (3/21/95)
H. Res. 119 (3/21/95)	MC			A: 217–211 (3/22/95)
H. Res. 125 (4/3/95)	O	H.R. 1271	Family Privacy Protection Act	A: 423–1 (4/4/95)
H. Res. 126 (4/3/95)	O	H.R. 660	Older Persons Housing Act	A: voice vote (4/6/95)
H. Res. 128 (4/4/95)	MC	H.R. 1215	Contract With America Tax Relief Act of 1995	A: 228–204 (4/5/95)
H. Res. 130 (4/5/95)	MC	H.R. 483	Medicare Select Expansion	A: 253–172 (4/6/95)
H. Res. 136 (5/1/95)	O	H.R. 655	Hydrogen Future Act of 1995	A: voice vote (5/2/95)
H. Res. 139 (5/3/95)	O	H.R. 1361	Coast Guard Auth. FY 1996	A: voice vote (5/9/95)
H. Res. 140 (5/9/95)	O	H.R. 961	Clean Water Amendments	A: 414–4 (5/10/95)
H. Res. 144 (5/11/95)	O	H.R. 535	Fish Hatchery—Arkansas	A: voice vote (5/15/95)
H. Res. 145 (5/11/95)	O	H.R. 584	Fish Hatchery—Iowa	A: voice vote (5/15/95)
H. Res. 146 (5/11/95)	O	H.R. 614	Fish Hatchery—Minnesota	A: voice vote (5/15/95)
H. Res. 149 (5/16/95)	MC	H. Con. Res. 67	Budget Resolution FY 1996	PQ: 252–170 A: 255–168 (5/17/95)
H. Res. 155 (5/22/95)	MO	H.R. 1561	American Overseas Interests Act	A: 233–176 (5/23/95)
H. Res. 164 (6/8/95)	MC	H.R. 1530	Nat. Defense Auth. FY 1996	PQ: 225–191 A: 233–183 (6/13/95)
H. Res. 167 (6/15/95)	O	H.R. 1817	MilCon Appropriations FY 1996	PQ: 223–180 A: 245–155 (6/16/95)
H. Res. 169 (6/19/95)	MC	H.R. 1854	Leg. Branch Approps. FY 1996	PQ: 232–196 A: 236–191 (6/20/95)
H. Res. 170 (6/20/95)	O	H.R. 1868	For. Ops. Approps. FY 1996	PQ: 221–178 A: 217–175 (6/22/95)
H. Res. 171 (6/22/95)	O	H.R. 1905	Energy & Water Approps. FY 1996	A: voice vote (7/12/95)
H. Res. 173 (6/27/95)	C	H.J. Res. 79	Flag Constitutional Amendment	PQ: 258–170 A: 271–152 (6/28/95)
H. Res. 176 (6/28/95)	MC	H.R. 1944	Emer. Supp. Approps.	PQ: 236–194 A: 234–192 (6/29/95)
H. Res. 185 (7/11/95)	O	H.R. 1977	Interior Approps. FY 1996	PQ: 235–193 D: 192–238 (7/12/95)
H. Res. 187 (7/12/95)	O	H.R. 1977	Interior Approps. FY 1996 #2	PQ: 230–194 A: 229–195 (7/13/95)
H. Res. 188 (7/12/95)	O	H.R. 1976	Agriculture Approps. FY 1996	PQ: 242–185 A: voice vote (7/18/95)
H. Res. 190 (7/17/95)	O	H.R. 2020	Treasury/Postal Approps. FY 1996	PQ: 232–192 A: voice vote (7/18/95)
H. Res. 193 (7/19/95)	C	H.J. Res. 96	Disapproval of MFN to China	A: voice vote (7/20/95)
H. Res. 194 (7/19/95)	O	H.R. 2002	Transportation Approps. FY 1996	PQ: 217–202 (7/21/95)
H. Res. 197 (7/21/95)	O	H.R. 70	Exports of Alaskan Crude Oil	A: voice vote (7/24/95)
H. Res. 198 (7/21/95)	O	H.R. 2076	Commerce, State Approps. FY 1996	A: voice vote (7/25/95)
H. Res. 201 (7/25/95)	O	H.R. 2099	VA/HUD Approps. FY 1996	A: 230–189 (7/25/95)
H. Res. 204 (7/28/95)	MC	S. 21	Terminating U.S. Arms Embargo on Bosnia	A: voice vote (8/1/95)
H. Res. 205 (7/28/95)	O	H.R. 2126	Defense Approps. FY 1996	A: 409–1 (7/31/95)
H. Res. 207 (8/1/95)	MC	H.R. 1555	Communications Act of 1995	A: 255–156 (8/2/95)
H. Res. 208 (8/1/95)	O	H.R. 2127	Labor, HHS Approps. FY 1996	A: 323–104 (8/2/95)
H. Res. 215 (9/7/95)	O	H.R. 1594	Economically Targeted Investments	A: voice vote (9/12/95)
H. Res. 216 (9/7/95)	MO	H.R. 1655	Intelligence Authorization FY 1996	

Codes: O-open rule; MO-modified open rule; MC-modified closed rule; C-closed rule; A-adoption vote; D-defeated; PQ-previous question vote. Source: Notices of Action Taken, Committee on Rules, 104th Congress.

Mr. GOSS. Mr. Speaker, I reserve the balance of my time.

Mr. BEILENSON. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I would like to take a moment to commend our friend the gentleman from Florida for his good work on the Permanent Select Committee on Intelligence and on intelligence legislation, and to point out to our colleagues that we should feel fortunate in having him on the Permanent Select Committee on Intelligence because of his wide experience in the intelligence community before he became a Member of the Congress.

Mr. Speaker, we support this modified open rule for the consideration of the Intelligence Authorization Act for fiscal year 1996. Our only concern about the rule is the preprinting requirement which the gentleman from Florida [Mr. GOSS] just recently outlined, which we are not convinced is necessary in this instance.

The chairman of the Permanent Select Committee on intelligence, the distinguished and most able gentleman from Texas [Mr. COMBEST], testified that having the opportunity to review amendments, some of which might involve sensitive matters, would be helpful to the committee in avoiding the disclosure of classified information.

I hasten to add that those of us who were in the majority in recent past years are aware of the fact that we granted the same type of request for the consideration of the last year's intelligence authorization bill, although not for any earlier ones. Nonetheless, evidently none of the anticipated amendments this year are sensitive, and in fact the two that were filed do not deal with any classified or sensitive matter.

Since the intelligence authorization bill is not particularly controversial this year, we argued in the Committee on Rules that, especially given the fact that objections of other committees to several provisions in the bill had been resolved before our committee met, the preprinting requirement was not needed this year. Nonetheless, it is in there and it is certainly okay and we can certainly live with it.

We felt that while perhaps easing the work of the Permanent Select Committee on Intelligence, it could end up being a hindrance to other Members, shutting them out of the debate when they discovered, too late, that amendments they would like to offer were not permitted.

The gentleman from Florida [Mr. GOSS] has explained several waivers the rule provides. There was no objection to those waivers from the minority on the Permanent Select Committee on Intelligence and we do not oppose them. They are perfectly reasonable waivers.

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Mr. Speaker, we are also concerned about several provisions of the bill itself, which obviously will be debated and voted on tomorrow.

The minority on the Permanent Select Committee on Intelligence outlined its views on them in Minority and Additional Views, which we commend to our colleagues for their attention.

Those views point out the controversy about the way the committee handles certain National Reconnaissance Office, NRO, activities. Because of their classified status, those problems cannot be discussed in detail, but Members should be aware that the chairman described those changes as the only major departure in the bill from the administration's request for the National Foreign Intelligence Program.

The minority on the Permanent Select Committee on Intelligence expressed the hope that the reservations about the NRO will be addressed in the conference on this legislation with the Senate.

We are also concerned about the limit the committee placed on spending for the prospect of carrying out the President's Executive order of April 17 of this year that prescribes a uniform system for classifying and declassifying national security information.

The President has properly recognized the need to ensure that Americans know more about the activities of their Government when it is possible to make that information public. As the minority wrote, and I quote them, "* * * we believe that a carefully prescribed system for declassifying those documents which remain classified for no other reason than inertia is long overdue."

The debate in the Permanent Select Committee on Intelligence over the cost of compliance with the Executive order will not, we hope, delay the implementation of that Executive order.

Lastly, the committee agreed to continuation of the Environmental Task Force, which has been successful in making environmental information derived from intelligence more accessible to the general public and to the scientific community.

We are, however, concerned about the level of funding for the task force; the $5 million in the bill is disappointing. We would have preferred something closer to the $17.6 million requested by the President.

The work of the task force, which was established in 1993, has been very impressive. I commend to my colleagues the information in the Minority Views that describe some of the outstanding accomplishments associated with it.

This initiative is another way to bring the information that is collected by intelligence assets, and that is proper to share, to policymakers and to scientists. It promises to help us better understand the consequences of long-term environmental change, and to help us better manage crisis situations involving natural and ecological disasters.

There is no doubt that the information will benefit science and the environment for the well-being of all of our citizens, and we hope that the committee will be able to provide the task force with more funding in the future.

Mr. Speaker, this is an important bill that recognizes the significant challenges that the U.S. intelligence community continues to face in adapting to the new post-cold-war world.

We have a new Director of Central Intelligence who, we hope, will be able to reinforce the intelligence community's proficiencies and continue the reexamination of the overall roles of the intelligence agencies. Obviously, the intelligence community has been struggling in the past few years and needs to define its mission carefully, and properly size itself for the future.

The Permanent Select Committee on Intelligence has recommended a modest increase in the intelligence budget, which some Members will welcome and others decry. Obviously, there are different perspectives on what the level of spending should be; especially now, with the cuts in domestic spending, we will hear strong arguments that this is not the time for increases in the intelligence budget.

But, we all want to ensure that the United States maintains the ability to provide timely and reliable intelligence to its policymakers and military commanders, and we commend the new chairman of the Permanent Select Committee on Intelligence, the gentleman from Texas [Mr. COMBEST], and the ranking member, the gentleman from Washington [Mr. DICKS], for their cooperation and excellent work in developing this year's intelligence budget.

Despite the demise of the Soviet Union, the world remains an unpredictable and dangerous place; we have only to pick up our morning newspapers or listen to a newscast to be aware of that. There is a need for effective intelligence, especially in light of the worldwide reduction of U.S. military spending and personnel.

The intelligence community should continue to be encouraged to review their operations, discarding those that are no longer necessary and strengthening those that remain important. We except that we shall hear arguments over whether the intelligence community had been adequately realigned to deal with new international realities. The appropriate missions of an intelligence agency will always be a controversial and most appropriate subject in a nation founded on democratic principles.

The debate on these issues will continue, and we appreciate the majority's recognition of the importance of the discussions of those controversial issues by providing for this modified open rule.

In closing, I again congratulate the gentleman from Texas [Mr. COMBEST], the chairman of the committee, and the gentleman from Washington [Mr. DICKS], ranking minority member, for bringing this bill to the floor today and their excellent work in general in leading this important committee.

Mr. Speaker, to repeat, we support this rule. We urge its adoption, so that we may proceed first thing tomorrow with consideration of the intelligence authorization bill.

Mr. Speaker, I reserve the balance of my time.

Mr. GOSS. Mr. Speaker, I thank the gentleman from California for his personally kind remarks and I assure him he has won my admiration, and the admiration of all colleagues, for his steady hand at the helm of oversight and intelligence for so many years.

And it is my honor to yield such time as he may consume to the gentleman from Texas [Mr. COMBEST], the distinguished chairman of the Permament Select Committee on Intelligence.

Mr. COMBEST. Mr. Speaker, I rise to thank the gentleman from Florida [Mr. GOSS], my friend and very able colleague on the Permanent Select Committee on Intelligence, and the gentleman from California [Mr. BEILENSON], the continuing very able and former member and chairman of the Permanent Select Committee on Intelligence, for their support of the rule.

Mr. Speaker, we think it is a good rule. We think it is one which will give us the opportunity to have full and open debate, and yet protect any classified material problems that we might have in open debate on the floor of the House. I would certainly commend it to my colleagues and urge its passage and thank the committee very much for its assistance in crafting a rule that was so strongly supported by the Permanent Select Committee on Intelligence.

Mr. BEILENSON. Mr. Speaker, I yield back the balance of my time.

Mr. GOSS. Mr. Speaker, I yield back the balance of my time and I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the resolution.

The resolution was agreed to.

A motion to reconsider was laid upon the table.

CONSEQUENCES OF THE REPUBLICAN'S FUNDING CUTS ON EDUCATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New Jersey [Mr. PALLONE] is recognized for 5 minutes.

Mr. PALLONE. Mr. Speaker, I am here tonight because I think it is imperative that the American public in general and the people of New Jersey specifically, understand the details and consequences of the Republican's plan to slash funding for Federal student assistance programs. Indeed, while I support efforts to balance the Federal budget, I believe attempting to do so by restricting the average citizen's access to institutions of higher education

is unequivocally a step in the wrong direction.

I have to day, Mr. Speaker, that I am perplexed at the logic behind the cuts the Republicans have already approved. Like so many of my colleagues on both sides of the aisle, I benefited from student assistance programs when I was in college. But unlike my Republican colleagues, I think it is grossly unfair for my generation to call for an end to student assistance programs after we used them to get to where we are today.

Mr. Speaker, I would like to use Rutgers University as an example of the negative impact of the Republican proposals. As a former student of Rutgers Law School who now represents the main campus of Rutgers University in Congress, I am deeply troubled about the impact these cuts will have on the 6,500 plus low-income and middle-class New Jersey students who used them to secure a Rutgers education.

As part of the 1996 Education appropriations bill, Republicans have eliminated all capital contributions for Perkins loans, which are designed to specifically assist low-income students and received $158 million in fiscal year 1995. If finalized, such a cut would have a dramatic impact on the more than 3,100 low-income Rutgers students who are provided with nearly $5 million in Perkins loans this year.

The bill also attacks Pell grants, limiting the maximum award to $2,400 and eliminating assistance to students who qualify for grants of less than $600. This cut would prevent some 7,000 students at Rutgers, and some 360,000 of their cohorts at universities across the Nation, from receiving Federal education assistance.

The Republican assault on education, moreover, is hardly contained entirely within the fiscal year 1996 appropriations bill. Looming on the horizon is an attack on the interest subsidy on Federal direct subsidized Stafford loans as part of the reconciliation bill. One scenario is a complete elimination of the interest subsidy for graduate students. But with a targeted student loan reduction of a staggering $10.2 billion over 7 years, it seems likely the Republicans will not reach their goal without raiding undergraduate Stafford loans as well.

Elimination of this Federal subsidy could increase the average undergraduate student's indebtedness by as much as 20 or even 30 percent. For those who wish to go on to graduate schools, the increase could be as much as 40 percent with monthly payments on a 10-year plan rising to a whopping $753 per graduate student.

With the Department of Education projecting that 89 percent of the jobs being created in the United States will require post-secondary training, the Republican inclusion of student assistance programs in the fiscal year 1996 budget belies their claim that the legislation is what's best for the American economy. Attempting to foster economic growth by limiting the very means which serves as its engine is, pure and simple, bad public policy.

Mr. Speaker, the Federal Government recently began experimenting with a direct university loan program instead of the traditional bank loan subsidized with Federal dollars.

In addition to the upcoming dissection of Federal interest subsidies, there is also likely to be a Republican attempt to terminate the direct loan program where the university is substituted for a bank lender. This approach to dispersing student loans not only saves the taxpayers billions of dollars, but cuts through redtape at a much more rapid pace than the old bank system, thereby allowing schools to process more applications in a shorter time period. In its first year of implementation at Rutgers, the direct loan program enabled the schools' financial aid office to process loans for 15,295 students with term bills being credited to their accounts immediately by the week those term bills were due. The year before the implementation of direct funding, the schools' financial aid office processed only 3,283 loans during the same period.

This expedited process made excess funds available earlier for over 12,000 Rutgers students, and thousands on campuses across the country, facilitating their ability to buy books, pay rent, and keep on top of other school related expenses.

Thus, as the issues I outlined illustrate, the Republican attack on education moves higher education closer to being yet another Republican designed luxury for the wealthy. I think I speak for all of us when I say that our presence here tonight should be mistaken for nothing less than our determination to prevent access to higher education from moving out of the realm of Government priorities and into the realm of privileges for the few.

Mr. Speaker, those of us who benefited from student loan programs, those of us who were able to get an education, undergraduate, graduate, or professional school, realize how important it is to have these Government programs. It is very unfair for those of us who are now in Congress to be advocating these student loan programs or grant assistance programs should be terminated or cut back, particularly at a time when this country faces such competition from abroad and we know that higher education is a very valuable tool for those who want to go out and be successful and get a job in this very competitive world.

THE FUTURE OF AMERICAN EDUCATION

The SPEAKER pro tempore. Under the Speaker's announced policy of May 12, 1995, the gentlewoman from Connecticut [Ms. DELAURO] is recognized for 60 minutes as the designee of the minority leader.

Ms. DELAURO. Mr. Speaker, I am really very proud to join with several of my colleagues tonight to engage in a discussion, in a dialogue, about an issue that really is near and dear to the hearts of, I think just about all Americans, and that is the whole issue of education and the education of children and what the future of this country is all about.

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I am the daughter of immigrant parents who, quite frankly, could only dare to dream that someday their daughter would sit in the House of Representatives. My father came to this country as an immigrant, and my mom worked in a dress shop in the old sweatshops, if you will, for most of her life in order to provide me the opportunity to be able to go to school.

I can remember going to that dress shop to meet her every day after school, and I would complain because, as all kids, I wanted to be outside. I did not want to be in a noisy place, and it was dirty. I remember those women, though. I remember them with their backs bent over their sewing machines just trying to pump out the dresses as quickly as they could so that they could provide for their family.

My mother would say to me when I would complain, "Take the opportunity for an education so you don't have to do this." Now, that is my mother's story, which is multiplied thousand and thousands of times around this country and this body that we all serve in here.

The fact is that that is what the American dream is about. It is being able to provide your kids with the future and have them have opportunities that you may not have had or to have the same opportunities.

What we are looking at in the House and what myself and my colleagues want to talk about a little bit tonight is, as this House of Representatives embarks on a process over the next few weeks, we are going to urge people to really pay very careful attention to the Republican proposals that are, in fact, going to slash education funding, slash that opportunity that so many of us were given to be able to go to school, to get an education, to expand our horizon, and they are going to slash that education funding by making incredibly devastating cuts in Federal student aid, education and training programs and the total elimination of the very cost-effective direct lending program. These are very shortsighted cuts. They are going to shut that door. It is going to close the educational opportunities for working families in this country.

So many of us have this opportunity through the use of student loans. These

cuts not only jeopardize our Nation's economic competitiveness but they destroy the hopes and the dreams of working families who struggle to build a better future for their families, for their kids, and, quite frankly, what is most disturbing about the cuts in education is that they are going to finance, I mean, this is the worst of all possible reasons, to make cuts in such a vital part of what our lives are all about, they are going to cut these education programs in order to finance a tax cut, a tax break for this country's wealthiest individuals, folks who have the opportunity.

This is the United States of America. Part of that American dream is to do well, to be able to have the wherewithal to have the good life. That we all understand. But folks at that upper end of the spectrum have the wherewithal to send their kids to school; they can do it, and they do not need help that working, middle-class families do in order to be able to make sure that their kids can get those interest-deferred student loans.

The whole budget debate is about priorities, about the deep cuts in education programs. These cuts, I will tell you, speak volumes about misplaced priorities; more than priorities, misplaced values.

We are trying to once again instill values in people in this country and in our youngsters to understand the value of education and of respect and of working hard and responsibility. Those are all the values that people like my colleagues have been taught, that I have been taught, that we often lament that maybe are not there in today's society.

But if we are going to look at what kinds of things we are doing here and where we place our values, how can we not place our values on education and making sure that our kids' futures are secure? So that the cuts speak volumes about misplaced values and priorities of the Gingrich revolution.

Let me just tell you about Connecticut. The Republican cuts translate into a loss of approximately $325 billion in education and training funds over the next 10 years. Cuts in student aid and specifically reductions or the elimination of the in-school interest subsidy could mean 43,000 students from Connecticut would pay more for a college education, and by eliminating the interest-deferred Stafford loans, Republicans will add $5,200 to the cost of an education for the average college student in Connecticut.

I have got to say $5,200 may not be very much to the gentleman from Georgia [Mr. GINGRICH], but I will tell you that it is a heck of a lot of money, and it is plenty to the 15,000 working families that rely on this subsidy in my district.

According to the Department of Education, my district alone, the Third Congressional District in Connecticut, will lose $9 billion in student support provided through the in-school interest subsidy.

That increase will devastate families like the Baxter family of West Haven, CT, a family that is struggling to put their children through college. This is the Baxter family right here in this photograph. I met Gail Baxter this spring at a student loan forum that I organized, and Gail told me that she was very, very worried about what cuts in the student loan program would mean for her and for her kids. It is no wonder she is worried. Gail is a single mother who has, this fall, four children in college. That means four college tuitions to pay.

The Republican plan would cost Gail Baxter and her family approximately $20,000 more this year, and it is all to pay for a tax cut for the wealthy.

So if you want to take a look at what that bottom line is, the Baxters will pay $20,000 more so that the wealthiest 1 percent of Americans can pay $20,000 less. Where is the equity in that? Where is it? It is not. You cannot find it. It defies logic.

It is not just parents who are worried. Students understand that the GOP cuts will be devastating to their futures.

Let me tell you about one more individual in my district, and then I want to invite my colleagues to join this debate.

Recently I met with students from Quinnipiac College in Hamden, CT. They organized a letter writing campaign expressing their opposition to cuts in Federal student aid.

Let me just give one example from Laurel Drum of Quinnipiac College. She writes, "Recently reports suggest you are considering the biggest cuts in the history of student aid," and, in fact, that is right, "the biggest cuts in the history of student aid, and while I applaud congressional efforts for responsible deficit reduction, cuts in student aid just do not make sense. Student aid actually saves taxpayers money by stimulating economic growth, expanding the tax base and increasing productivity. That is why every major opinion poll shows strong support for student aid programs."

Let me just say that I am so proud of the efforts and the determination of my constituents in their ardent opposition to the cuts in education spending. They want Congress to continue vital Federal support for higher education, because they understand, quite frankly, they probably should understand as well as, and Members of Congress should understand this as well as every working family in this country, that education is the cornerstone of economic security. They get it, and what they are saying to us is, "We elected you," and we have to get it, if we truly want to be people here who represent the interests of those good, hard-working, responsible people who send us here on their behalf.

I would like to now really get my colleagues involved in this, and I yield to the gentlewoman from North Carolina [Mrs. CLAYTON] to talk about her perspective on this issue.

Mrs. CLAYTON. I thank the gentlewoman from Connecticut and thank her for the opportunity to participate in this special discussion about education.

I want to share parts of a letter with the Members of the House that I received in August from 22 young people from the town of Edenton, NC, in my congressional district. These young people are either in high school or are recent graduates who at the time were participating in the summer jobs program.

They write, "Congresswoman CLAYTON: During the school year we all thought how dreadful the summer would be without a job, to do nothing, nothing to do, nowhere to go. Then we received a letter that told us that we would be able to have a summer job this summer. For many for us," they wrote, "this meant an opportunity to gain money to spend on school clothes and shoes that would not have been without this job. However, as the time went on, we began to see that the jobs we held were not only for some money but an opportunity gain some valuable work experience, job skills to help career choices and develop our self-esteem, responsibility and maturity."

As I read, I thought, clearly, they are demonstrating the maturity they gained. I continue to read, "This program," they wrote, "is a good thing for society to have because with the limited number of jobs for young people in this area, we all would have been on streets this summer with nothing to do." Then they asked the compelling question: "We understand that it must take a great deal of money and manpower to keep a program like this going, but if it benefits young people, is not it worth it even if it costs some money?" They concluded, "If this program closed down, there would be no hope for society today. We would like to think you are not giving up on us before you give us an opportunity to have a fair chance."

Mr. Speaker, I am inserting at this point in the RECORD the entire letter from these young people.

The letter referred to follows:

AUGUST 3, 1995.

To our Honorable Congressional Leaders:

We are the twenty-two participants in Chowan county with the Job Training and Partnership Act's Summer Youth Employment and Training Program (SYETP). We chose to write to our North Carolina and United States Congress men and women to let you know how beneficial this program has been in all our lives. We chose to write as a collective group rather than as individuals to show you that we are in agreement with our ideas,

and with hopes that our voices in a collective harmony will ring louder than one voice in the wind. We hope that you will consider our words with the sincerity with which they were written, and magnitude of our problem.

We are all students or recent graduates of John A. Holmes High School in Edenton, NC which is the county seat of Chowan county. During the school year we all thought of how dreadful the summer would be with no job, nothing to do, and no where to go. Then we received a letter from the Albemarle Commission that told us we would be able to have a job this summer. For many of us this meant an opportunity to gain money to spend on school clothes and shoes for the next year that we wouldn't have had without this job. However, as the time went on, and with the help of our counselor and supervisors we began to see that the jobs we held were not only sources of money but an opportunity to gain valuable work experience, job skills, help with career choices, and develop higher self-esteem, responsibility, and maturity. This program is a good thing for society to have today, because with the limited number of jobs for young people in this area we all would have just been out on the street this summer. During our six weeks in SYETP we have gained valuable lessons that help us at home and at school.

Our group is composed of a lot of different people with different personalities and dreams, but we all share the fact that this summer the SYETP has helped us all a great deal. We understand that it must take a great deal of money and manpower to keep a program like this going, but if it benefits the young people isn't it worth it? Please remember that we are the future! Programs like the Summer Youth Employment and Training Program help give us the skills to begin to prepare ourselves for the future that we will one day control. If you all are looking for the answer to a lot of the problems concerning young people, it lies in programs like this one. If this program closes down, we believe that there is no hope for society today. It would be like giving up on us before we have even been given a fair chance. If you want to help the small town of Edenton, or the other counties in North Carolina, or even the entire United States of America then do us youth a favor. . . Keep the program open for other people to experience. For many of us this has been our second or even third year, and we want it to be available for our brothers and sisters. However, for most of us this was just our first year in the program and our first work experience, please do not let it be our last. We need the JTPA Summer Youth Employment and Training Program.

Sincerely,

CHOWAN COUNTY SYETP PARTICIPANTS,
TOMEKA L. WARD,
Counselor.

I could be no more eloquent and forceful than these 22 students who wrote this letter to me from Edenton, NC, in my district, the irrationality of these cuts and how it will impact young people in the opportunity for education. It makes no sense, Mr. Speaker.

The Labor-Education bill which passed just recently demonstrates this senselessness. Rather than promoting education, that bill is, indeed, an obstruction to education. Half of the cuts, some $4.5 billion, come from education; 60,000 disadvantaged children who need a little help at the beginning of their lives really will not get that help at all. They will get no help.

Head Start is now being cut $137 million, abandoning some 180,000 children nationwide and some more than 4,000 young children in my congressional district in North Carolina.

Healthy Start will be cut by 52 percent, exposing infants and children at the very dawn of their lives to the perils of infant mortality and other threats. Thousands of needy schoolchildren during their most important education and formative years will go without this vital support.

Title I will be cut $1.1 billion, denying critical basic and advanced skill training for more than 1.1 million children nationwide and some 20,400 students just in North Carolina.

Drug-Free Schools is cut by 59 percent. This program is currently serving 129 school districts; in other words, they are serving 100 percent of all the schoolchildren. This program is designed to fight what, to fight crime, fight violence, fight drugs, keep drugs away from students in our schools.

What did we do? What does the Republican majority want to do? To gut this program. Yet they say they believe in young people.

Goals 2000 is completely eliminated—381 school districts in North Carolina will be denied this program and the advantages of it.

Vocational education, cut by some 27 percent, thousands of those schoolchildren willing to work who have found hope, now a mountain of hopelessness, will not be able to work. Why? Because the school-to-work program is cut by 22 percent.

□ 2030

And, the summer jobs program is eliminated altogether. Some 9,000 young people in North Carolina will be put out of work for 1996 and some 61,000 will be out of work in our State by the year 2002. And, sadly, Mr. Speaker, that includes the 22 young people who wrote me who rejoice in thanking us for the opportunity to mature and provide for the educational opportunities this year. They, too, will be out of those jobs.

See, the privilege of an education belongs to all in America. But, the Labor-HHS-Education bill, with the stroke of a pen, takes that privilege away for thousands of people.

This Saturday, in Rocky Mount, NC, I am hosting a youth summit. More than 800 young people have already confirmed that they will attend. What will I say to these young people?

This blind march to a balanced budget, without considering the merits of programs, is taking us down the wrong path. I wonder where it is taking our young people?

More important, Mr. Speaker, I think we ought to be about supporting education for our young people rather than a big tax break for the wealthy. America needs a future, and young people are our future.

I thank the gentlewoman from Connecticut [Ms. DELAURO] for allowing me to participate in this very important discussion on education.

Ms. DELAURO. Mr. Speaker, I thank the gentlewoman from North Carolina [Mrs. CLAYTON], who I think has really touched on what we need to be centered on, and that is what is happening overall to our children. I think that there is terrible great fear in our society today about what is overall, whether it is education or whether it is health, what is going to be the future of our kids, and I think that there is a lot of insecurity amongst parents and families today about that whole issue and that this—only these cuts reinforce the fact that we are fearful that our kids do not have a future. I thank the gentlewoman for her comments, and what I would like to do is ask the gentleman from Maine [Mr. BALDACCI] to give us a little bit of some of his thoughts on this area.

Mr. BALDACCI. I thank the gentlewoman from Connecticut [Ms. DELAURO].

I spent some time this afternoon in my office talking with a young man from my State of Maine. His name is Patrick, and he is a sophomore at Georgetown. He is studying international economics. He is very bright, articulate, and thoughtful. He happens to also come from a working-class family and is able to attend Georgetown with the help of federally funded student financial aid. I know that without that financial aid Patrick, and indeed a majority of Maine students, would not be able to afford higher education.

We all know how expensive college education is. Public and private schools have been forced to raise their tuition to meet expenses, putting a college education even further out of reach for many students. Topping that, by cutting financial aid, it is a recipe for disaster.

Mr. Speaker, what is critical about student financial aid, that it provides access to higher education. It does not make anybody smarter or more skilled, but it does give people the ability to go on to school to broaden their minds and learn new and necessary skills.

In my State a few years ago they had a conference on aspirations because we had so many dropouts and that it was not good for our society and our heritage to have those kinds of situations throughout Maine, and we wanted to raise young people's aspirations to go on to higher education, because it was better for them, it was better for the community, the State, and the country. We really worked hard to turn that dropout rate around.

In our State there are 33,000 young people who need to involve themselves

with a guaranteed student loan. Before I came to Congress, we only had enough resources in our State for 18,000 of those young people; 15,000 young people had to get higher-interest loans in order to go to school. So, not only did we have a dropout-rate problem, not only did we want them to go on, but we did not even have the resources to assist in making sure that they had those opportunities.

Now, coming to Washington and seeing that the rug is going to be pulled from underneath them, it is going to turn that situation in reverse, and every single study that has ever been done on aspirations, any study that has been done on defense jobs that have been displaced, any study that has ever been done on laid-off shipyard workers or mill workers, it is education is the key, and, if you remove this opportunity and this bridge for students to reach out and gain their dreams in their future, it not only hurts them, but I submit it hurts the State and also the country.

Ms. DELAURO. The gentleman's comments are about hopes, and dreams, and aspirations, which is really what it is all about, and, you know, just in one other areas I have just got to mention we have had a program for the last 2 or 3 years called a school to work, school to career. These are youngsters who are not going to go on to a 4-year liberal arts college, and that is probably the majority of our kids today, that is the circumstance they find themselves in, and we have not, as a nation, focused in on what to say to them that we really do value, that you want to go from school to work. We want to help you do that. And what we are turning around and saying is forget it, you know. Your hopes, and dreams, and aspirations really do not mean very much in the scheme of things, and we have got other fish to fry. We have got other folks to take care of, and it is a heck of a letdown to kids, and I think that you just capture what, you know, people's feelings are.

Mr. BALDACCI. I appreciate your comments because, when you talk about your family and coming over, I had seven brothers and sisters, and we were very much engaged into going to school and going to higher education because that was the key to our futures and our success, and I appreciate what you are doing also.

Ms. DELAURO. I thank the gentleman very much, and let us get the gentlewoman from California [Ms. WOOLSEY] engaged in this conversation and get some of her thoughts and comments on what has been said in some other areas.

Ms. WOOLSEY. Well, first of all, I thank my colleague from Connecticut for organizing this special order and giving us the opportunity to speak about the most important priority this country should have, and that is education.

Mr. Speaker, it is really hard for me to believe that it was just last year when I convinced this body to approve a landmark resolution which put us on our way to making our schools the best in the world.

Yes, it's true.

Last year, the House approved my resolution which called on Congress to increase our investment in education by 1 percent a year, until the education budget accounts for 10 percent of the budget in 2002.

At the time, I said that the resolution would send a clear message to those who decide how our Federal dollars are spent, the appropriators, that this Congress was serious about improving education.

Well, guess what, folks? Times have changed. We've got a new majority in Congress, and, instead of going forward, we're going backwards. Fast.

The new Republican majority in the House blatantly ignored the pledge we made last year to our children's education, and passed one of the worst bills I have ever seen—the Labor, HHS, and Education appropriations bill.

This bill cuts: Head Start, Chapter One, Safe and Drug-Free Schools, Goals 2000, School-to-Work, vocational and adult education, and college aid.

In all, this bill cuts education by 13 percent in 1 year alone. Thirteen percent.

I repeat, that is the wrong direction, and that's not the way we are supposed to be taking care of our children.

You see, I believe, as do my colleagues here tonight, that our Nation's greatest, greatest responsibility is to provide a quality education for everybody in this country.

I believe this because education is absolutely central to solving the problems facing our Nation.

When we strengthen education, we prepare our children and workers for jobs that pay a livable wage.

When we strengthen education, we get people off welfare and, for heaven's sake, we prevent people from having to go on welfare in the first place.

When we strengthen education, we actually prevent crime and violence in our communities.

And, when we strengthen education, we increase respect for our health, our environment, and for each other.

Speaking of welfare, Mr. Speaker, having been a single working mother on welfare 28 years ago, I am absolutely certain that, if it had not been for the fact that I was educated—I had 2 years of college—I would not have been able to work myself off welfare to the degree that I did, and have the successes that came to me, nor would I be a Member of the House of Representatives today. That is why, for the life of me, I cannot understand why the new majority wants to cut and gut our education system. In fact, if they do not stop, there is going to be a triple feature playing down at our theaters in the very near future, and that is going to be called, "Dumb and Dumber, Sick and Sicker, and Poor and Poorer," and let me tell you it is not going to be a bargain matinee.

Mr. Speaker, it is time to stop this assault on education. It is time to make our Nation's No. 1 special interest our children and not the fat cats and lobbyists in Washington.

Ms. DELAURO. Amen. Thank you very, very much, and what we need to do is one more time introduce that 1 percent until the education is 10 percent of what our budget is about. That is when we really will be doing the job we were sent here to do, to make sure there is a future for our kids.

I would like to ask my colleague now from Texas, Mr. GENE GREEN, to talk about, I think, a recent experience he had with kids and to let us hear his story.

Mr. GENE GREEN of Texas. Mr. Speaker, I thank my colleague from Connecticut for requesting this hour this evening for us and to share her time with us.

Yesterday I had the opportunity in Houston, because I am proud to serve on what is now called the Economic and Educational Opportunities Committee, Education and Labor Committee last session, because, no matter what problems we deal with in our country, education is the answer, and yesterday I had the opportunity to visit an elementary school in Houston, Franklin Elementary, and the sixth-grade class provided me appropriately the front page in green, a booklet, and I will go into that in a few minutes, but yesterday the kids are back in school around the country. After Labor Day they go back, but in Texas we had our children back in school for about 3 weeks, and every year young people across the country venture out to buy new notebooks, pencils, backpacks and the same excitement about going back to school mounts inside of them again. But, Mr. Speaker, this year is a little different. Yes, school has started again, but Congress is welcoming students back with less funding for this year than they did last year. Programs hit hardest include basic math and reading services, efforts to promote safe and drug-free schools, resources for State and local officials to implement higher standards, and education technology. Cuts in these vital programs will cause irreparable harm to students in my community and particularly across the country.

It may shock some of you that the lion's share of cuts in Federal aid to education are in elementary and secondary education, but it is true. We will be spending $4.5 billion less in 1996—almost 20 percent of the total Federal aid to schools—than we did in

1995! At the very same time, local, State, and nationwide enrollment trends are up. In fact, the Houston Independent School District, where Franklin Elementary is reports a 2.2-percent enrollment increase or 4,462 more students in 1995 than in 1994. And, the Aldine Independent School District where my wife teaches reports a 3.2-percent enrollment increase or 1,375 more student in 1995 than in 1994. We are having more students, but they are having less money in each of these school districts.

On top of these steep cuts, my home State of Texas stands to lose all the money we won last year under the Elementary and Secondary Education Reauthorization Act. I supported the package last year through Congress largely because we changed the funding formula, and I know Connecticut was kind of caught in the middle on that, but for high-growth States like Texas, and Arizona, and New Mexico, and Florida, the reauthorization of chapter 1 funding actually provided additional funds for our students.

□ 2045

In the updated formula, it took into account these population increases in Texas and high growth States. But in order to gain the support of the Northeastern States, what we did was in conference committee we agreed and said the new funding formula would go into effect for new money, and the spending levels, only the amount above the 1995 spending level, would go in under the new formula.

Unfortunately, for every child in these United States, the 1996 appropriation is not increasing. In fact, it is decreasing. In Texas we are going to lose in chapter I alone $97 million. Texas has about 10.5 percent of the Nation's poor children, but about we receive only 4.5 percent of the chapter I money. This inequity for Texas children can only worsen in the future unless we change it and the U.S. Senate changes it.

These education cuts are not what we are hearing as shared sacrifice. Education will suffer a staggering 18 percent cut. By comparison, agriculture spending is cut by 9 percent, transportation by 7 percent, and the Department of Defense by .3 percent. Cuts in Federal Aid to Education will adversely affect every working family and further diminish the quality of life of thousands of American communities. State and local governments will not be able to make up that difference without raising taxes or short-changing our children's future.

I know the value of good education. I as a youngster growing up in Northside Houston, in the district I am honored to represent, our hope for a better life was better education. That is even more important today in 1995 than it was in 1965 when I was a student in Jeff Davis High School in Houston and we received our first Federal funding.

Yesterday I participated in a press conference with the Department of Education in which Franklin Elementary was recognized by the Department of Education for their vast improvement in our Texas achievement scores, the test that is required around the country. Different States have different achievement tests.

Franklin Elementary moved from the 35 to the 59 percentile to the 75 to the 89 percentile, and that is in a school that 98 percent of those children are qualified for school reduced or free lunch. The reason Franklin Elementary improved was because of renewed commitment by the students, by the teachers, and by the faculty.

A representative from the Department of Education and I had the opportunity to tour an innovative fourth grade team teaching classroom, and we actually sat down and read to a classroom. I do that often times. I have already done it three times this year. We sit down and read a great book and talk with the children in the lunchroom about their school and their pride in their school that a year or two years ago they did not have.

Federal funding is used in that school for computers, for additional counselors, for chapter I, and yet they are not going to have that because of the cuts. The students and teachers were willing to make that commitment by staying late during the week and coming in on Saturdays. Teachers came in without extra pay on Saturday because they knew the commitment from the community. They participated in workshops that would not be there if the Federal Government did not continue that commitment.

Let me share with you some of the letters that I received yesterday from some of the students. Let me share a letter from a young man, Michael Gonzalez. His statement is:

> Thank you for the free and reduced lunch program. It helped us a lot because my mom has a lot of bills to pay.

Again, this is a school that 90 percent of those children qualify for it.

Another letter, from Mario Silva. Mario says:

> Thank you for giving us free lunches and for making the school look better every year. You have done a good job on fixing the school. You have brought our school from bad to good. We hope to do even better this year.

They hope to do even better than the 89 percentile, yet we are cutting the funding for Franklin Elementary.

Mr. Speaker, I hope we can find common ground on education, because I am committed that education is a key to the stronger future for America. I hope our colleagues on both sides of the aisle will stop balancing the budget on the backs of these children, particularly the ones that I was with at Franklin Elementary School in Houston yesterday.

Ms. DELAURO. I thank my colleague. It is I guess actually true, out of the mouths of babes, all of us have had that wonderful experience of reading to youngsters in classrooms, and I think the gentleman shares the same feeling. You walk out of the classroom and you feel you really have accomplished something, that you are not just taking up space, that in fact you really have tried to give something back when you watch those youngsters with their eyes so high and just absorbing all of that. And to think some of that could really be gone. A point you have made, which I think is a very important one and I think people are going to understand this very quickly, is that if Federal dollars are taken away, you have one or two things happening: Either the State has to pick them up in some way, which deals with increases in taxes, or the services go. In both instances, it is a hardship. Certainly if the services go and some of the programs go, it is more than a hardship. It is really, if you will, eating our young.

I love that booklet. I think that is terrific. Those kinds of things you keep right by your desk in your office to remind you why you are here. That is terrific.

Mr. GENE GREEN of Texas. It reminds us why we are actually here working for the students that are actually working. As we talk this evening, they are working to make sure they do better. They are the ones going to be standing on this floor 10 to 15 years from now.

Ms. DELAURO. If we give them that opportunity, and that youngster said "we want to do better next year," that is what this body has got to do, is to do better on this issue.

I would like to ask my colleague from New Jersey, Mr. ANDREWS, to give us your views, but also how can these kinds of cuts in this area, in your view, be justified? How do we justify this?

Mr. ANDREWS. I would like to thank my friend from Connecticut, Congresswoman DELAURO, for giving us this chance to talk about this. Let me say for the RECORD, because I know we hear all the political rhetoric from the other side, let me say for the record, we understand you cannot solve problems simply by throwing money at them in public education. We are not saying that.

Many of us would disagree as to how to do it, but many of us understand the imperative of getting our Government's fiscal house in order and balancing our budget. But in all the numbers and the political rhetoric thrown around, what you have given us tonight is an opportunity to talk about people.

I want to talk, Mr. Speaker, tonight about some of the people who are affected by the issues we are talking about. Many of us sense in all of our

districts a tremendous sense of frustration that people have about government. They go to work 50, 60, 70 hours a week. if they are fortunate enough to have two adults in the family, the two adults barely see each other, five minutes in the morning before they leave for work, 15 minutes in the evening after the chores are done, after the children are put to bed, before they go to sleep. All the things that they would do during the week they do on Saturday, if they do not work on Saturday at their third job, and they see their children for 3 hours a week at a soccer game or 2 hours a week to take them to Girl Scouts or something like that.

People wake up in the middle of the night and look at their husband or wife, if they are fortunate enough to have one, and say what are we doing this for? And we are handing over 30, 40, sometimes 50 percent of our income in taxes to government at all levels, when you add up the State, Federal and local.

Now, many of those individuals I talk about, Mr. Speaker, are saying what do we get from the Federal Government for 30 or 40 or 45 percent of our income? What are we getting in return for that?

Well, Mr. Speaker, the programs we are talking about tonight are programs where middle-class people get something in return for their tax dollar. Let me offer you a couple specific examples.

The daughter of a family where the mother is a paralegal and the father is a real estate salesman, if that little girl has a reading problem, whether she goes to public school or Catholic school or in many cases Christian or private schools, she gets help with her remedial reading teacher, someone who comes in and tutors her on how to read from the Federal Government. That is being cut, the reading teacher for the little girl from that family.

The teenager of a mom who is a single woman who works as a nurse, and her son wants to get special training to be an auto mechanic when he graduates from high school, so in addition to his regular high school curriculum of history and math and English and physical education, he gets special vocational education on how to fix a car or truck engine through Federal vocational money. That is being cut and taken away.

The daughter of a family where the father is a public employee and the mother is a paralegal, who wants to go to a private university in a State like mine, a Princeton or Rider or Drew University, $25,000 a year to go there, the way she goes to school is this way: First of all, she works in the summer and on weekends and at night. Well, work-study money that would help her get a job when she is in school is being cut.

Her parents take a home equity loan on what little equity they may have in their house. They better hope they have a lot more, because the student loan she would get to make up the difference is being cut in the following ways: First of all, it is not clear what we are saying to her, because our Republican friends have not been explicit yet. See, they want to keep this under wraps as long as possible, because, Mr. Speaker, when middle-class America finds out what is hidden under this shell they are not going to like it very much. But here is what we think is hidden under the shell.

They are going to say to that young woman, once you graduate and you have got $50,000 in debt and you get your first job, if you are lucky enough to get a first job, that pays $18,000 a year right out of college, you got to start to pay your loan back right away. No deferment until you get a job. The first week after you get your diploma you have got to start to pay your loan back, whether you have a job or not. Forget about your car payment, your auto insurance, your rent, your grocery bills, your health insurance. You got to pay your loan back right away. That is being cut.

Or better yet, let us say the young women wants to go to graduate school because many of our people are finding out today a Bachelor's Degree is not enough, you have to have a MBA, a Master's in social work, some advanced degree. Apparently one of the proposals is that she will have to pay interest while she is in school.

Now, think about this, Mr. Speaker: She graduates from undergraduate, a $50,000 debt, and now she has got to go to graduate school and it costs $25,000 a year to go to that in many places, and she is working as a teaching assistant or a waitress or doing whatever she can to make ends meet. Now we say you have to pay interest while you are in school too. Or you can defer it, a great gift from Uncle Sam, meaning your debt will go up by 25 percent, and instead of owing $100,000 at the end of your years in school, you will owe $125,000. That is being cut.

Finally, the father in that family, say he is one of those unfortunate shipyard workers that our friend from Maine talked about or he is one of the workers at a Federal military installation, gets laid off in the latest round of base closures. They are happening from California to Maine, all over the country. And what that family decides is that one of them would like to go back to school and learn how to be a computer repair person or a person who works a blood testing machine at a hospital, and it takes money to do that, $5,000, $6,000, $7,000 to go back in the middle of your life, when you are 45, 47, 51 years old, and try to learn a new skill in a job market that says you are too old to start all over again, but not old enough to retire.

That is being cut. So if you want to talk about where the cuts are in this bill, they go almost from cradle to grave. The reading teacher for the kid in the first grade, cut. The auto mechanic class for the 16-year-old, cut. The student loan for the person who is smart enough to go to the finest school, cut, because she has to start to pay her loan back the first day when she graduates. We did not have to do that, as my friend, the gentleman from New Jersey [Mr. PALLONE], pointed out, but she will.

The graduate school student who wants to go on and do something has to pay interest in school. Finally the dad or mom in that family, the latest person to get a pink slip in the unending hemorrhage of pink slips in this economy today, tries to go to school to learn a skill, that gets cut.

Mr. Speaker, I know there have to be cuts in the budget and specifically cuts in education, I understand that. But imagine how angry our constituents were when they picked up the newspaper last week and read the following story. The Secretary of Interior of this country, under duress and protest, signed a deed conveying $1 billion worth of mineral rights owned by the people of the United States of America, signed a legal document giving those 1 billion dollars' worth of public assets to a Danish mining company for the sum of $265, under a law passed here in 1872.

Mr. Speaker, I want to balance the Federal budget. I understand there are ways education could be cut to balance the Federal budget. I may disagree with some of my Democratic colleagues as to how to do that. But all of us ought to understand that in an environment where we are saying to that kid, no reading teacher, no shop teacher to teach auto mechanics, got to pay your loan back the day after you graduate from school, too bad you have to let the interest accumulate, and dad, you lost your job, you need retraining, too bad, look in the want ads, that is what we are saying in this budget. And we are giving away 1 billion dollars' worth of public assets to a foreign company because the majority would not change a law that was passed in 1872?

□ 2100

That is the priorities we have in this body today. It is wrong. And you have given us a chance tonight to talk about that. Let us do more than talk about it, though. Let us vote this way. Let us convey this message to the American people, and let us hope they remember in November 1996, what is going on.

Ms. DELAURO. I thank you. You really have said it all. In addition to reading the paper about giving away our land and at what price and what we are cutting, there are numerous other examples.

When you take a look at just repealing the alternate minimum tax, which was not requested, was not asked for,

put in by Ronald Reagan so the richest corporations in this country could pay the 20 percent rate, repealing that, giving the biggest, giving the richest corporations in this Nation, and we want to have them have a tax break so that they can invest and do this, but taking away all tax obligation to the richest corporations in this country. And then you say to folks who are every day playing by the rules, who are doing three or four jobs, parents, my parents, Congressman WARD's parents, MAJOR OWENS' parents, all of the folks who are here today, they are willing to work those three or four jobs to give their kids the opportunity. But when they are working three or four jobs and then you deny them the opportunity, that is why they are angry.

Mr. ANDREWS. Let me just say one more thing. My mother did not graduate from college. My father did not graduate from high school. But they sure were smart enough to know that something is amiss in a country's priorities when we cannot afford to help pay for reading teachers for children in schools across this country we can afford to guarantee $30 billion of debt of the Government of Mexico. There is something very wrong with what is going on here.

Ms. DELAURO. There is another issue which I hope my friend from Kentucky will mention, is to provide an exclusion from taxes for billionaires, an issue on which he has really been a leading fighter to close that loophole so that those folks who are billionaires can pay their fair share of taxes. Let me have my colleague from Kentucky [Mr. WARD] share his own life experience with us on this issue of education and student loans.

Mr. WARD. I thank the gentlewoman from Connecticut very much. I appreciate this opportunity to participate in her discussion on this very, very important issue.

I am a fellow who would not be here but for student loans. It was a situation when I was in college that I worked full time. My parents were able to help but just some. In order to get the tuition paid, I had to take out loans.

If I had to face some of the challenges that we have heard about tonight, if I had to face immediate repayment, I would not have been able, I would not have been able to succeed and to get through the University of Louisville.

What we have here is a situation where maybe some who did have those opportunities, as we have heard from the gentleman from New Jersey, many, many of us here in this Chamber had the opportunity to get some help with student loans and grants and other kinds of assistance. But it seems that there are some of us who want to pull the ladder up behind them.

Of course this goes across the whole range of things, whether it is a GI loan that got people their first house or the GI bill that got them through school or other sorts of small government assistance, small assistance that made the difference, because none of us tonight is talking about the Government paying the whole way. None of us is talking about throwing money at a problem. Each of us is talking about government helping to bridge the gap, to make the difference, to do that little bit extra that can help, that can mean the difference between success and failure.

There is no question when you look at the barometers of success and the indicators of what opportunities someone will have in our society, the one thing on which there is total agreement is that important part of the makeup of a person who succeeds is education.

What really surprises me and grates on me is that the very issue that we have talked about, people taking care of themselves, people taking responsibility for themselves, is left out of this discussion. It is these very people who have gotten themselves into a position of getting into college, of going through college, of making that commitment of work and sacrifice who are going to be affected by this.

So as one who had the opportunity, who spent 10 years paying back his loans, I can only say I cannot be part, I cannot imagine being part of an institution that says to everyone else, we are pulling up the ladders because we have got ours.

With that I thank the gentlewoman for allowing me this opportunity to participate in this special order.

Ms. DELAURO. I thank my colleague very, very much. I just want to, before I introduce my colleague from New York, MAJOR OWENS, just mention a couple of things.

One of the things that is going to be eliminated here is something called the direct loan program. And really by targeting the extinction of that initiative, what we are seeing is the Republican leadership in this House throwing away about $6.8 million in taxpayer savings.

We ought to be trying to take a look at expanding a new streamlined approach to processing student loans. What we have tried to do here, and the program is working, is to take the bank out of this equation and, with the institution and the family working together, thereby making it more affordable to deal with the loan, what we should not be doing is limiting the growth of such a direct loan program or totally eliminating it after 1 year.

There is just one other program that I want to mention, and that is the national service program, AmeriCorps. We often fault young people today when we say to them, you have got advantages, you do not give anything back, that you are taking only, that it is the me generation, you are focused, self-centered on yourself, give something back to your communities.

My God, the national service program is exactly what was tailor made to say to young people, you commit to doing things in your community, helping in your community, providing a real service, not make-work, not a no-show, but providing a real service and taking an interest in your community. We will provide you and your family with some assistance in order for you to have an education.

The Republicans want to totally eliminate AmeriCorps, national service, and the 4 million new service opportunities in the next 4 years alone.

I would like to bring into the conversation someone who has spent a long time warring about a number of these issues and trying to expand opportunity for young people. That is my colleague from New York, Mr. OWENS.

Mr. OWENS. Mr. Speaker, I thank the gentlewoman from Connecticut for this special order.

I associate myself with the remarks of my previous colleagues and will try not to be repetitive. I have served on the education committee for the whole 13 years that I have been in Congress. H.G. Wells said that civilization is a race between education and catastrophe. That may not be the exact quote but that is the gist of it. Catastrophe has stared us in the face as we go forward with these reckless cuts that have been proposed by the Republican majority in this House.

Speaker GINGRICH says his objective is to remake America. And in this process of remaking, this behavior has become very reckless. Education, which is the cement, the glue, the adhesive which helps to hold our society together, is being destroyed. We have proceeded step by step, starting with Ronald Reagan who offered the report or commissioned the report called "A Nation at Risk" and moving from that to George Bush, "America 2000," and moving from that to President Clinton's "Goals 2000," all of which had some continuity. We were moving in the right direction.

Suddenly the Republican majority proposes to wreck all of that. Instead of remaking America, we are going to destroy America because we do not recognize the critical role of education. These cuts are very mean, they are very extreme. They are very dangerous.

The Republican majority in the House of course proposes to wipe out the Department of Education totally. Only the Senate prevailed and has slowed the process down, but they are still moving with legislation to wipe out the Department of Education; a modern society in this complex world of ours would not have some central direction from a Department of Education.

A Department of Education at the Federal level plays a small role compared to the role played by centralized departments of education in other industrialized societies, but that is a very key role. It is a critical catalytic role. Only about 7 percent of the total budget spent for education is Federal money. But it is key in terms of stimulating, in terms of pushing for reform, and it is all very well packaged in "Goals 2000," in title I and Head Start. It is all very well packaged, but they have taken a sledge hammer to it all, and they are destroying it all in the process. In the process they will destroy the country.

We cannot have a society able to compete in this very complex and competitive industrialized world of ours, a global economy, without having great emphasis on education. I applaud President Clinton's proposal to make education a priority. When he laid out his 10-year budget proposal, education receives increases in that budget of $47 billion over the 10-year period. Similar to the Congressional Black Caucus before where we increased over a 7-year period the education budget by 25 percent. Education deserves the priority. it has to have a priority. Not only should we not have these cuts, we should be moving forward with increases.

The civilization of New York City once boasted of having free universities. The city universities were free without tuition when I moved there in 1958. We do not have that any longer. But we are instead going rapidly backwards where not only do we have free universities but even with all of the aid that is offered by the State and the city and the aid available from the Federal Government, with it being cut so drastically and forcing tuition costs up, large numbers of people in New York City who want to go to college will not be able to go to college in New York City.

These same city universities compete with Ivy League schools in terms of the number of Nobel Prize winners. Nobel Prize winners have come out of these city universities. The numbers of Ph.D.s that have come out of our city universities are as great as the Ivy League schools when you take a look at it and add it all up. So all of this is being wrecked when they say they are going to remake America. What they are doing is destroying America.

Unfortunately, the powerful juggernaut approach that is being taken here will wreck education right across the country. it is most unfortunate. American voters, taxpayers should rally to stop the destruction of our civilization, and the first place that we should focus on is to stop the cuts in education.

Ms. DELAURO. I thank my colleague, Mr. Speaker. My colleague has spent a lifetime and his professional lifetime in this body focused in on this area of being part of the education committee.

It is truly hard to believe sometimes that we would wreck education, which is, as we know, the key to the future, to the success of this Nation, to the success of individuals. Each succeeding generation has wanted to pass on increased opportunities in this area. We are finding ourselves in the position, I think, parents are finding themselves in the position today where they are saying that their kids are not going to have the same kinds of opportunities that they had.

Chief among those opportunities are the opportunities to increase their ability through education, whether it is higher education or whether it is vocational education, but a route in which we allow people to aspire and to dream, if you will.

I am really proud to stand with my colleagues here tonight in staunch opposition to the Republican leadership's plan to shut the door on educational opportunity to America's working families. Speaker GINGRICH likes to portray the Republican budget as part of a revolution. There is nothing new here. This is, it is not the least bit revolutionary. It is nothing new, and it is not revolutionary. It is, quite honestly, the same old trickle down economics of old, which is that you provide a tax break for the wealthiest in our Nation, and that is paid for by limiting the opportunities of working middle-class families in this country.

□ 2115

I started this hour by telling my own story, which is about my folks and their beginnings. My dad is an immigrant; my mother working in the old sweatshops and her admonition to me which was: Take the opportunity for an education, so that you will not have to do this.

That is essentially what we are denying to parents today; their ability to help and provide their kids with a future. That is wrong. That is something all of us here tonight are going to oppose and we hope that the American public will join us in that opposition.

Mr. Speaker, let me thank my colleagues for participating in this conversation tonight.

ISSUES OF IMPORT TO AMERICA

The SPEAKER pro tempore. Under the Speaker's announced policy of May 12, 1995, the gentlewoman from Idaho [Mrs. CHENOWETH] is recognized for 60 minutes as the designee of the majority leader.

Mrs. CHENOWETH. Mr. Speaker, I have three items that I wish to speak with you on and address tonight.

The first item that I very briefly would like to address are comments on the Endangered Species Act reform. I do want to say that I did attend all 12 of the task force hearings on the Endangered Species Act Task Force, from one end of this country to another, and what I heard from the American people was very, very clear.

No. 1, I heard that the current Endangered Species Act is not working for people or for wildlife.

No. 2, I heard that we need reform that does not trample on States' rights.

No. 3, I heard from the American people, thousands of them, that we need reform that offers incentives to landowners, not punitive measures by a government that has grown too large and too prosperous at the expense of private property owners.

We heard that we need a bill that does not increase our regulation, but decreases it in the Endangered Species Act. We also heard that we need a bill that compensates landowners immediately for any taking under any authority designated by Congress under the Endangered Species Act.

Mr. Speaker, for the record, I will work toward these goals. I will work very hard toward these goals, as we debate the Endangered Species Act reform. It is critical that people are put in this equation of the endangered species, because truly, the American producer, if the trend continues, will be the endangered species.

I want to thank you, Mr. Speaker, for this time, because I want to speak on my second issue. I want to speak about the nature of power and the threat posed to our freedoms when those in power act against the law.

Nearly 70 years ago Justice Louis Brandeis, in the U.S. Supreme Court in his opinion in a case involving Olmstead, observed that decency, security and liberty alike demand that government officials shall be subjected to the same rules of conduct that are the commands to the citizens. He said that if the government becomes a lawbreaker, it breeds contempt for the law.

Mr. Speaker, I am saddened tonight to say that I am convinced at this time that our Government finds itself in the dangerous position about which Justice Brandelis warned us back in 1928. Tonight in the two issues that I will be discussing, two very, very different issues, it will show a set of circumstances that brings the Justice's warning to mind.

Although the individual cases could not be more different, they both indicate a shared contempt at this time among some of our highest ranking public officials in our land for the very laws of our land.

Mr. Speaker, one of my highest priorities when I was elected to the U.S. Congress was to pass legislation to salvage the dead, dying, burned, diseased, infected, and windblown timber that is now rotting on our forest floors, in Idaho and throughout the Northwest.

Yet I and my colleagues have been thwarted at nearly every turn by the Clinton administration as we have tried to enact tough legislation that will salvage the burned timber and put our loggers back to work, as we restore our forests to a healthy condition.

Let me share some history with you on why timber salvage legislation is so important for our Western States and how our efforts in the House to pass legislation has been turned on their head by President Clinton and his administration.

Last year, in the Northwest alone, we had 67,000 fires, which devastated millions of acres of Federal forested lands. The fires burned 8 billion board feet of timber and that is enough to construct 542,000 homes and provide 1½ million jobs.

Nearly 9 years of drought in the West, along with insect infestation, disease, and irresponsible Federal management of our western forests, culminated in catastrophic wildfires last summer in the Western States of Idaho, Oregon, Washington, Montana, and northern California.

Thirty-five human lives were lost in the fires. Countless animals were savagely burned and destroyed and more than 4 million acres of Federal forest land burned with over $1 billion being spent to fight the fires.

When President Theodore Roosevelt established the National Forest System, he made it very clear in his writings that the uses for these lands would be very careful utilization, which was essential for our Nation.

The President stated that the forests are for the use of the people under proper restrictions; grazing privileges, timber cutting, haying, and other similar privileges. In addition, the mission of the Federal land management agencies, as directed by Congress, is to meet the diverse needs of the people, not the grizzly bear, not the wolf, not the marmot, but the people, by advocating a conservation ethic in promoting the health, productivity, diversity, and the beauty of the forests and associated lands, listening to people and responding to their diverse needs in making decisions and protecting and managing the National Forests and grasslands to best demonstrate the sustainability of the multiple use management concept. Theodore Roosevelt, the father of the concept of the Forest Service.

The wildfires in the Western States were sparked by nature, but the intensity of these fires could have been prevented with good stewardship in our forests, good fire suppression techniques by the Forest Service and the Bureau of Land Management, and good overall management by these agencies.

After the fires of last summer, Members of Congress from the Western States requested swift action of the administration to log the burned timber. Time was of the essence as burned timber loses its value rapidly and can cause environmental damage to riparian areas, watersheds, erosion control, streams and spawning habitats in our rivers and streams.

The administration shuffled its feet while we lost these valuable national resources, but there was no action from the administration. I came to Congress ready to pass legislation to move that timber into mills, put loggers back to work, and restore economic health along with my other colleagues from the West, to these devastated communities.

When I arrived in Washington, I was pleased to find that other like-minded colleagues who believe that immediate removal of this salvage timer, as required in the Multiple Use-Sustained Use Act, the Resource Planning Act, and the National Forest Management Planning Act, which is already required and we were not making new law, and the return to well-established forest health practices, was a priority.

The situation was so extreme that hearings on the emergency salvage situation were held within a month of the start of the new Congress, in spite of the heavy load that we had with the Contract With America.

Together, many of us in the House with heavily forested districts forged the basis for legislation which was included in the fiscal year 1995 Emergency Supplemental Appropriations and Rescissions bill.

This language set very clear goals for the administration to remove dead and dying timber. However, the administration snubbed our goals of renewing our forests and putting money back into our local economies and the Treasury, and the President vetoed our rescission bill, H.R. 1159 on June 7, 1995.

In his veto message the President expressed his opposition to the timber salvage proposition of the bill, and I quote the President's words that said that, "They would override existing environmental laws in an effort to increase timber salvage." He said, "I urge the Congress to delete this language and separately to work with my administration on an initiative to increase timber salvage and improve forest health."

When is this man going to learn what a real contradiction is? That is it.

I find it interesting that the President, Mr. Clinton, paid lip service to forest health, when his land management agencies have essentially abdicated their responsibilities toward managing our forests for multiple use. The fires could have been prevented if the agencies were managing the forests properly.

During the post-veto negotiations with the White House, several changes were made to accede to administration demands. These changes prompted a June 29, 1995, letter from President Clinton to Speaker GINGRICH on reinforcing and reenacting the timber salvage provision. The President stated, in his own letter signed in his hand, that said to Speaker GINGRICH, "I want to make it clear that my administration will carry out the program of timber salvage with its full resources and a strong commitment to achieving the goals of the program."

I would like to enter this letter for the RECORD, and I will do that, Mr. Speaker, at the conclusion of my remarks.

The President's words remain a mystery to me, because, Mr. Speaker, they have not shown in any instance to be carrying out the very legislative goals that he agreed to.

After passage of the rescission bill, the President then issued, after he got everything or much of what he wanted from this Congress, then the President reversed himself. After signing this into law, he issued a memo to the land management agencies on August 1 in which he stated, "I do not support every provision of the rescission bill, and most particularly the provisions concerning timber salvage."

Mr. Speaker, I would like to enter this into the RECORD also.

I find this statement to be incredibly egregious, after the President held up our legislative process on timber salvage through his veto. Days, weeks, and months were lost trying to negotiate this bill with him and the value of the burned timber declined.

But this is only the beginning of the administration's outrageous actions on this issue. Shortly after the August 1 memo, the Secretaries of Agriculture, Interior, Commerce, and the Administrator of the EPA, under the President's direction, entered into a memorandum of agreement. I will enter this memorandum of agreement into the RECORD, Mr. Speaker.

This memorandum of agreement outlines a bureaucratic process that is nothing more than a smoke screen to prevent the agencies from harvesting timber. It is a heartbreaker for those of us who wanted to break through the administrative paralysis that has encompassed this country for the last number of years.

Mr. Speaker, let me make it very clear, the rescissions bill did not tell the administration to create a new bureaucracy. We did not tell the administration that they could take their time to get the timber out.

□ 2130

Let me tell you what this lawmaking body, the U.S. Congress, did say very clearly. We said expedite salvage timber immediately, that this was an emergency. The President of the United States is sworn to enforce the law. In fact, in article 2, section 3, as the President puts his hand on the Bible and swears an oath to his new duties

and his new office, in article 2, section 3, he stated that he will faithfully take care that all of the laws of the land are faithfully executed. That is what the President of the United States pledged to when he became President.

Our Constitution does not give the President the choice of determining which laws he wants to faithfully execute. In fact, I remind you, Mr. Speaker, that he signed this law into law with his own hand.

I would like to take just a few moments to highlight some of the language from the rescission bill and show just how the President is knowingly circumventing law. The rescissions bill states that upon completion of timber salvage sales, the preparation, advertisement, offering and award of such contracts shall be performed notwithstanding any other provisions of law, including a law under the authority of which any judicial order may be outstanding on or after the date of the enactment of this act. This is what the President signed into law.

The language of the memorandum of understanding states that the parties will agree to comply with previously existing environmental laws except where expressly prohibited by Public Law 104–19, notably in the area of administrative appeals and judicial review. This is a blatant disregard of the law. Clearly, the legislation says to undertake additional salvage notwithstanding any other provision of law. The administration has created arbitrary requirements that do not exist in an effort to slow this process down.

Second example: The law that we passed that was signed into law by the President states that there shall be expedited procedures for emergency salvage timber sales and lays out very clearly the sales documentation. Yet the language in the memorandum of understanding is contrary once again. It states that the parties agree, and now this is the Government agencies agreeing among themselves; this never came to the Congress, but the parties agree, the agencies of the Federal Government agree to adhere to the standards and guidelines of applicable forest plans and land use plans and their amendments and related conservation strategies, including but not limited to, the western forest health initiative and those standards and guidelines adopted as part of the President's forest plan for the Pacific Northwest, PACFISH, INFISH and the red-cockaded woodpecker, long-term strategy, as well as the goals, objectives and guidelines contained in the Marine Fisheries Service biological opinion on the Snake River Basin land resource management plans through the interagency team approach agreed to in the May 31, 1995, agreement on streamlining consultation procedures.

Mr. Speaker, that is not emergency salvage procedures. That is not streamlining procedures.

The President's forest practice, PACFISH, INFISH and the National Marine Fisheries Services' biological opinion are nothing more than staff opinion. Yet the agencies have put these initiatives above the law passed by this Congress, signed by the President of the United States, and I tell you, Mr. Speaker, that is outrageous.

The memorandum of understanding or agreement expands the authority of the Environmental Protection Agency, the Fish and Wildlife Service and the National Marine Fisheries Service far beyond their congressionally mandated current authority. It is time we held the administration accountable for violations we have seen as it relates to timber salvage and the blatant abuse of a President who, without care, discharges the oath of office that he took. This President is doing everything in his power to tear down the rural economies that have been built in this great Nation and in the West.

Mr. Speaker, lest anyone cast any doubt, there is a war on the West. This is only one of the battles that we will fight, but we will fight. I can tell you, Mr. Speaker, the West was not settled by wimps and faint-hearted people, and we will not give it up easily.

This Representative from Idaho will not back down until I am secure in knowing that my President and my Government are upholding the Constitution of the United States.

Mr. Speaker, I now would like to turn to another example of how some agencies of the Federal Government have become law breakers. The consequences of this incident have been not merely economic but actually resulted in three deaths. There has been another casualty as well in the tragic incidents at Ruby Ridge: public confidence in several of our Federal agencies we depend on to enforce laws and administer justice. I am speaking, of course, Mr. Speaker, of the ongoing investigation into the Government's ill-fated siege directed against the Weaver family at Ruby Ridge, ID, in my district, which is the first district in Idaho, which I represent.

I am encouraged that the Senate and this Congress is finally beginning to review this matter. However, it is unfortunate that it has now taken 3 years for us to get to this point. I am saddened that we will never be able to restore a mother and her son who were unjustly ripped away from a family. Moreover, we will never be able to ignore the fact that the Weavers were unfairly and tragically targeted because of their religious beliefs, and we will never be able to end the grief and the lack of justice the Weavers have experienced in the 3 years since their tragic loss. But I believe that some good can result from this, and as out of the ashes, we will always have hope that the Phoenix will rise. We must be able to hope that this tragedy will yield a courage and a will from this Congress to take a hard stand by recommending that there be severe punishment for those who have wronged not only the Weaver family but this country and our confidence in our law enforcement agencies.

We as a Congress must have the courage and the will to set down a hard-line rule so that this never again happens to another family in the United States of America, the land of the free, the home of the brave, and it used to be the hope and the light of the world. We want to see America there again.

Since the beginning of the siege on the home of Randy and Vicki Weaver, I have closely followed the developments that have occurred in the 3 years after that. I have spent a considerable time studying the details of the events surrounding Ruby Ridge, including spending time at the trial and speaking with people who were there and who were directly involved. Some have said that what happened at Ruby Ridge was merely the result of minor oversights made by a few Federal officials in one incident involving an individual whose religious beliefs are generally misunderstood and spurned by society.

Some have even suggested that this was merely a case of using venom against venom and should not be receiving the attention it is getting and are questioning the wisdom of even holding the hearings. Nothing could be further from the truth.

I commend my senior Senator, Senator LARRY CRAIG, and Senator SPECTER for their participation, for their study and the time that they have given to this incident in the Senate hearings. I am very proud of the search for truth by the Senate and also by the Congress.

What I have observed, though, as I have kept track of the developments of Ruby Ridge and this incident, has deeply concerned me even to the point that what has been uncovered is, in part, what motivated me to run for Congress. In fact, the issues that have arisen because of Ruby Ridge involve basic principles that govern this Nation.

I believe that the result of the congressional investigations into Ruby Ridge will have significant ramifications on how our people view our Government and how Federal law enforcements will respond to the constitutional rights of citizens in the future, because this incident involved several law enforcement agencies ranging all the way from BATF, the U.S. marshals office, the Federal Bureau of Investigation, the Army, the National Guard, the U.S. district attorney's office, and on and on, and includes actions from the most basic field agents to heads of departments in the administration. It allows us to take a close look at the principles and rules our law enforcement agencies are governing themselves by.

In essence, Ruby Ridge is not only the seminal incident that created citizen distrust and citizen questioning of our law enforcement agencies, but it has become the litmus test on the Government, on how it will treat the most basic rights of individuals.

I do think that there are many, many wonderful and hardworking individuals in law enforcement who are doing a fine job keeping the peace and of pursuing real criminals. However, I also believe that lately there are some rogues in law enforcement as well who are dictating policy.

I have attended the hearings that are ongoing in the Senate, the other body, and I believe that so far these hearings have revealed very interesting facts, and the Senators are doing an excellent job of getting to the heart of the matter.

Last week, I, along with a lot of the American public, viewed the Randy Weaver testimony and Mr. Weaver's description of how agents from the U.S. Federal Marshals Service for 16 months had executed an intensive reconnoitering surveillance, as they call it, of his home, that included hundreds of hours of filming the everyday proceedings of his family with the satellite-powered cameras, which included plans to kidnap his daughter Sarah, which included plans and the execution of setting up command centers in the homes of neighbors and sending many undercover agents posing as supporters to the Weavers' home, enjoying their openness, their friendliness and their hospitality.

The committee listened to Mr. Weaver as he explained how never once not once did a U.S. marshal come to his home and identify himself as a Federal agent desiring for Mr. Weaver to come down from the mountain and appear in court. Never once did any agent discuss complying with the simple terms that Mr. Weaver requested before surrendering: that his home and his family be protected and that certain officials that had offended him apologize. What a small thing to ask for to keep the peace.

It is our responsibility as Federal elected officials and the responsibility of Federal agents to maintain the peace and tranquility of this country. This kind of action did not further the peace and tranquility of this country, Mr. Speaker.

In fact, the only terms the agents would allow him, offered in messages that were given through neighbors instead of directly by the agents, was that Mr. Weaver admit his guilt, without any trial or due process. Instead of negotiating, the U.S. Marshal's Service initiated military like reconnaissance missions to determine what would be the best way to invade the Weaver home. U.S. marshals on one of these missions excited the family dog by throwing rocks at it, drawing the attention of the family who thought that the dog might be responding to one of the many wild animals in the area.

The committee listened, rivited, to Mr. Weaver's agonizing depiction of how he made the most regrettable decision of his life when he sent his 14-year-old son Sammy down the road with a rifle to see what the dog was barking at, and how those agents shot a young boy's dog at his feet, and how a Federal marshal, dressed in a terrifying paramilitary uniform, jumped out of the bushes and yelled to Sammy, halt, and how these events led to a gun battle that ended with the tragic death of the young boy, Sammy, barely 14 years old, barely weighing 80 pounds, shot first in the arm and then twice in the back. The last words his father heard him say were, "I am coming home, Dad."

Mr. Weaver and his wife, Vicki, no longer caring if they were fired at, went down the hill to retrieve the small body of their son.

We listened as Mr. Weaver narrated the events of the following day: of how, in the dead silence of late afternoon, and without any warning or even an announcement of the presence of the FBI, as he was attempting to enter the shed where the body of his slain son lay, he was shot in the back without warning by a trained sniper from the FBI hostage rescue team, a group that is trained by the military for crises that involve international terrorists.

□ 2145

Mr. Speaker, I hardly think that Randy Weaver was an international terrorist. We were mortified, as we listened, to hear how the FBI sniper fired again, this time into the Weavers' home, striking Vicki, the wife, in the head. This mother was holding nothing more dangerous than her 10-month-old baby. The bullet struck her face. The human shrapnel struck Sara in the face. The mother was killed instantly, and Sara was wounded, and the Pershing bullet entered into a family friend, Kevin Harris, severely wounding him.

Mr. Weaver recounted how he and what was left of his family—in their home and not some military compound—were surrounded for almost 2 weeks by an army of over 400, complete with tanks, and helicopters, personnel, armored personnel carriers, et cetera. They had to keep clear of the windows and stay low to the ground for fear of being shot. In the meantime, the Government made little or no attempt to negotiate with the Weavers. The agents did, however, torment the family by broadcasting morbid messages over loud speakers to Vicki Weaver, who lay dead under the family's kitchen table.

The Federal agents tunnelled under Mr. Weaver's house and his home, and they sent a tank-like robot up to the house with a phone placed on one arm, and a shotgun mounted on the other with commands to Mr. Weaver to come out, pick up the phone, and negotiate with him. When Mr. Weaver saw the shotgun mounted on the robot, of course, as any American would or anyone in their right mind would do, he declined to pick up the phone.

Mr. Weaver found out later that the FBI was considering measures to inject CS gas into the home, or placing explosives to blow out the walls of the home.

These are all the documents that are now in the court documents.

This vast array of Government force was brought to bear against a small, but loving, Idaho family, the Randy Weaver family, and, although the family owned several legal firearms, they were owned legally, as were the rounds that Randy Weaver had stored there. They were legal.

After the initial exchange of shots with U.S. Marshals, the Weavers never even aimed or fired their guns at anyone. Those initial shots were those shots that were fired at the Y when Sammy Weaver was shot in the back. Kevin Harris responded not knowing who was shooting the small boy who went down right in front of him. That was all the shots that were fired by anyone who lived in the Weaver home.

However, the U.S. Marshals' office and the U.S. Marshals called the Federal Bureau of Investigation stating that they were taking hundreds and hundreds of rounds of ammunition from the Weavers. I hardly think so. A grieving mother and father who went down to the Y, picked up the dead body of their 80-pound son was not firing hundreds of rounds at the marshals.

We grieve at the death of Vicki and Sammy Weaver, and we grieve at the death of Marshal Deacon, but, as I listened to these frightening details of the Government siege on the Weaver home which began well before the shootout, it became very clear to me that one of the elemental freedoms of this country that it is founded upon had been violated in the very worst way. It is a tenant basic to our democracy, characterized well by patriots in the 1760's that simply states "a man's house is his castle; and while he is quiet, he is well guarded as a prince in castle." This is an idea that has its roots as early as the Magna Carta of 1215. William Pitt eloquently expressed this concept in stating: "The poorest man may in his cottage bid defiance to all the forces of the Crown. It may be frail, its roof may shake, the wind may blow through it, the storm may enter, but the King of England cannot enter, all his force dares not cross the threshold of the ruined tenement."

Can anyone find a better metaphor to describe what happened at Ruby Ridge than that statement?

And also, at a Boston Town Hall meeting in 1772, it was stated that

without the Bill of Rights "officers may under the colour of law and cloak of general warrant break through the sacred rights of the domicil, ransack men's houses, destroy their securities, carry of their property, and with little danger to themselves commit the most horrid murders."

This was 1772 that this quote came out of a Boston town meeting.

Ladies and gentlemen, our Founding Fathers understood that, unless we respect what is in the Bill of Rights and the protections afforded to us in the U.S. Constitution, that someday we will be living through what we are having to live through today.

In fact, revolutionaries such as Patrick Henry and others, used the Crown's regular practice of aggressive search and seizures as a battle cry for the addition of our Bill of Rights. It was Patrick Henry who said that without those rights added to the Constitution "the officer of Congress may come upon you now, fortified with all the terrors of paramount federal authority. Excisemen may come in multitudes; for the limitations of their numbers no man knows."

Ladies and gentlemen, these words were spoken by Patrick Henry. Again I challenge anyone to come up with a more accurate description of the gross excessive force used on Ruby Ridge than that.

For several hours the committee listened to the testimony of Randy Weaver, and the blatant infringements on his and his family's rights, the tragic loss of life that occurred as a result, and the year and half of imprisonment—all because he had been inaccurately characterized as a terrible threat to society on a web of fabricated charges, some stemming out of the mere fact that he had a newly purchased pickup sitting in his front yard, that he had a TV dish, and that, surely because of all these things, maybe he could have been involved in some bank robberies when all Randy Weaver and his family wanted was to be left alone, and, for refusing to come down from his home because he was afraid, because he had been told by a Federal judge that he would lose everything he possessed, including his property and his children, over his children he chose to stay with his family.

But what I found amazing and even admirable about Randy Weaver, even though I do not agree with his political views, is that despite all the unjust actions directed toward his family, he sat before the Senate Committee and the country and admitted his mistakes.

"If I could do it over again," he stated, "I would never have sold those sawed-off shotguns, and I would have come down that mountain and gone to court." He even apologized for any actions or words that have harmed anyone. He said this despite the fact that a jury of his peers had found conclusive evidence that he was deemed to be innocent of selling those weapons because that jury of his peers determined that he had been entrapped by the Bureau of Alcohol, Tobacco and Firearms.

I believe that anyone could understand why he would not want to come down from the mountain to face law enforcement officers when the first time he was arrested, he was bushwacked by several BATF agents posing as stranded motorists, and his wife, who was not even charged with anything, was thrown face first into the snow and hand-cuffed.

Moreover, the judge incorrectly threatened—the Federal judge, the Federal magistrate, incorrectly threatened Mr. Weaver that, if he lost his case, he would have to pay the court's cost, and that would mean losing everything that he owned.

What was even more astounding about Mr. Weaver's testimony, was that this man, who was deemed by the Government to have a "propensity for violence," and considered "dangerous to society," in his final words before the committee expressed his respect and affection to those Senators for allowing him to tell them his story. He even left with them his hope and trust that justice would occur for the wrongful deaths of his wife and son.

I ask you, Mr. Speaker, does this sound like a man who is an enemy to society? Mr. Weaver faced the court of public opinion. Some of the informants used by the BATF were shielded, and their voices were disguised. Mr. Weaver's 19-year-old daughter and Mr. Weaver himself faced the hard truth of having to recount what happened to them. They were not shielded; they were not protected. They stood before the Senate and the American people and told their story.

The truth of the matter is that whatever acts Randy Weaver has committed against society, he has paid for them. I say "acts," because in this country, we are judged by how we act, not how we think. Mr. Weaver has more than paid his debt to society—our attention must now be turned to the actions of Government officials.

I do want to say that many of us would have stood beside the rights that Mr. Weaver and all Americans have. I disagree politically. We even disagree in our religious foundations. Two people could not have disagreed more than Gerry Spence and this Congressman, and yet in spite of our political and religious differences, we both stand up, as did many people in this Nation, for the protection of everybody's rights of life, liberty, and the pursuit of happiness.

What I have seen so far of the response of Federal officials to their actions before, during, and since the Ruby Ridge incident has been in stark contrast to the humble admission by Randy Weaver. In fact, it has been disturbing.

The first duty of any public institution is to maintain the public trust. In a situation in which the public trust was betrayed, the leaders of these institutions responded by attempting to protect themselves and their colleagues rather than acting to protect the public trust.

Instead of conducting a thorough investigation of the abuses that were committed by agents, and immediately disciplining them for their subpar performance, the Justice Department went about finding ways to whitewash the situation.

The FBI is now on their third investigation.

Officials seemed more determined than ever to portray Mr. Weaver as a religious zealot who belonged in the company of real criminals that had committed repulsive crimes, and when a jury found no basis whatsoever for all of the charges against Randy Weaver with the exception of failure to appear in court, the Justice Department decided to spin the story another way, by initiating another still un-released report admitting to a few sloppy "oversights," and even some violations of the Constitution, but resulted in the mere censuring of a few agents.

What was even more a "slap in the face" of justice was the promotion of Larry Potts to the second highest position in the FBI; this man who was in part responsible for issuing the unconstitutional "shoot on sight" rules of engagement. Those rules of engagement translated as death warrants for Vicki Weaver.

Only now, after 3 long years, and public outcry, is the Justice Department beginning to investigate possible criminal actions of Federal agents.

The Justice Department has even settled monetarily with the Weavers—emphasizing that by doing so, the Department was not admitting any injustice. As far as I know, the Government has not even publicly apologized to the Weaver family.

Last Thursday and Friday, as the Committee began to hear the BATF's version of the story, I was outraged again to see BATF officials in a complete show of arrogance.

They refuse to acknowledge any error or wrongdoing by any of their agents who carried out the original investigation and fabrication of charges against Randy Weaver.

□ 2200

The Director of the BATF, John Magaw in his testimony stated that he was "convinced that the BATF's agents conduct was lawful and proper in every respect." He said this despite the fact that the Committee had before them numerous pieces of evidence that prove that the Weaver investigation was poorly conducted and unfairly maligned Mr. Weaver.

The purpose of the BATF's investigation of Mr. Weaver was not to stop a

suspected law-breaker at all. The purpose of the investigation was to try to trick Mr. Weaver into breaking the law so that the agency could then force Mr. Weaver to become a spy for the agency.

This scenario is like some sort of paranoid movie script. Unfortunately, it really happened.

All of the information about supposed criminal intentions by Randy Weaver originated solely from an undercover informant whose real name we still do not know. This man pretended to be Mr. Weaver's friend for 3 years as he worked to set this elaborate trap on a law-abiding man.

This mysterious informant had testified at the trial that he assumed his pay would be based on whether or not there would be a conviction. In other words, he would be paid on how well he would be able to coerce someone into committing a crime. That is called "entrapment," and is against the law.

After the BATF succeeded in getting Mr. Weaver to illegally saw off two shotguns, the agency needed to convince the U.S. Attorney to press charges.

In letters to the Federal prosecutor, BATF agent Byerly communicated several untruth's, pure hearsay, and clear embellishments of real events about Mr. Weaver.

Without substantiating evidence, Agent Byerly portrayed a dangerous criminal, a kind of Nazi "Rambo" monster that made U.S. Marshals and the FBI believe that it was necessary to unleash a massive show of force on Ruby Ridge.

My question is, How can the Director of BATF "review" these details of the investigation, and determine that the actions of his agents were "lawful" and "proper in every respect?"

I am reminded of the war crimes cases that followed World War II, and which helped establish certain important legal principals.

One case involved Japanese Gen. Tomayuki Yamashita. He was tried and sentenced to death for failing to properly discharge his duty by permitting the members of his command to commit atrocities against Americans and Filipinos during the final year of the war.

Fifty years ago, Yamashita's direct command and control over the individual actions of his soldiers was far less than what leaders have now—in this age of satellite communications, fax machines and jet airplanes.

Writing of the incident in the Harvard Law Review, Leonard Boudin observed that "The serious question confronting all citizens, however, is whether the ultimate responsibility lies * * * with the highest civilian authorities. * * * While presumably horrified at the details of such individual atrocities * * * they certainly are aware of creating a general environment in which those atrocities become inevitable."

I am concerned that the leadership of these agencies may be responsible for creating a general environment in which an incident such as this became inevitable.

What I found equally troubling was Director Magaw rejecting the verdict of a Jury of Citizens who had found Mr. Weaver innocent of weapons charges because he was entrapped.

Mr. Magaw instead chose to disregard most of the arguments presented in a court of law, and create a new version of the details to suggest that the Jury was incorrect in its verdict.

It was Thomas Jefferson who said "I consider trial by jury as the only anchor ever yet imagined by man by which a government can be held to the principles of its Constitution."

With that statement in mind, what happens when the Government ignores the decision of jury?

This is the type of arrogant and unchecked behavior by Government agencies that concerns Americans, and contributes greatly to the sense of fear and distrust that many Americans have of their Government.

Moreover, it portrays a bad image for those who work in our Government whose service is exemplary and upstanding. I strongly believe words by Attorney Gerry Spence in his book about Ruby Ridge, "From Freedom to Slavery," in which he attests that "the ultimate enemy of any people is not the angry hate groups that fester within, but a government itself that has lost its respect for the individual."

Mr, Weaver has quoted his father, who said that the Government and society is like a garden—sometimes a garden grows some weeds, and those weeds need to be plucked, or they will choke the garden. With that in mind, I stand on the floor of this House of Representatives and strongly urge our government to put their courage in the sticking place and pluck some of those weeds.

I call for the firing of Agent Herb Byerly. His deceitful tactics created the ideal atmosphere for a deadly and unnecessary conflict. I call for the complete firing of Larry Potts, and any others who contributed to the development of death warrants for the Weaver family.

I think FBI Director Freeh should, himself seriously consider stepping down as director. His decision to promote Larry Potts to the 2nd highest position in the FBI calls his judgment into question.

What is even more deplorable was his willingness to protect and defend Mr. Potts and his indefensible actions, simply because Mr. Potts was his close friend.

I call for the firing and prosecution of HRT sniper Lon Horiuchi—for firing a weapon into a man's home knowing that children were in that home. Some may say that he was simply following orders.

Have we not learned from the past war crimes trials that unlawful orders from superiors do not act as a shield for unlawful actions by those following those orders?

I call for a thorough investigation into the actions of all the Government agents involved in Ruby Ridge—from top to bottom—to see what prosecutions need to occur. Many of these agents are still entrusted with the enforcement of our laws today.

Some will call these stern recommendations "overreacting," but I believe they are not. What happened at Ruby Ridge is far reaching in scope. It exposes some very ugly attitudes that are currently inherent in law enforcement. These elements must be quickly and forcefully expelled to prevent them from growing more abusive, and to also return the faith of a somewhat agitated people to its Government. In my opinion, the best way to prevent future Government abuses is to make those who have committed such abuses accountable for their actions.

In closing, I would invoke the words of Justice Brandeis in their entirety * * *

> The greatest dangers to liberty lurk in insidious encroachment by men of zeal, well-meaning but without understanding. Decency, security and liberty alike demand that Government officials shall be subject to the same rules of conduct that are commands to the citizen.
>
> In a government of laws, existence of the government will be imperiled if it fails to observe the law scrupulously. Our Government is the potent, the omnipresent teacher. For good or for ill, it teaches the whole people by its example. Crime is contagious. If the government becomes a law-breaker, it breeds contempt for law; it invites every man to become a law unto himself; it invites anarchy. To declare that in the administration of the criminal law the end justifies the means—to declare that the government may commit crimes in order to secure the conviction of a private criminal—would bring terrible retribution.

The Ruby Ridge tragedy is worth our attention. Our form of Government is the greatest on earth. I believe that, if we as a Congress act decisively in this matter, this will be a golden opportunity for the people of this country to witness once again that the system our founding father established works—and that no one, including a government official, can live and act above the law and expect to get away with it.

Mr. Speaker, I include for the RECORD the items referred to earlier.

DEPARTMENT OF AGRICULTURE, FOREST SERVICE, DEPARTMENT OF THE INTERIOR, BUREAU OF LAND MANAGEMENT, DEPARTMENT OF COMMERCE, NATIONAL MARINE FISHERIES SERVICE, DEPARTMENT OF THE INTERIOR, FISH AND WILDLIFE SERVICE, ENVIRONMENTAL PROTECTION AGENCY.

Date: August 18, 1995.

Subject: Salvage Sale Provisions of P.L. 104–19

To: Regional Foresters, USDA Forest Service,

State Directors, USDI Bureau of Land Management,

Regional Directors, USDI Fish and Wildlife Service,

Regional Directors, USDC National Marine Fisheries Service,

Regional Administrators, Environmental Protection Agency.

On July 27, 1995 the President signed the Rescission Act (Public Law 104–19, Enclosure 1) which contains provisions for an emergency salvage timber sale program as well as for "Option 9" and "318" sales. The salvage provisions of the Act, which are the subject of this letter, are intended to expedite salvage timber sales in order to achieve, to the maximum extent feasible, a salvage sale volume above the programmed level to reduce the backlogged volume of salvage timber. The authorities provided by P.L. 104–19 are in effect until December 31, 1996.

President Clinton has directed the Secretaries of Agriculture, the Interior, and Commerce, the Administrator of the Environmental Protection Agency, and the heads of other appropriate agencies to move forward to implement the timber salvage provisions of P.L. 104–19 in an expeditious and environmentally-sound manner, in accordance with the President's Pacific Northwest Forest Plan, other existing forest and land management policies and plans, and existing environmental laws, except those procedural actions expressly prohibited by Public Law 104–19 (Enclosure 2). Consistent with the President's direction, an interagency Memorandum of Agreement (MOA) on timber salvage has been developed (Enclosure 3). The undersigned Agency heads attest that they understand the direction in the MOA and will fully comply with that direction.

The purpose of the MOA is to reaffirm the commitment of the signatory parties to continue their compliance with the requirements of existing environmental law while carrying out the objectives of the timber salvage related activities authorized by P.L. 104–19. In fulfilling this commitment, the parties intend to build upon on-going efforts to streamline procedures for environmental analysis and interagency consultation and cooperation. Interagency collaboration is vital to achieving this purpose. Working together, we have an opportunity to show our professionalism and meet the challenge before us. We expect you to work cooperatively to give this high priority program your very best effort.

Enclosure 4 provides clarification and direction for those portions of the MOA that are not self-explanatory or that require follow-up actions. Additionally, Forest Service/Bureau of land Management monitoring guidance, which includes involvement of other agencies, is provided for your use (Enclosure 5).

Separate guidance will be provided for other items not covered by the MOA and items needing additional detailed explanation. Separate direction also will be sent regarding the Option 9 and "318" sales provisions of P.L. 104–19.

(Signed) Jack Ward Thomas
for JACK WARD THOMAS,
Chief, Forest Service, Department of Agriculture.

(Signed) John G. Rogers
for MOLLIE BEATTIE,
Director, Fish and Wildlife Service, Department of the Interior.

(Signed) Richard E. Sanderson
for STEVEN A. HERMAN,
Assistant Administrator for Enforcement and Compliance Assurance, Environmental Protection Agency.

(Signed) Nancy K. Hayes
for MIKE DOMBECK,
Director, Bureau of Land Management, Department of the Interior.

(Signed) Gary Matlock
for ROLLAND SCHMITTEN,
Director, National Marine Fisheries Service, Department of Commerce.

ENCLOSURE 1

EMERGENCY SALVAGE TIMBER SALE PROGRAM

(Text of Section 2001 of Public Law 104–19)

SEC. 2001.

(a) DEFINITIONS.—For purposes of this section:

(1) The term "appropriate committees of Congress" means the Committee on Resources, the Committee on Agriculture, and the Committee on Appropriations of the House of Representatives and the Committee on Energy and Natural Resources, the Committee on Agriculture, Nutrition, and Forestry, and the Committee on Appropriations of the Senate.

(2) The term "emergency period" means the period beginning on the date of the enactment of this section and ending on September 30, 1997.

(3) The term "salvage timber sale" means a timber sale for which an important reason for entry includes the removal of disease—or insect-infested trees, dead, damaged, or down trees, or trees affected by fire or imminently susceptible to fire or insect attack. Such term also includes the removal of associated trees or trees lacking the characteristics of a healthy and viable ecosystem for the purpose of ecosystem improvement or rehabilitation, except that any such sale must include an identifiable salvage component of trees described in the first sentence.

(4) The term "Secretary concerned" means—

(A) the Secretary of Agriculture, with respect to lands within the National Forest System; and

(B) the Secretary of the Interior, with respect to Federal lands under the jurisdiction of the Bureau of Land Management.

(b) COMPLETION OF SALVAGE TIMBER SALES.—

(1) SALVAGE TIMBER SALES.—Using the expedited procedures provided in subsection (c), the Secretary concerned shall prepare, advertise, offer, and award contracts during the emergency period for salvage timber sales from Federal lands described in subsection (1)(4). During the emergency period, the Secretary concerned is to achieve, to the maximum extent feasible, a salvage timber sale volume level above the programmed level to reduce the backlogged volume of salvage timber. The preparation, advertisement, offering, and awarding of such contracts shall be performed utilizing subsection (c) and notwithstanding any other provision of law, including a law under the authority of which any judicial order may be outstanding on or after the date of the enactment of this Act.

(2) USE OF SALVAGE SALE FUNDS.—To conduct salvage timber sales under this subsection, the Secretary concerned may use salvage sale funds otherwise available to the Secretary concerned.

(3) SALES IN PREPARATION.—Any salvage timber sale in preparation on the date of the enactment of this Act shall be subject to the provisions of this section.

(c) EXPEDITED PROCEDURES FOR EMERGENCY SALVAGE TIMBER SALES.—

(1) SALE DOCUMENTATION.—

(A) PREPARATION.—For each salvage timber sale conducted under subsection (b), the Secretary concerned shall prepare a document that combines an environmental assessment under section 102(2) of the National Environmental Policy Act of 1969 (42 U.S.C. 4332(2)) (including regulations implementing such section) and a biological evaluation under section 7(a)(2) of the Endangered Species Act of 1973 (16 U.S.C. 1536(a)(2)) and other applicable Federal law and implementing regulations. A document embodying decisions relating to salvage timber sales proposed under authority of this section shall, at the sole discretion of the Secretary concerned and to the extent the Secretary concerned considers appropriate and feasible, consider the environmental effects of the salvage timber sale and the effect, if any, on threatened or endangered species, and to the extent the Secretary concerned, at his sole discretion, considers appropriate and feasible, be consistent with any standards and guidelines from the management plans applicable to the National Forest or Bureau of Land Management District on which the salvage timber sale occurs.

(B) USE OF EXISTING MATERIALS.—In lieu of preparing a new document under this paragraph, the Secretary concerned may use a document prepared pursuant to the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.) before the date of the enactment of this Act, a biological evaluation written before such date, or information collected for such a document or evaluation if the document, evaluation, or information applies to the Federal lands covered by the proposed sale.

(C) SCOPE AND CONTENT.—The scope and content of the documentation and information prepared, considered, and relied on under this paragraph is at the sole discretion of the Secretary concerned.

(2) REPORTING REQUIREMENTS.—Not later than August 30, 1995, the Secretary concerned shall submit a report to the appropriate committees of Congress on the implementation of this section. The report shall be updated and resubmitted to the appropriate committees of Congress every six months thereafter until the completion of all salvage timber sales conducted under subsection (b). Each report shall contain the following:

(A) The volume of salvage timber sales sold and harvested, as of the date of the report, for each National Forest and each district of the Bureau of Land Management.

(B) The available salvage volume contained in each National Forest and each district of the Bureau of Land Management.

(C) A plan and schedule for an enhanced salvage timber sale program for fiscal years 1995, 1996, and 1997 using the authority provided by this section for salvage timber sales.

(D) A description of any needed resources and personnel, including personnel reassignments, required to conduct an enhanced salvage timber sale program through fiscal year 1997.

(E) A statement of the intentions of the Secretary concerned with respect to the salvage timber sale volume levels specified in the joint explanatory statement of managers accompanying the conference report on H.R. 1158, House Report 104-124.

(3) ADVANCEMENT OF SALES AUTHORIZED.—The Secretary concerned may begin salvage timber sales under subsection (b) intended for a subsequent fiscal year before the start of such fiscal year if the Secretary concerned determines that performance of such salvage timber sales will not interfere with salvage timber sales intended for a preceding fiscal year.

(4) DECISIONS.—The Secretary concerned shall design and select the specific salvage timber sales to be offered under subsection (b) on the basis of the analysis contained in the document or documents prepared pursuant to paragraph (1) to achieve, to the maximum extent feasible, a salvage timber sale volume level above the program level.

(5) SALE PREPARATION.—

(A) USE OF AVAILABLE AUTHORITIES.—The Secretary concerned shall make use of all available authority, including the employment of private contractors and the use of expedited fire contracting procedures, to prepare and advertise salvage timber sales under subsection (b).

(B) EXEMPTIONS.—The preparation, solicitation, and award of salvage timber sales under subsection (b) shall be exempt from—

(i) the requirements of the Competition in Contracting Act (41 U.S.C. 253 et seq.) and the implementing regulations in the Federal Acquisition Regulation issued pursuant to section 25(c) of the Office of Federal Procurement Policy Act (41 U.S.C. 421(c)) and any departmental acquisition regulations; and

(ii) the notice and publication requirements in section 18 of such Act (41 U.S.C. 416) and 8(e) of the Small Business Act (15 U.S.C. 637(e)) and the implementing regulations in the Federal Acquisition Regulations and any departmental acquisition regulations.

(C) INCENTIVE PAYMENT RECIPIENTS; REPORT.—The provisions of section 3(d)(1) of the Federal Workforce Restructuring Act of 1994 (Public Law 103-226; 5 U.S.C. 5597 note) shall not apply to any former employee of the Secretary concerned who received a voluntary separation incentive payment authorized by such Act and accepts employment pursuant to this paragraph. The Director of the Office of Personnel Management and the Secretary concerned shall provide a summary report to the appropriate committee of Congress, the Committee on Government Reform and Oversight of the House of Representatives, and the Committee on Governmental Affairs of the Senate regarding the number of incentive payment recipients who were rehired, their terms of reemployment, their job classifications, and an explanation, in the judgment of the agencies involved of how such reemployment without repayment of the incentive payments received is consistent with the original waiver provisions of such Act. This report shall not be conducted in a manner that would delay the rehiring of any former employees under this paragraph, or affect the normal confidentiality of Federal employees.

(6) COST CONSIDERATIONS.—Salvage timber sales undertaken pursuant to this section shall not be precluded because the costs of such activities are likely to exceed the revenues derived from such activities.

(7) EFFECT OF SALVAGE SALES.—The Secretary concerned shall not substitute salvage timber sales conducted under subsection (b) for planned non-salvage timber sales.

(8) REFORESTATION OF SALVAGE TIMBER SALE PARCELS.—The Secretary concerned shall plan and implement reforestation of each parcel of land harvested under a salvage timber sale conducted under subsection (b) as expeditiously as possible after completion of the harvest on the parcel, but in no case later than any applicable restocking period required by law or regulation.

(9) EFFECT ON JUDICIAL DECISIONS.—The Secretary concerned may conduct salvage timber sales under subsection (b) notwithstanding any decision, restraining order, or injunction issued by a United States court before the date of the enactment of this section.

(d) DIRECTION TO COMPLETE TIMBER SALES ON LANDS COVERED BY OPTION 9.—Notwithstanding any other law (including a law under the authority of which any judicial order may be outstanding on or after the date of enactment of this Act), the Secretary concerned shall expeditiously prepare, offer, and award timber sale contracts on Federal lands described in the "Record of Decision for Amendments to Forest Service and Bureau of Land Management Planning Documents Within the Range of the Northern Spotted Owl", signed by the Secretary of the Interior and the Secretary of Agriculture on April 13, 1994. The Secretary concerned may conduct timber sales under this subsection notwithstanding any decision, restraining order, or injunction issued by a United States court before the date of the enactment of this section. The issuance of any regulation pursuant to section 4(d) of the Endangered Species Act of 1973 (16 U.S.C. 1533(d)) to ease or reduce restrictions on non-Federal lands within the range of the northern spotted owl shall be deemed to satisfy the requirements of section 102(2)(C) of the National Environmental Policy Act of 1969 (42 U.S.C. 4332(2)(C)), given the analysis included in the Final Supplemental Impact Statement on the Management of the Habitat for Late Successional and Old Growth Forest Related Species Within the Range of the Northern Spotted Owl, prepared by the Secretary of Agriculture and the Secretary of the Interior in 1994, which is, or may be, incorporated by reference in the administrative record of any such regulation. The issuance of any such regulation pursuant to section 4(d) of the Endangered Species Act of 1973 (16 U.S.C. 1533(d)) shall not require the preparation of an environmental impact statement under section 102(2)(C) of the National Environmental Policy Act of 1969 (42 U.S.C. 4332(2)(C)).

(e) ADMINISTRATIVE REVIEW.—Salvage timber sales conducted under subsection (b), timber sales conducted under subsection (d), and any decision of the Secretary concerned in connection with such sales, shall not be subject to administrative review.

(f) JUDICIAL REVIEW.—

(1) PLACE AND TIME OF FILING.—A salvage timber sale to be conducted under subsection (b), and a timber sale to be conducted under subsection (d), shall be subject to judicial review only in the United States district court for the district in which the affected Federal lands are located. Any challenge to such sale must be filed in such district court within 15 days after the date of initial advertisement of the challenged sale. The Secretary concerned may not agree to, and a court may not grant, a waiver of the requirements of this paragraph.

(2) EFFECT OF FILING ON AGENCY ACTION.—For 45 days after the date of the filing of a challenge to a salvage timber sale to be conducted under subsection (b) or a timber sale to be conducted under subsection (d), the Secretary concerned shall take no action to award the challenged sale.

(3) PROHIBITION ON RESTRAINING ORDERS, PRELIMINARY INJUNCTIONS, AND RELIEF PENDING REVIEW.—No restraining order, preliminary injunction, or injunction pending appeal shall be issued by any court of the United States with respect to any decision to prepare, advertise, offer, award, or operate a salvage timber sale pursuant to subsection (b) or any decision to prepare, advertise, offer, award, or operate a timber sale pursuant to subsection (d). Section 705 of title 5, United States Code, shall not apply to any challenge to such a sale.

(4) STANDARD OF REVIEW.—The courts shall have authority to enjoin permanently, order modification of, or void an individual salvage timber sale if it is determined by a review of the record that the decision to prepare, advertise, offer, award, or operate such sale was arbitrary and capricious or otherwise not in accordance with applicable law (other than those laws specified in subsection (i)).

(5) TIME FOR DECISION.—Civil actions filed under this subsection shall be assigned for hearing at the earliest possible date. The court shall render its final decision relative to any challenge within 45 days from the date such challenge is brought, unless the court determines that a longer period of time is required to satisfy the requirement of the Untied States Constitution. In order to reach a decision within 45 days, the district court may assign all or part of any such case or cases to one or more Special Masters, for prompt review and recommendations to the court.

(6) PROCEDURES.—Notwithstanding any other provision of law, the court may set rules governing the procedures of any proceeding brought under this subsection which set page limits on briefs and time limits on filing briefs and motions and other actions which are shorter than the limits specified in the Federal rules of civil or appellate procedure.

(7) APPEAL.—Any appeal from the final decision of a district court in an action brought pursuant to this subsection shall be filed not later than 30 days after the date of decision.

(g) EXCLUSION OF CERTAIN FEDERAL LANDS.—

(1) EXCLUSION.—The Secretary concerned may not select, authorize, or undertake any salvage timber sale under subsection (b) with respect to lands described in paragraph (2).

(2) DESCRIPTION OF EXCLUDED LANDS.—The lands referred to in paragraph (1) are as follows:

(A) Any area on Federal lands included in the National Wilderness Preservation System.

(B) Any roadless area on Federal lands designated by Congress for wilderness study in Colorado or Montana.

(C) Any roadless area on Federal lands recommended by the Forest Service or Bureau

of Land Management for wilderness designation in its most recent land management plan in effect as of the date of the enactment of this Act.

(D) Any area on Federal lands on which timber harvesting for any purpose is prohibited by statute.

(h) RULEMAKING.—The Secretary concerned is not required to issue formal rules under section 553 of title 5, United States Code, to implement this section or carry out the authorities provided by this section.

(i) EFFECT ON OTHER LAWS.—The documents and procedures required by this section for the preparation, advertisement, offering, awarding, and operation of any salvage timber sale subject to subsection (b) and any timber sale under subsection (d) shall be deemed to satisfy the requirements of the following applicable Federal laws (and regulations implementing such laws):

(1) The Forest and Rangeland Renewable Resources Planning Act of 1974 (16 U.S.C. 1600 et seq.).

(2) The Federal Land Policy and Management Act of 1976 (43 U.S.C. 1701 et seq.).

(3) The National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.).

(4) The Endangered Species Act of 1973 (16 U.S.C. 1531 et seq.).

(5) The National Forest Management Act of 1976 (16 U.S.C. 472a et seq.).

(6) The Multiple-Use Sustained-Yield Act of 1960 (16 U.S.C. 528 et seq.).

(7) Any compact, executive agreement, convention, treaty, and international agreement, and implementing legislation related thereto.

(8) All other applicable Federal environmental and natural resource laws.

(j) EXPIRATION DATE.—The authority provided by subsections (b) and (d) shall expire on December 31, 1996. The terms and conditions of this section shall continue in effect with respect to salvage timber sale contracts offered under subsection (b) and timber sale contracts offered under subsection (d) until the completion of performance of the contracts.

(k) AWARD AND RELEASE OF PREVIOUSLY OFFERED AND UNAWARDED TIMBER SALE CONTRACTS.—

(1) AWARD AND RELEASE REQUIRED.—Notwithstanding any other provision of law, within 45 days after the date of the enactment of this Act, the Secretary concerned shall act to award, release, and permit to be completed in fiscal years 1995 and 1996, with no change in originally advertised terms, volumes, and bid prices, all timber sale contracts offered or awarded before that date in any unit of the National Forest System or district of the Bureau of Land Management subject to section 318 of Public Law 101–121 (103 Stat. 745). The return of the bid bond of the high bidder shall not alter the responsibility of the Secretary concerned to comply with this paragraph.

(2) THREATENED OR ENDANGERED BIRD SPECIES.—No sale unit shall be released or completed under this subsection if any threatened or endangered bird species is known to be nesting within the acreage that is the subject of the sale unit.

(3) ALTERNATIVE OFFER IN CASE OF DELAY.—If for any reason a sale cannot be released and completed under the terms of this subsection within 45 days after the date of the enactment of this Act, the Secretary concerned shall provide the purchaser an equal volume of timber, of like kind and value, which shall be subject to the terms of the original contract and shall not count against current allowable sale quantities.

(l) EFFECT ON PLANS, POLICIES, AND ACTIVITIES.—Compliance with this section shall not require or permit any administrative action, including revisions, amendment, consultation, supplementation, or other action, in or for any land management plan, standard, guideline, policy, regional guide, or multiforest plan because of implementation or impacts, site-specific or cumulative, or activities authorized or required by this section, except that any such administrative action with respect to salvage timber sales is permitted to the extent necessary, at the sole discretion of the Secretary concerned, to meet the salvage timber sale goal specified in subsection (b)(1) of this section or to reflect the effects of the salvage program. The Secretary concerned shall not rely on salvage timber sales as the basis for administrative action limiting other multiple use activities nor be required to offer a particular salvage timber sale. No project decision shall be required to be halted or delayed by such documents or guidance, implementation, or impacts.

Now, therefore, the parties agree to:

1. Comply with previously existing environmental laws except where expressly prohibited by Public Law 104–19, notably in the areas of administrative appeals and judicial review. In particular, the parties agree to implement salvage sales under Public Law 104–19 with the same substantive environmental protection as provided by otherwise applicable environmental laws and in accordance with the provisions of this MOA.

2. Achieve to the maximum extent feasible a salvage timber sale volume level above the programmed level in accordance with Public Law 104–19 within a framework of maintaining forest health and ecosystem management. Adhere to the standards and guidelines in applicable Forest Plans and Land Use Plans and their amendments and related conservation strategies including, but not limited to, the Western Forest Health Initiative and those standards and guidelines adopted as part of the President's Forest Plan for the Pacific Northeast, PACFISH, INFISH, Red Cockaded Woodpecker Long-Term Strategy, as well as the goals, objectives, and guidelines contained in the NMFS biological opinion on Snake River Basin Land Resource Management Plans (LRMPs), through the interagency team approach agreed to in the May 31, 1995 agreement on streamlining consultation procedures. The agencies will direct their level one and two teams to apply to goals, objectives, and guidelines contained in the NMFS biological opinion on the Snake River Basin LRMPs as the teams deem appropriate to protect the anadromous fish habitat resource.

3. Involve the public early in the process so that there is opportunity to provide input into the development of salvage sales, particularly in recognition of the importance of public involvement given the prohibition to administrative appeals contained in Public Law 104–19. Maintain and promote collaboration with other Federal, Tribal, State and local partners.

4. Reiterate their commitments to work together from the beginning of the process, particularly in salvage sale design, building on existing joint memoranda that streamline consultation procedures under Section 7 of ESA including the following two agreements, other applicable agreements, and improvements thereon:

The May 31, 1995, agreement on streamlining consultation procedures under section 7 of the ESA, between Forest Service Regional Foresters of Regions 1, 4, 5, and 6; Bureau of Land Management State Directors for Oregon/Washington, Idaho, and California; Fish and Wildlife Service Regional Director; and National Marine Fisheries Service Regional Directors.

The March 8, 1995, agreement on consultation time lines and process streamlining for Forest Health Projects, between the Chief of the Forest Service, Director of the Bureau of Land Management, Director of the National Marine Fisheries Service, and Director of the Fish and Wildlife Service.

The March 8, 1995, agreement as it applies to consultation time lines and processes streamlining will be revised to apply nationwide.

5. Ensure that personnel from their respective agencies work cooperatively and professionally to implement faithfully the objectives of Public Law 104–19 and Executive Branch direction in a timely manner. In the event that disagreements cannot be resolved at the regional level (Level 3) of the process, a panel consisting of appropriate representatives of the Forest Service, Bureau of Land Management, National Marine Fisheries Service, Fish and Wildlife Service, and EPA, will review the evidence and make a binding decision within 14 days of notice of the disagreement.

6. Agree to conduct project analyses and interagency coordination consistent with NEPA and ESA (as set forth in paragraph 4 of this MOA) in a combined joint environmental assessment (EA) and biological evaluation (BE) called for in Public Law 104–19, except where it is more timely to use existing documents. There will be a scoping period, as described in agency guidelines, during the preparation of all salvage projects. Sales that would currently fall within a categorical exclusion promulgated by the Forest Service or Bureau of Land Management in their NEPA procedures will require no documentation absent extraordinary circumstances. For sales that the Secretary determines, in his discretion, ordinarily should require an EA under the land management agencies' NEPA procedures, agencies will prepare the combined EA/BE, including a determination of affect under ESA and circulate the analysis for 20 days of public review and comment. For sales that the Secretary determines, in his discretion, ordinarily should require an EIS under the land management agencies' NEPA procedures, the combined EA/BE will include analysis consistent with section 102(2)(c) of NEPA and will be circulated for 30 days of public review and comment. The decision maker will respond to substantive comments on the EA/BE, but will not be required to recirculate a final EA/BE.

7. Develop and use a process which will facilitate interagency review of proposed salvage sale programs on a regional scale, thus allowing other agencies to identify broad-scale issues and help set priorities for allocation of their resources.

8. Include mitigation needs identified in the environmental assessment in timber sales design to the extent possible within existing authority. As appropriate, funds will be used for mitigation work not included in the timber area.

9. Measure performance of all parties' and individuals' efforts involved in the development and implementation of timber prepared pursuant to this MOA based upon the combined achievement of the goals set forth in this MOA.

10. Monitor and evaluate timber sale objectives and mitigation requirements as an integral part of salvage sales and the salvage

program as prescribed in Forest Plans, Land Use Plans and agency direction. Public and stakeholder involvement in monitoring and evaluation will be encouraged. There will be a national salvage program review involving regions and States with significant activity under this Act.

11. Recognize and use the definition of salvage timber sale as contained in Public Law 104–19, which is a timber sale "for which an important reason for entry includes the removal of disease or insect-infested trees, dead, damaged, or down trees, or trees affected by fire or imminently susceptible to fire or insect attack." This definition allows for treating associated trees or trees lacking the characteristics of a healthy and viable ecosystems for the purpose of ecosystem improvement or rehabilitation as long as a viable salvage component exists. While this definition provides necessary flexibility to meet salvage objectives, care must be taken to avoid abuse by including trees or areas not consistent with current environmental laws and existing standards and guidelines as set forth in this MOA.

This Memorandum of Agreement is intended only to improve the internal management of the Federal Government and does not create any right or benefit, substantive or procedural, enforceable at law or equity by a party against the United States, its agencies or instrumentalities, its officers or employees, or any other person.

The undersigned Agency heads attest that they understand the direction in this Memorandum of Agreement and will fully comply with that direction.

James R. Lyons, Under Secretary, Natural Resources and Environment, Department of Agriculture.

Robert P. Davison for George T. Frampton, Jr., Assistant Secretary, Fish and Wildlife and Parks, Department of the Interior.

Katherine W. Kimball for Douglas K. Hall, Assistant Secretary for Oceans and Atmosphere, Department of Commerce.

Robert L. Armstrong, Assistant Secretary for Land and Minerals Management, Department of the Interior.

Steven A. Herman, Assistant Administrator for Enforcement and Compliance Assurance, Environmental Protection Agency.

Jack Ward Thomas, Chief, Forest Service, Department of Agriculture.

John G. Rogers for Mollie Beattie, Director, Fish and Wildlife Service, Department of the Interior.

Rolland Schmitten, Director, National Marine Fisheries Service, Department of Commerce.

Mike Dombeck, Director, Bureau of Land Management, Department of the Interior.

GUIDANCE CONCERNING ITEMS IN THE MEMORANDUM OF AGREEMENT ON TIMBER SALVAGE RELATED ACTIVITIES UNDER PUBLIC LAW 104–19

Item 1. Comply with previously existing environmental laws, except where expressly prohibited by P.L. 104–19. The Act expressly prohibits administrative appeals (Section 2001(e), and it limits judicial review (Section 2001(f)).

Item 2. P.L. 104–19 does not include specific volume targets for salvage timber sales. However, it does contain the following direction:

"During the emergency period, the Secretary concerned is to achieve, to the maximum extent feasible, a salvage timber sale volume level above the programmed level to reduce the backlogged volume of salvage timber." (Section 2001(b))

Section 2001(c)(2) of P.L. 104–19 is a reporting requirement. No later than August 30, 1995, the Secretary concerned is required to report to the appropriate committees of Congress on implementation of the salvage provisions of the Act, and to update and resubmit the report every six months thereafter until completion of all salvage timber sales covered by the Act. As required by Section 2001(c)(2), these reports will include a plan and schedule for an enhanced salvage timber sale program by National Forest and BLM District for fiscal years 1995, 1996, and 1997 using the authority provided by the Act.

The teams referred to in Item 2 of the MOA are the interagency teams established to implement the streamlined Section 7 consultation process in northwestern states under the Endangered Species Act, pursuant to the interagency agreements referenced in Item 4 of the MOA. The explanation of Item 4, below, describes the team process and its expansion nationwide.

The reference in Item 2 to the National Marine Fisheries Service (NMFS) biological opinion of March 1, 1995, on the Snake River Basin Land and Resource Management Plans is made specifically to clarify that the interagency consultation teams in the Snake River Basin will deal with implementation of the goals, objectives and guidelines contained in that biological opinion as related to the anadromous fish habitat resource.

Item 3. Due to the abbreviated time frames it is important to have public involvement early in the process and continuing through the review of the document developed. You should also promote collaboration with other federal, Tribal, State and local partners as appropriate. An interagency communication plan is being finalized and will be sent separately.

Item 4. Consistent with the President's direction and Items 1 and 2 of the MOA, agencies will work together to design salvage sales so as to avoid or minimize adverse effects to threatened or endangered species, and no salvage sale will be offered if it would be likely to jeopardize the continued existence of a listed or proposed species, or if it would be likely to result in the destruction or adverse modification of designated or proposed critical habitat. The March 8, 1995 interagency agreement signed by the heads of the FS, BLM, FWS and NMFS provides direction for streamlining interagency consultations under the Endangered Species Act for forest health and salvage timber projects on National Forest System and BLM lands in several western states. Key elements of this streamlined process are:

Use an interagency team approach to facilitate early input to the NEPA process concerning species proposed or listed as threatened or endangered, as well as proposed or designated critical habitat, under the Endangered Species Act.

Informal or formal consultation/conferencing, if needed, will occur concurrently with project development so that consultation is completed within the NEPA timeframes.

The MOA states that the consultation/conferencing timelines and processes described in the March 8 agreement will be expanded to apply nationwide. Regional and State Office agency leaders who are not covered by the agreements mentioned below should meet on a regional basis as soon as possible to implement this direction. A copy of the March 8 agreement, plus an interagency letter explaining the streamlined process in more detail, will be sent under separate cover to each Regional/State office not already covered by that agreement.

The MOA provides that the agencies will build upon existing joint memoranda, applicable agreements, and improvements thereon that streamline the consultation/conferencing process. This means:

The interagency agreement of April 6, 1995, between the FS and FWS for implementing the streamlined consultation process on National Forest System lands in Montana will continue to apply.

The interagency agreement of May 31, 1995, among the FS, BLM, FWS and NMFS for consultation/conferencing on actions involving National Forest System and BLM administrative units in Washington, Oregon, California, and portions of Idaho and Montana, as identified in that agreement, will continue to apply.

The April 6 and May 31 agreements can be used as examples, but need not be duplicated by other Regions/States if a different approach will accomplish the timelines and streamlined process called for in the March 8 agreement. You are expected to establish and use an interagency team process to facilitate information flow, emphasize early input into project design to avoid or minimize adverse effects to listed or proposed species and designated or proposed critical habitat, and ensure timely resolution of any disagreements that may arise. See the descriptions for Items 5 and 6, below, for additional clarification.

Item 5. It is imperative that the agencies work cooperatively to implement the objectives of P.L. 104–19 and the MOA in a timely manner. This includes promptly resolving any disagreements that may arise.

Interagency coordination, especially early in project planning, will be crucial to avoiding or minimizing disagreements. It is expected that most disagreements will be resolved by technical specialists at the field level. Any issues which cannot be resolved will be promptly elevated to the next appropriate level for resolution. An interagency, tiered process will be used for resolving disagreements, beginning at the field level and moving up through decision-makers until the issue is resolved. The MOA specifies that in the event that an issue cannot be resolved at the region/state level, a national issue resolution panel consisting of appropriate representatives from the FS, BLM, FWS, NMFS, and EPA, will review information provided and make a binding decision within 14 days of a request by the interagency regional/state level.

For example, it is expected that EPA specialists will work with the National Forest or BLM interdisciplinary planning team for a project to quickly identify and resolve any issues that might arise concerning compliance with the Clean Water Act, NEPA, or other environmental laws involving EPA input. If an issue cannot be resolved at this level, it will be promptly elevated to the Forest Supervisor or District Manager and the appropriate EPA counterpart for joint resolution. If they are unable to agree, they would jointly elevate the issue to the Regional Forester or State Director and the EPA Regional Administrator for resolution. In the effort to reach agreement, it is expected that the "line officers" will seek input from regional/state technical specialists concerning the particular issue. The national issue resolution panel will address an issue if it cannot be resolved at the regional/state level.

The April 6 and May 31, 1995, interagency agreements on streamling consultations for

Forest Service and BLM projects in northwest states establish tiers of interagnecy teams to coordinate on projects and resolve issues involving the Endangered Species Act. These existing teams and the issue resolution process will continue to apply. If a regional/state team cannot resolve an issue, the team will elevate it to the national issue resolution panel. Although the existing team process in the northwestern states was formed to deal with consultation issues, it is expected that the "Level 2" and higher teams established through the April 6 and May 31, 1995 agreements will work with EPA to resolve issues that do not involve Endangered Species Act implementation and cannot be resolved at the Interdisciplinary team level.

Item 6. The action agency is responsible for completing the combined environmental assessment (EA) and biological evaluation (BE) for each salvage timber sale, as required by Section 2001(c)(1) of P.L. 104–19. The combined EA/BE will indicate that the project is being carried out under a different authority than a normal salvage sale. The only exception to preparing a combined EA/BE will be for those situations in which using existing documents will be more timely (e.g. an EIS is almost final).

The MOA provides clarification regarding scoping and other public involvement. Public and agency comments received on the combined EA/Be will be evaluated and a response to substantive comments will be provided in an appendix to the EA/BE. The decision document will reflect the public and agency input as appropriate.

The normal agency procedure for documenting a decision (e.g. preparation of a Decision Notice by the Forest Service and a Record of Decision for the Bureau of Land Management) will be used and the public will be informed of the decision following normal agency procedures. The decision document will include:

A statement explaining that pursuant to Subsection 2001(e), the salvage sale is not subject to administrative review.

A statement indicating that under the provisions of Subsection 2001(i) of P.L. 104–19, the documents and procedures required for preparation, advertisement, offering, awarding, and operation of the salvage timber sale are deemed to satisfy the requirements of applicable environmental laws as listed in 2001(i).

An explanation of the expedited judicial review process provided for in Subsection 2001(f) of P.L. 104–19.

All anticipated environmental effects and mitigation and monitoring requirements will be disclosed in the EA. This includes an analysis of effects on listed, proposed and sensitive species, and proposed or designated critical habitat, for all alternatives analyzed. The EA/BE should be no longer than necessary to adequately address the issues. A Finding of No Significant Impact (FONSI) will not be required.

To implement the MOA direction for interagency coordination and compliance with the Endangered Species Act, all of the required elements of a biological assessment (BA), as described in 50 CFR Part 402, must be included in the appropriate section of the combined EA/BE for the preferred or selected alternative. These elements can be included in appropriate sections of the EA/BE or can be attached as a separate section. For the purposes of Public Law 104–14, the BE shall meet the requirements of a BA. The action agency and the consulting agency will mutually agree on the BE prior to the EA/BE being issued for public comment.

If the project is determined to have no effect on listed or proposed species or designated or proposed critical habitat, consultation or conferencing is not required and the EA/BE should so indicate.

If the interagency consultation team agrees with the determination that the project may affect but is not likely to adversely affect listed species, or is not likely to result in destruction or adverse modification of designated or proposed critical habitat, informal consultation will occur using the streamlined process per Item 4 of the MOA. The letter of concurrence from the consulting agency will be discussed and incorporated by reference in the decision document for the project.

If the project is determined to be likely to adversely affect listed species, or likely to jeopardize a species proposed for listing, or likely to result in destruction or adverse modification of designated or proposed critical habitat, the consulting agency will provide a biological opinion or conference report using the streamlined consultation process. The results of the biological opinion or conference report will be discussed and incorporated by reference in the decision document.

To summarize the process:

1. Scoping and interdisciplinary and interagency teams will determine the issues to be addressed in the combined EA/BE.

2. The completed EA/BE will be sent to the public for review. The action agency and the consulting agency will mutually agree on the BE prior to the EA/BE being issued for public comment.

3. Public comment received will be analyzed and the response documented in an appendix to the EA/BE prior to completion of the decision document.

4. The decision document will reflect public input as appropriate. In those instances when a letter of concurrence, a biological opinion, or a conference report is needed from a consulting agency, it will be discussed and incorporated by reference in the decision document.

Item 7. Region/State agency heads will work together to develop a process to facilitate interagency review of the proposed salvage sale program on a regional or state scale, as appropriate. This process will provide an opportunity for identification of broad issues. It should include an understanding of priorities in relation to projects other than salvage timber sales (e.g. grazing permits, green timber sales) which involve interagency action. This is intended to allow interagency coordination to occur on highest priorities first and to facilitate allocations of staff and time accordingly.

Item 8. Self-explanatory

Item 9. Self-explanatory

Item 10. In addition to the requirements of the Act, it is important for us to monitor our actions to ensure ourselves and the public that we are carrying out the salvage program in an environentally sound manner and that the requirements identified in the decision document are being met. Monitoring guidance has been developed for your use (see Enclosure 5).

Item 11. Self-explanatory

MONITORING

In addition to the requirements of P.L. 104–19, it is important for us to monitor our actions to assure ourselves and the public that we are doing the right things for the right reasons, that we are doing what we said we would do, and that the effects are what we predicted. Below are some thoughts and actions that each Forest Service Region/BLM State should consider in developing a monitoring plan that is responsive to your sales and situation.

Public Trust and Involvement

There will be lots of scrutiny and interest;

We need to build trust and credibility;

Do the right thing for the right reason;

If we say we will do it, do it;

Involve other Agencies, states, Tribes, the public and interest groups.

Key Agency Messages

Monitoring and Evaluation are key and vital aspects in implementing a successful stewardship salvage program.

Monitoring and Evaluation are central to an adaptive management approach which is a cornerstone for ecosystem management.

Existing Direction

There is existing direction on monitoring in the agencies directive system which identify and explain the three types of monitoring and requirements for monitoring.

Follow Standards and Guidelines in existing Forest Plans and Resource Management Plans, as amended, and including any biological opinions issued on such plans or amendments.

Other Considerations

A key for success is monitoring what is appropriate and feasible, not the world. Monitoring programs must be designed to address specific questions, and clearly identify who is responsible for implementation.

Monitoring should be hierarchical: every project will have implementation monitoring;

Forests and BLM Districts will develop a well designed sampling scheme for effectiveness monitoring;

Observation and documentation by anyone in the sale area is helpful for implementing the monitoring. A key person will be the Sale Administrator who will likely be the first to observe problems.

Any problems should be immediately documented, activities suspended (if needed) and appropriate changes made to the sale contract.

Monitor and document successes as well as problems and areas needing improvement.

There must be a clear focus on oversight and accountability.

Line Officers will be held accountable.

Regions/BLM States and Forests/BLM Districts should schedule project reviews to sample the activities of salvage sales and their effects; encourage public involvement.

The WO will conduct salvage program reviews of every Region/BLM State having significant activity under P.L. 104–19.

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, DC, June 30, 1995.

Hon. DAN GLICKMAN,
Secretary, Department of Agriculture,
Washington, DC.

DEAR DAN: We are gratified that leaders in the House of Representatives and Administration representatives worked out the remaining concerns regarding HR 1944 and are pleased with the bill's solid passage by the House. We are writing to follow up on the letter you sent the Speaker last night regarding the Forest Service salvage sale program.

Both of us spoke with Assistant Secretary Jim Lyons and received the commitment of your Department and the Forest Service to offer a minimum of 4.5 billion board feet of salvage timber during the emergency period, which begins on the date of enactment and expires December 31, 1996. Any personnel resources needed to get the added volume are provided in Section 2001 by granting the Forest Service additional contracting authority

and lifting restrictions that could impede the Service's ability to hire adequate personnel. As opportunities arise for more salvage volume, you can utilize the expanded authority to increase expectations.

If you move quickly to implement this new salvage timber policy, there is no reason the 4.5 billion board foot target could not be met. The President has stated that the Administration will carry out this program with its full resources and a strong commitment to achieving the goals of the program. We urge you to utilize the flexibility we have provided to produce the maximum feasible salvage timber volume available in our national forests.

As you know, included in the emergency timber sale program is a requirement for you to report on the Department's progress in implementing the new policy. We look forward to your first progress report and working together to achieve the timber salvage objectives of the program set forth under HR 1944.

Sincerely,

CHARLES H. TAYLOR,
Member of Congress.
NORM D. DICKS,
Member of Congress.

U.S. DEPARTMENT OF AGRICULTURE,
NATURAL RESOURCES & ENVIRONMENT
U.S. DEPARTMENT OF THE INTERIOR,
LAND AND MINERALS MANAGEMENT
August 22, 1995.

[Memorandum]

To: Jack Ward Thomas, Chief, Forest Service; and Elaine Zielinski, Oregon State Director, Bureau of Land Management.

From: — —. for James R. Lyons, Under Secretary of Agriculture, Natural Resources and Environment; and — —. for Mike Dornbeck, Director, Bureau of Land Management.

Subject: Section 2001(k) of the 1995 Rescission Act.

Section 2001(k) of the 1995 Rescissions Act (Public Law 101-121) directs the Secretaries to award, release, and permit to be completed the remaining section 318 timber sales. Several parties have urged us to interpret section 2001(k) as applying to all timber contracts offered in the geographic area described in section 318 of the Fiscal Year 1990 Interior and Related Agencies Appropriations Act, in addition to the few remaining timber sales that were offered subject to section 318. The language of section 2001(k) is clear on its face, and applies only to the remaining section 318 timber sales.

The section 318 sales have a turbulent history, having been fiercely debated by Congress, by the press, by public advisory boards, and before the Supreme Court. It is this well-known and discrete set of sales, the sales offered in Fiscal Year 1990 under the procedures establishes in section 318(b)-(j) of Public Law 101-121, which Congress refers to in section 2001(k) of the 1995 Rescissions Act as "subject to section 318."

We have been involved in the debate over the federal forests in the Pacific Northwest for a long time, as have members of Congress. Our understanding of the section 2001(k) release of timber sales "subject to section 318" is informed by that experience. Unlike timber sales before or after, the section 318 sales were developed based on specific ecological criteria developed by Congress and were provided limited judicial review. The Supreme Court approved section 318's limitation of judicial review, and about 4 billion board feet of timber was sold subject to section 318. The award or release of the few remaining 318 sales, totaling approximately 300 million board feet, has been delayed due to litigation, consultation based on the listing of the marbled murreiet, and other events. Congress used section 318 as its model in drafting section 2001 of the 1995 Rescission Act, and included the provisions of section 2001(k) to require resolution of the few remaining section 318 sales.

The Executive Branch, particularly the Forest Service, was involved in all stages of the development of section 2001, providing technical information and, later, in the negotiation of changes to provisions that concerned the Administration. It was the remaining section 318 sales that the Administration viewed as being affected by section 2001(k) at the time the bill was signed by the President. It was the remaining section 318 sales that were the basis of the April 27, 1995, Forest Service effects statement on the proposed legislation that was transmitted to Congress and was then used by members of Congress in their floor statements and debates. The specific sale contracts that section 201(k) addresses are only the sales offered under the unique procedures of section 318(b)-(j). The interpretation of section 2001(k) as applying to timber sales throughout Washington and Oregon, and to timber sales that were not developed subject to the ecological and procedural criteria provided in section 318(b)-(j), is wholly inconsistent with the history of the section 318 sales issue.

In the 1995 Rescission Act, Congress seeks to end the delays in the remaining section 318 sales and to expedite implementation of the President's Northwest Forest Plan which was designed with the section 318 sale program in mind. We must read the law in a manner that makes sense of the entire Act, including direction to expeditiously implement the President's Northwest Forest Plan, and in a manner that avoids reading section 2001(k) so expansively as to generate windfall profits at the expense of the public and the environment. We must faithfully implement the law as enacted by Congress while acting with full consideration for the environmental significance of the remaining section 318 timber sales and the fact that section 2001 reduces the usual public policy protections that would otherwise guide our implementation. For these reasons, any ambiguities in the language of section 2001(k) is intended to apply only to those remaining timber sales developed and offered subject to section 318(b)-(j) of the Fiscal Year 1990 Interior and Related Agencies Appropriations Act, as directly addressed in section 2001(k)(1).

U.S. DEPARTMENT OF AGRICULTURE,
NATURAL RESOURCES & ENVIRONMENT
U.S. DEPARTMENT OF THE INTERIOR,
LAND AND MINERALS MANAGEMENT
August 23, 1995.

[Memorandum]

To: Jack Ward Thomas, Chief, Forest Service; and Elaine Zielinski, Oregon State Director, Bureau of Land Management.

From: — —. for James R. Lyons, Under Secretary of Agriculture, Natural Resources and Environment; and — —. for Mike Dombeck, Acting Director, Bureau of Land Management.

Subject: Additional Direction on Section 2001(k) of the 1995 Rescission Act.

Yesterday we issued direction relating to section 318 sales which are affected by section 2001(k)(1) of the 1995 Rescission Act (P.L. 104-19). The purpose of this memorandum is to set forth the administration's interpretation of the other subsections of 2001(k).

As we stated yesterday, "We must read the law in a manner that makes sense of the entire Act, including direction to expeditiously implement the President's Northwest Forest Plan, and in a manner that avoids reading section 2001(k) so expansively as to generate windfall profits at the expense of the public and the environment." In support of these principles, we will act to award, release, and permit to be completed, subject to the exclusionary provisions of 2001(k), all remaining section 318 timber sale contracts which are currently being delayed. Those sales are:

1. Sales for which apparent high bidders have been identified, but the sales have not yet been awarded to the high bidder, except that these sales will contain all previously mutually agreed upon changes to the original terms;

2. Sales for which apparent high bidders have been identified and the sale awarded, but where the contract has not yet been executed by the high bidder, except that these sales will contain all previously mutually agreed upon changes to the original terms;

3. Sales for which the apparent high bidder has been identified, but the bid bond was returned before award of the contract.

Sales which have been awarded and executed will not be modified or altered to the originally advertised terms, volumes, and bid prices.

Section 2001(k)(2) provides that sales subject to section 2001(k)(1) shall not be released or completed "if any threatened or endangered bird species is known to be nesting" within the sale unit. Although the phrase "threatened or endangered bird species" certainly includes northern spotted owls, Congress' primary attention was focused on the impact of the remaining Section 318 sales on the marbled murrelet. This direction will outline the criteria used to determine whether any marbled murrelets are "known to be nesting" within the remaining section 318 sale units that are subject to section 2001(k).

Congress did not define the phrase "any threatened or endangered bird species is known to be nesting." Therefore, the implementing agencies must interpret this phrase in accordance with general principles of law. In interpreting this phrase, we choose to be guided by the best scientific information available. We have consulted with agency experts and they have provided us with the following information. The marbled murrelet is a rapidly-disappearing sea bird that uses old-growth forest areas only for nesting and breeding, or for activities that are in support of nesting and breeding. The remainder of its life is spent on the ocean. Murrelets are believed to have a high nesting site fidelity, that is, adult murrelets return to the same tree stands year after year to nest. Therefore, if a stand of forest that murrelets use for nesting is cut, they probably will not continue to reproduce. Murrelets do not construct typical bird nests (they lay their eggs on broad branches of older trees or in trees with deformations) and they hide from predators during nesting, which makes detection of nesting activity difficult. Indeed, the first marbled murrelet nest was not discovered until 1974, and there are very few identified nests to this day.

The consequence of adopting an interpretation of "known to be nesting" that requires "physical" detection of nesting activity is potentially quite dire for the entire marbled murrelet population and for related conservation efforts, including the President's Forest Plan. The remaining Forest Service Section 318 sales encompass ten to twenty percent of the known nesting sites for the marbled murrelet.

We believe that there is a more rational interpretation of the phrase "known to be nesting" that is based upon the best scientific information available about the murrelets. Because of its highly secretive behavior and lack of typical nesting behavior, our agency experts inform us that actual detection of a nest is not the only, or the exclusive, reliable indicator of nesting. The Pacific Seabird Group—a group composed of federal, state, private and academic biologists—developed a reliable scientific protocol for determining the existence of murrelet nesting activities. This protocol is designed to determine more than mere "presence" of murrelets. Surveys based on this protocol provide the best scientifically valid information, available within the 45 days provided by Congress, on whether murrelets are known to be nesting in these units. Based on the protocol's scientific analysis, we conclude that the protocol's criteria should be utilized in evaluating whether Section 318 sales are subject to section 2001(k)(2).

Application of the protocol's criteria to determine whether murrelets are "known to be nesting" in a particular area is the way to provide for meaningful implementation of subsection 2001(k)(2) given the needs of this species. Again, agency experts inform us that murrelets do not "nest" or "reside," that is, nest or breed, in a way that permits of typical nest detection, yet their nesting and breeding behavior is just as critically dependent on availability of nesting habitat as any other species. In order to comply with the directive to withhold sales where the murrelet is nesting, the scientifically valid approach is to utilize the criteria in the protocol. There simply is no other practical or biologically justifiable method for identifying murrelet nesting, or for insuring that our actions will not be likely to jeopardize the continued existence of the murrelet.

We are informed that within the 45 days allowed by Congress, the Forest Service is completing a second year of surveys for murrelets. Sale purchasers are being provided with the survey data sheets and asked for their comments. As an example of how the process has been used on a particular forest, purchasers questioned the validity of 12 of the units in the Siuslaw National Forest. Forest Services biologists reviewed all applicant comments, conducted additional surveys of 4 of the sales and determined that the data was sufficient for another 4 sales. A purchaser hired a surveyor for the remaining 4 sales, which confirmed the Forest Service's findings. Additionally, government agencies are reviewing all surveys data, verifying all "questionable" determinations and continue to confirm the strength of all survey determinations.

In subsection 2001(k)(3), Congress included a provision for alternative timber for the remaining Section 318 sales that are not released within the 45-day timeframe specified in Subsection (k)(1). This provision applies to any sale which "for any reason" cannot be released within the 45-day period. This provision is therefore applicable to sales or units of sales that are not released under Subsection (k)(2).

In accordance with the standards and guidelines for the President's Northwest Plan, and within the limits of available personnel and appropriated funds, we will assess the availability of alternative volume.

Sincerely,

Clinton.

Washington, DC, June 29, 1995.

Hon. NEWT GINGRICH,
Speaker of the House of Representatives,
Washington, DC.

DEAR MR. SPEAKER: I am pleased to be able to address myself to the question of the Emergency Salvage Timber Sale Program in H.R. 1944. I want to make it clear that my Administration will carry out this program with its full resources and a strong commitment to achieving the goals of the program.

I do appreciate the changes that the Congress has made to provide the Administration with the flexibility and authority to carry this program out in a manner that conforms to our existing environmental laws and standards. These changes are also important to preserve our ability to implement the current forest plans and their standards and to protect other natural resources.

The agencies responsible for this program will, under my direction, carry the program out to achieve the timber sales volume goals in the legislation to the fullest possible extent. The financial resources to do that are already available through the timber salvage sale fund.

I would hope that by working together we could achieve a full array of forest health, timber salvage and environmental objectives appropriate for such a program.

Sincerely,

Clinton.

THE WHITE HOUSE,
Washington, DC, August 1, 1995.

[Memorandum]

For: The Secretary of Interior, The Secretary of Agriculture, The Secretary of Commerce, and The Administrator, Environmental Protection Agency.

Subject: Implementing Timber-Related Provisions to Public Law 104–19.

On July 27th, I signed the rescission bill (Public Law 104–19), which provides much-needed supplemental funds for disaster relief and other programs. It also makes necessary cuts in spending, important to the overall budget plan, while protecting key investments in education and training, the environment, and other priorities.

While I am pleased that we were able to work with the Congress to produce this piece of legislation, I do not support every provision, most particularly the provision concerning timber salvage. In fact, I am concerned that the timber salvage provisions may even lead to litigation that could slow down our forest management program. Nonetheless, changes made prior to enactment of Public Law 104–19 preserve our ability to implement the current forest plans' standards and guidelines, and provides sufficient discretion for the Administration to protect other resources such as clean water and fisheries.

With these changes, I intend to carry out the objectives of the relevant timber-related activities authorized by Public Law 104–19. I am also firmly committed to doing so in ways that, to the maximum extent allowed, follow our current environmental laws and programs. Public Law 104–19 gives us the discretion to apply current environmental standards to the timber salvage program, and we will do so. With this in mind, I am directing each of you, and the heads of other appropriate agencies, to move forward expeditiously to implement these timber-related provisions in an environmentally sound manner, in accordance with my Pacific Northwest Forest Plan, other existing forest and land management policies and plans, and existing environmental laws, except those procedural actions expressly prohibited by Public Law 104–19.

I am optimistic that our actions will be effective, in large part, due to the progress the agencies have already made to accelerate dramatically the process for complying with our existing legal responsibilities to protect the environment. To ensure this effective coordination, I am directing that you enter into a Memorandum of Agreement by August 7, 1995, to make explicit the new streamlining procedures, coordination, and consultation actions that I have previously directed you to develop and that you have implemented under existing environmental laws. I expect that you will continue to adhere to these procedures and actions as we fulfill the objectives of Public Law 104–19.

WILLIAM J. CLINTON.

The SPEAKER pro tempore (Mr. METCALF). The Chair would like to thank the gentlewoman from Idaho [Mrs. CHENOWETH] for one of the great speeches from the House of Representatives.

INJUSTICES IN REDISTRICTING

The SPEAKER pro tempore. Under the Speaker's announced policy of May 12, 1995, the gentlewoman from Georgia [Ms. MCKINNEY] is recognized for 60 minutes as the designee of the minority leader.

Ms. MCKINNEY. Mr. Speaker, I want to express my concerns about the words of the gentlewoman from Idaho, and to say to her and to the American people that I share her love for the institutions of this country, and I wish that tonight I had a better story to tell than the story that she just told. But, unfortunately, I think we are going to have to endure another 60 minutes of another tragedy. Let us hope that it does not become a tragedy.

On my way back from Atlanta today, I thought about what an honor it is for me to represent the good people of the 11th Congressional District of Georgia, and what I am going through right now I sincerely hope no other Member of Congress has to endure. Unfortunately, I fear that others will.

So tomorrow I have requested that other Members of Congress who are impacted come and, at about this hour, also tell their stories of what it is like to fight the fiercest political fight there is, and that is the battle for redistricting.

The first question that I pose this evening is, is redistricting about shape or shade? I have got some maps here. This is a map of Illinois' Sixth District, which has gone unchallenged despite its irregular shape. It is a district that has a supermajority of white constituents at 95 percent. This district has gone unchallenged.

I have another map of Texas' Sixth District, which is of irregular shape, which also has a supermajority of white constituents at 91 percent. This district has gone through a similar court battle as has been experienced by the 11th Congressional District, and this district has been declared constitutional.

Finally, there is Georgia's 11th Congressional District, not of grossly irregular shape, not the monstrosity that it has been called, consisting of a

supermajority that is 64 percent black. However, this district was both challenged and, unfortunately, found unconstitutional.

□ 2215

I am forced to conclude that the redistricting battle that the Supreme Court has embarked this Nation upon is one about shade and not shape.

The battle in Georgia, as of today, has just been landed in the courts. That is because the Georgia Legislature was caught in an impasse.

One of the questions I pose is, was the redistricting impasse in the Georgia Legislature about Democrats and Republicans?

Now, I have a newspaper article here from the Metro Courier, which is published in the city of Atlanta, GA. The headline reads, "Committee Okays One Black District. Plan Offers Little Representation for Blacks."

In this article, it reads,

Political analysts project that as black voters are shifted from Georgia's other two solidly black districts to simply black-influenced districts, Georgia's political landscape becomes more favorable to white Democratic candidates. Chairman of the legislative black caucus, reapportionment task force, Senator David Scott of Atlanta, said the map was a long way from being acceptable and suggested that Democrats could be due for some bad press in the black community.

He goes on to say, "I do not think white Democrats want this label around their neck that they are dismantling black congressional seats," Scott told reporters.

The head of the Democratic Party in the State of Georgia, our Democratic Governor, was reported in the Atlanta newspaper: Miller staying out of redistricting fray.

Sensing that something bad might, indeed, be coming down the pike, I thought I would write a note to the Democratic leadership of the State of Georgia. We do have a Democratic Governor, a Democratic Lieutenant Governor, and a Democratic speaker of the house. And the title of my statement is, "Ain't I a Democrat, too?" And I am going to read this statement.

It says:

In this 75th year of the passage of the 19th Amendment giving America's women the right to vote, it is important to note the important role that women played in the abolitionist movement to free black people and the deep impression that so Sojourner Truth made on her audience when she spoke before men and women who had gathered at a suffrage convention. When Sojourner rose to speak, there was tension in the air. Nobody knew what she was going to say. And for a brief moment some in the audience began to boo and hiss. But determined to be heard, Sojourner raised her voice and began:

"What is all this talk about women need to be helped into carriages and lifted over ditches and have the best place everywhere? Nobody ever helped me into carriages or over puddles or gives me the best place, and ain't I a woman?"

When she concluded, she left amid a standing ovation. So Sojourner Truth had impressed upon them that, though she was black and never really was able to share the niceties of life, she was still a woman.

I entered office in 1989. When I ran I had a D behind my name. All I knew growing up was a Democratic Party. In the legislature, I worked alongside other Democrats who led our State. I thought we shared important values. I took my constituents seriously. I took my party seriously. And I have been in the trenches of the Democratic Party ever since, organizing, registering, and sounding the message of Democratic values.

One day I was asked by Jesse Jackson, when was the last time you registered anyone to vote? And since then, I have been busy registering; everywhere I go I try to register people to vote, knowing that every person I register, black or white, will vote for the Democratic Party.

I have argued with the Democratic Party, State and national, about maintaining its commitment to grassroots organizing. I have asked the party to look at its unified campaign strategy. And most important of all, I have delivered votes to the Democratic Party. I have delivered votes in the State of Georgia that have benefited members of the State Democratic Party.

And when I do my job in Washington and cooperate with the Democratic leadership of the U.S. Congress and with the Democratic values and work to further Democratic interests. I do not make a distinction between black Democratic interests and white Democratic interests. I speak on behalf of poor people both black and white who want to work in a decent work place, receive a decent wage, come home to decent housing, and enjoy a protected environment.

I speak on behalf of working people who want opportunities to advance, who want quality education for their kids and who expect Government services that work. I speak on behalf of senior citizens both black and white who have given to this country and entered into their own Contract With America. And I speak on behalf of America's women who, despite 75 years of the vote, have only just begun to take their seats at the table where policy is made.

When I cast my vote in Washington in the U.S. House of Representatives, my vote counts the same as everyone else's. I did not change parties. I did not visit with the Republican National Committee. I never considered switching parties. I just continue to sweat for the Democratic Party.

I tried to recruit candidates to run in 1994 and in 1996. I have taken Leon Panetta to Georgia so that the chair of our State Democratic Party could have a personal meeting. I have made recommendations to the State party. I have committed to help raise money for the State party. I have met with the new executive director of our State party and even recently visited the party's office. And the last time I looked, the Governor of the State of Georgia is a Democrat. The Lieutenant Governor of the State of Georgia is a Democrat. The Speaker of the House is a Democrat. Well, ain't I a Democrat, too?

I must conclude that the redistricting impasse cannot possibly be about Democrats and Republicans. What kind of Representative have I been since I have been in Congress? I have tried to the best of my ability to be a voice for my constituents, not just one group of my constituents but all of my constituents.

I was elected as the people's candidate and sometimes I joke about it. I used to say, and sometimes I still say, I was a candidate that nobody wanted. I did not have big name people behind me. I did not have big money people behind me. All I had were the people of the 11th Congressional District.

The theme of my campaign was warriors do not wear medals, they wear scars. The people who supported me in my campaign where our State's warriors. The people who wake up early every morning, the people who go to bed late at night, the people who give and give and give and give and give and continue to give even more, and all that they ask in return is that they have a better community. And all that they ask is that their Government treat them right.

I do not have a fancy background. My mother is a nurse. My father is a policeman. He later became a member of the Georgia Legislature. But I am just an ordinary person. I come from common stock. And so it is not often that people like me can grace the halls of the U.S. Congress. The politics that I have learned to practice are not go along to get along but to come to Washington to take care of serious business and to speak on behalf of people who have been left out.

I have done my job. I am doing my job. I am giving hope to people in the 11th Congressional District in Georgia. Hope, though, in a listless people is sometimes viewed as a dangerous thing.

I have made a difference in the lives of my constituents, and somehow I cannot help but believe that that difference contributes to the problems that some Georgians may have with me.

What could have been the intent of the Democratic leadership of the State of Georgia? Was it to dilute black voting strength?

I have a document here entitled "General Assembly Held Hostage:" Just at the beginning of the special session that was called for the purpose of redrawing congressional districts, 17 State House districts were targeted by the plaintiffs who had successfully

challenged the 11th Congressional District. Five State Senate districts were targeted. Some of the targeted representatives, State Representative Tyrone Brooks, State Representative Henry Howard, State Representative Carl Von Epps, State Representative Eugene Tillman, targeted Senators, State Senator Dianne Harvey Johnson, State Senator Robert Brown, State Senator Nadine Thomas, State Senator Steve Henson, State Senator Charles Walker.

□ 2230

What could have been the purpose of targeting black State legislative districts that had not been challenged in the courts? What could have been the purpose of targeting black State legislative districts that had not been found unconstitutional?

State Senator Donzella James gathered her thoughts, and she composed a piece called the Redistricting Hoax. I will read some excerpts:

Georgia legislators convened a special session of the General Assembly to take up the issue of reconfiguring Georgia's congressional and State district lines. This effort is a result of what many have come to view as Supreme Court double talk. Specifically, Supreme Court Justice Clarence Thomas from Pinpoint, Georgia, in a five to four vote cast the pivotal vote mandating the congressional districting question is unconstitutional.

□ 2230

The decision not only results in new interpretations for defining redistricting, but also prohibits consideration of race as a predominant factor in formulating district lines.

Although the Court's decision is seen by many as a major set back, these current events do not necessarily affect the integrity of Sections 2 and 5 of the Voting Rights Act. By Governor Miller signing a proclamation for State legislators to reconvene in August to readdress political boundaries in Georgia's court-challenged Eleventh District, the Georgia legislative leadership seized the opportunity to have both legislative House and Senate seats included in the redistricting cauldron. This undertaking forced us to shelve the Constitution for a short-term quick-fix remedy.

The zeal to dilute African-American voting strength appears to be motivated by the need to bring about racial polarization. The pending outcome of these efforts may indeed result in the establishment of case law, hereby, congressional seats currently occupied by African-American in Louisiana, North Carolina, Florida and Texas, will be greatly impacted by the deliberations of the Georgia State Legislature.

She goes on to say,

In this episode of political gamesmanship, Republicans attempted to play the white Democrats against the black Democrats by promising both sides their support in addressing their redistricting concerns.

Further, the struggle within the Democratic Party between competing political interests was transformed into one involving race. The eagerness on the part of the white Democrats to "Republican proof" their districts blinded them to their overall goal. That is, to foster equal and inclusive representation for all of the people of Georgia.

Self-serving individuals on all sides of the debate practiced deceitful game playing and clever trickery and have made a mockery of the reapportionment mandate. The Georgia General Assembly may come to regret this entire ordeal. A number of questions will have been answered concerning our legislative process. For example, was the court order legislative undertaking a hoax? And if so, could this be a needless waste of the taxpayers' money and will the lawyers laugh all the way to the bank?

My fear is that when it is all over and done, will the redistricting issue be remembered as racial rights versus civil wrongs?

Well, feeling that something unsavory was happening, certain members of the Georgia legislative Black Caucus decided to compose a letter and send it to Deval Patrick, Assistant Attorney General, Civil Rights Division, U.S. Department of Justice. I am going to read the letter.

DEAR MR. PATRICK, I am submitting this comment urging you to object to the reapportionment plans passed by the Georgia General Assembly in its special session in 1995. These plans were enacted by the State of Georgia with a racially discriminatory purpose and will have a retrogressive effect on black voters throughout the State.

The plans for the State Senate and State House also violate section 2 of the Voting Rights Act, because those plans dilute black voting strength. In carrying out these redistrictings, the State legislature specifically aimed their sights at legislative districts with majority black voting populations. The decision by the legislature, therefore, was targeted at black voters with the intent to reduce the black voting strength throughout the State.

The legislature undertook this action even though there had been no court decision invalidating our existing plans, nor had there even been a lawsuit challenging any of the districts.

The context in which these new plans were drawn is also important to understand. The special session in which these new reapportionment plans were enacted was called to address also the reapportionment of the congressional districts pursuant to the decision in Johnson v. Miller.

The white leadership in our legislature forced the assembly to address legislative reapportionment first and then proceed to congressional reapportionment.

In exchange for cooperation in legislative reapportionment, the leadership promised to work with the black Members of the legislature on congressional reapportionment. The leadership, therefore, used legislative reapportionment as a stick and forced legislators to make concessions they would otherwise not have made.

The enclosed statistics show the degree of retrogression and discrimination. For all of these reasons, we urge you to object.

Please call us so that we can provide further details.

Sincerely,

It was signed by several Members of the Georgia legislative Black Caucus.

I have information that was compiled by Representative George Brown of Augusta that was circulated by Representative LaNett Stanley, which cites the district number, the black population of those districts in 1992, and how those districts were dismantled in 1995.

All told, the Georgia legislative Black Caucus voted to dismantle, along with the rest of the Democratic leadership, voted to dismantle nine majority black districts in the House and two in the Senate.

I also have a list of all of the districts that were changed in the course of this. Out of 56 Senate seats, 46 were changed. Out of 180 House seats, 69 were changed.

And I have the story of one incumbent black State representative whose district I helped to draw in 1992, Reverend Tillman. His district was 60 percent black as drawn in 1992. It was reduced in this special session from 60 percent to 30 percent, roughly.

He says that they told him that if he voted for this plan that dismantled all of these districts, that they would increase his percentage. They would not kick him out of office. They would at least give him a fighting chance up to 40 percent. So, he voted for the plan and his district was increased to 40 percent. But what was lost? What was lost?

Reverend Tillman used to represent three counties in Georgia: Liberty County, McIntosh County, and Glynn County. And I will never forget the day that the reapportionment committee held its hearing down in Savannah, GA, back in 1991 or so. A gentleman from Liberty County rose to speak to his elected government from the State of Georgia and he said, "I come from a county named Liberty, but they still treat us like slaves."

That gentleman got his district in 1992. That gentleman got representation in 1992. That gentleman might loose his representation in 1996. That gentleman might loose his representation in 1996. And furthermore, if Reverend Tillman wins in the district that the legislature drew, that gentleman would not have Representative Tillman as his representative.

What else could have driven this process? Was it protecting big business? Well, in a news release that State Senator Donzella James released September 6, she implicates kaolin interests in driving a redistricting.

Kaolin is a white clay in Georgia. In fact, there is so much of it in Georgia, that seven counties in Georgia have most of the world's reserves. And those seven counties in Georgia just happen to be in the 11th Congressional District of Georgia.

State Senator Donzella James expressed concern today that Georgia's kaolin companies are exerting undue influence on the State's redistricting process. As legislators slowly hammer out a new congressional map, Senator James is increasingly convinced that kaolin interests in Washington, Jefferson, and Glascock Counties have issued a veto threat over any congressional map which puts them in the Eleventh District represented by Democratic Congresswoman Cynthia McKinney.

Ms. McKinney first drew the ire of the kaolin companies when she questioned industry practices which exploit poor landowners and force them off their property.

She goes on to elaborate.

And then, of course, it became clear to me, and so I issued my own press release after hearing so many rumors in the State capitol under the gold dome.

REPRESENTATIVE MCKINNEY SAYS: KAOLIN LOBBYISTS RESPONSIBLE FOR REDISTRICTING IMPASSE AT STATE CAPITOL

Kaolin industry lobbyists are preventing State legislators from reaching agreement on a new congressional map, according to Eleventh District Congresswoman Cynthia McKinney.

House and Senate conferees are apparently deadlocked over the desire to protect two majority black districts, while at the same time keeping the kaolin counties of Washington, Jefferson, and Glascock out of McKinney's Eleventh District. Some legislators are suggesting that the kaolin industry has served notice to key State officials that the kaolin belt is not to be included in the Eleventh.

At present, conferees are looking for ways to move black voters from Fulton county, the City of Atlanta, into the newly reconfigured Eleventh District, in order to maintain its black majority. However, McKinney and others are pointing out that there is no need to go into Fulton County, if the new Eleventh District includes Washington, Jefferson and Glascock Counties.

Now, I have some maps here. I have a map of the State of Georgia and this is one of the plans that was put on the table. There were so many plans. People were drawing plans left and right. But this is Washington, Glascock, and Jefferson Counties. This is the Eleventh Congressional District and it has got a little finger that goes into Fulton.

I have got a blowup of that finger. That is the finger that goes into Fulton. Now, you do not have to go into Fulton County to get the finger; just put the counties in the district.

And then another map surfaced which had everything just about right. It had the Second Congressional District close to where it needed to be to protect the Democratic incumbent in the Second Congressional District. It had the necessary attributes that the Congressperson there thought were necessary in order to protect that incumbency; had the Eleventh Congressional District where the Georgia Legislative Black Caucus had said they wanted that number, which was 50 percent, which is neither a majority black nor majority white, just fair.

But, with that finger into Fulton, something happens. Washington County, which is the headquarters of the Kaolin industry, is omitted from the map.

□ 2245

Because you have got that finger into Fulton, what you end up doing is gutting the Fifth District. Now, we cannot do that. There is enough population in the State of Georgia to get the numbers right to protect the Democratic incumbents without encroaching upon other districts. There was no need to encroach upon the Fifth District.

I have got a couple of newspaper articles here, Atlanta Journal Constitution, September 7, 1993, "Bring in the Feds to Probe Kaolin." Atlanta Journal Constitution, October 1, 1993,

McKinney takes on Kaolin Industry. Her nosing around has infuriated the industry. One Kaolin executive in Sandersville, home to several Kaolin plants,

that is Washington County,

suggested in a letter to a local newspaper that McKinney's district be dismantled.

"King Kaolin's political prisoner?" This is from the Atlanta Constitution, Wednesday, June 22, 1994.

At first glance, U.S. Representative Cynthia McKinney's suggestion that a Warner Robbins resident has been turned into a political prisoner seems rash. "This is the American guiag, and Robert Watkins is one of its victims," she said, comparing the handling of the case to the infamous justice of the prison system of the former Soviet Union. Surely, McKinney was exaggerating. But a close look at the Watkins case suggests he may well be imprisoned for political reasons. McKinney is right to ask the Justice Department to investigate. Given the financial and political power of the Kaolin Industry in her district, McKinney is brave to look into the strange case of Robert Watkins. The Justice Department should immediately investigate the prison sentence of the man who dared to challenge King Kaolin in middle Georgia."

Finally, in the Atlanta Journal Constitution, October 22, 1993,

This should not be Cynthia McKinney's fight, but Georgia's politicians are so afraid of the Kaolin Companies, they don't dare raise a peep.

The title of this story is "Taking on King Kaolin."

The conclusion of the article is,

So McKinney now is trying to get the U.S. Justice Department to look into the problems. Politically, that may not be a very smart move on her part because Kaolin money will try to unseat her. But then again, who knows, maybe McKinney will prove that a woman with a backbone can succeed in a State run by men with weak knees.

Could the redistricting impasse have just been caught up in opportunities, political opportunities for favorite sons? Well, there was a plan called the DeLoach plan. That was one of the first plans on the map, on the board, and it just so happened to have been drawn by my former Democratic opponent, the gentleman who organized the lawsuit. His plan was renamed and revised a little bit and passed the Georgia State Senate. In that plan, the Second Congressional District is down from 52 percent to 35 percent, Fifth Congressional District down from 59 percent to 52 percent, the 11th Congressional District down from 60 percent to 39 percent; in other words, goodbye, CYNTHIA MCKINNEY.

Women can get hurt in this redistricting fight. Women win more seats that are opened up by redistricting, and we have got women who are affected by the current redistricting fights across this country: CYNTHIA MCKINNEY, the gentlewoman from Florida, Ms. BROWN, the gentlewoman from Texas, Ms. EDDIE BERNICE JOHNSON, the gentlewoman from Texas, Ms. JACKSON-LEE, the gentlewoman from New York, Ms. VELÁZQUEZ. Those districts have been targeted. Other women in delegations are affected, the North Carolina delegation, Florida delegation, New York delegation, Illinois delegation. Bottom line on this redistricting is not just a racial issue.

What is the predicament in which blacks find themselves in Georgia? My father has been in the Georgia legislature for 23 years, a long time. He put out a paper entitled "Billy's Dream." He says,

"I had a dream last night. I saw very clearly a group of white men gathered around a table, and they were plotting the future of black people in the South for the next century. I was surprised that I recognized all of them. They were all involved in the attempt to overturn the Voting Rights Act. This distinguished group had been stunned by the Georgia legislative Black Caucus at hearings before the Georgia reapportionment committee. The Caucus had shown unusual preparedness in its opposition to dismantling of majority black districts. In stinging testimony, the assertions of plaintiffs' attorney were proven to be untrue. The Caucus brought down from the University of Virginia a constitutional and civil rights law expert in Dr. Pamela Carlin, attorney Robert McDuff from Mississippi, Selwyn Carter of the Southern regional council, who serves as the Georgia legislative technical assistant on the Voting Rights Act. This emergency meeting was called because what was thought to be a routine turning back of the clock had gone awry. The blacks would not march back to slavery with their hats in their hands. Like their forefathers before them, after such discussion, it was decided that the State would issue an unheard of order demanding that the State appear before the court and present maps and testimony with only 1 week's notice, 1 week of having been in the special session, and the threat of having the judges, the same judges who found the 11th District unconstitutional, draw the district was supposed to scare the members of the Georgia legislative Black Caucus. That is why you have those State legislative districts held hostage, a brilliant threat to throw panic into the Caucus, because the Caucus isn't really a player in this chess game. Black citizens are only pawns to be sacrificed in a fight between the major parties. The Democrats have three Members serving in Congress, but they do not count, because they are black. So the plan is to banish the black congressmen and spread the black citizens, who vote 95-percent Democratic, among other districts, a devious plan that can only work if the Republicans remain aloof and allow it to happen.

He goes on to say,

Conisder winning a judicial case when the prosecution and the defense are all of one accord. The poor defendant is left up a creek, and that is where black citizens find themselves at this time. The Black Caucus, although not a player at the table, must turn to the tactics of Dr. Martin Luther King, and that is to play the moral card, appeal to the decency of the American people, not to turn

back the clock and expel black elected officials from policymaking positions.

That was just a dream.

I know that there are people around this country, indeed, people around the world, who are looking at what happens to Georgia's 11th Congressional District, and I also know that as the Representative for the 11th Congressional District I do not stand alone. We have many supporters.

Our supporters that have filed friendly briefs in the court are the Congressional Black Caucus, the Democratic National Committee, the Democratic Congressional Campaign Committee, which has been of invaluable assistance to us, the State of Texas, the National voting Rights Institute, Mexican-American Legal Defense Educational Fund, National Asian Pacific American Legal Consortium, the NAACP, National Organization for Women, National Organization for Women Legal Defense Fund, National Urban League, People for the American Way, Women's Legal Defense Fund.

Other Members of Congress, I hope they do not have to go through what we are experiencing in Georgia, but we have quite a few who might be affected by the Georgia decision and the Georgia result: The gentleman from North Carolina [Mr. WATT], the gentleman from Louisiana [Mr. FIELDS], the gentlewoman from Florida [Ms. BROWN], the gentleman from Illinois [Mr. GUTIERREZ], the gentleman from Mississippi [Mr. THOMPSON], the gentlewoman from New York [Ms. VELÁZQUEZ], the gentlewoman from Texas [Ms. JACKSON-LEE] and the gentlewoman from Texas [Ms. EDDIE BERNICE JOHNSON].

I received an e-mail from a woman to a friend of mine, forwarded to me on my computer. The date of the e-mail is Friday, June 30, and the subject is, "Wow, I would hate to be in Cynthia's shoes. Simma, I am back from South Africa 10 days earlier than expected." This is not from a black American woman. "How ironic that my return from a country where black citizens are finding new strength in the legislative process, I walk into a country where the intent of creating a colorblind society is to eliminate any possible chance for equal representation. Adding to my confusion is the battle over affirmative action. I hope other countries are not looking to us for civil rights leadership."

This is not the first time this has happened in America's history. It has not happened yet. I am going to fight like the dickens to make sure it does not happen.

I have here the CONGRESSIONAL RECORD, and this is a CONGRESSIONAL RECORD from 1901. The Speaker is Representative George White, who was the last African-American Member of Congress to serve. He served from the State of North Carolina. North Carolina ended it; North Carolina is beginning it.

Upon his exit from Congress, he spoke, "Now, Mr. Chairman, before concluding my remarks, I want to submit a brief recipe for the solution of the so-called American Negro problem." He asks no special favors but simply demands that he be given the same chance for existence, for earning livelihood, for raising himself on the scales of manhood and womanhood that are accorded to kindred nationalities. Treat him as a man. Go into his home, learn of his social conditions, learn of cares, his troubles, his hopes for the future. Gain his confidence and open the doors of industry to him. This, Mr. Chairman, is perhaps the Negro's temporary farewell to the American Congress, but let me say, Phoenix-like, he will rise up someday and come again. These parting words are in behalf of an outraged, heart-broken, bruised and bleeding, but God-fearing people, faithful, industrious, loyal people, rising people full of potential force. Sir, I am pleading for the life of a human being. The only apology that I have to make for the earnestness with which I have spoken is that I am pleading for the life, the liberty, the future happiness and manhood, suffrage for one-eighth of the entire population of the United States.

I do not want to have to give that farewell speech and lead what might be an unending procession of African-Americans, women and people of color out of the U.S. Congress.

I want to take the opportunity to commend the Members of the Georgia legislative Black Caucus, State Senator Diane Harvey Johnson, chairwoman of the Georgia legislative Black Caucus, State Senator David Scott, who was the task force Chair, the reapportionment task force Chair, fought untiringly to protect the three Democratic incumbents of the Georgia congressional delegation, representative Calvin Smyre, served as House negotiator, State Representative David Lucas, served on the House Conference Committee, State Senator Charles Walker, served on the Senate Conference Committee.

Finally, I have a poem. State Senator Donzella James has distributed this poem in the days when time was winding down and people's hearts were very heavy because the fight was about to leave the legislature and proceed to another level, another level of uncertainty.

□ 2300

Mr. Speaker, the title of the poem is "Don't Quit." It goes:

When things go wrong, as they sometimes will
When the road you're trudging seems all uphill
When funds are low and debts are high
And you want to smile, but you have to sigh
When care is pressing you down a bit
Rest if you must, but don't you quit.

Life is queer with its twists and turns
As every one of us sometimes learns
And many a person turns about
When he might have won had they stuck it out
Don't give up though the pace seems slow
You may succeed with another blow.

Often the struggler has given up
When he might have captured the victor's cup
and she learned too late
when the night came down
How close was the crown.

Success is failure turned inside out
So stick to the fight when you're hardest hit,
It's when things seem worst that you must not quit.

I know that the good people of the State of Georgia are not going to quit in this fight for representation. I also know that the eyes of America are watching as Georgia goes through this process, and I have faith and hope that at the end of this process everyone in the State of Georgia will have been accorded what we only all ask, and that is a fair shake.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Ms. MCKINNEY (at the request of Mr. GEPHARDT), for Friday, September 8, on account of business in the district.

Mr. SISISKY (at the request of Mr. GEPHARDT), for today and the balance of the week, on account of medical reasons.

Mr. TUCKER (at the request of Mr. GEPHARDT), for today and the balance of the week, on account of official business.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. GENE GREEN of Texas) to revise and extend their remarks and include extraneous material:)

Mr. PALLONE, for 5 minutes, today.

Ms. KAPTUR, for 5 minutes, today.

Mrs. COLLINS of Illinois, for 5 minutes, today.

(The following Members (at the request of Mr. COMBEST) to revise and extend their remarks and include extraneous material:)

Mr. GOODLING, for 5 minutes, on September 13.

Mr. MCKEON, for 5 minutes, today.

Mr. RIGGS, for 5 minutes, today.

Mr. HUTCHINSON, for 5 minutes, today.

Mr. HOEKSTRA, for 5 minutes, today.

Mr. KINGSTON, for 5 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

(The following Members (at the request of Mr. GENE GREEN of Texas) and to include extraneous matter:)

Mr. FOGLIETTA.

Mr. DELLUMS in two instances.

Mrs. COLLINS of Illinois in two instances.

Mr. WAXMAN.

Mr. STARK in two instances.

Mrs. MALONEY.

Mr. UNDERWOOD.

Mr. MURTHA.

Mr. MANTON.

Mr. BONIOR.

Mr. BORSKI.

(The following Members (at the request of Mr. COMBEST) and to include extraneous matter:)

Mr. FORBES.

Mr. BAKER of California.

Mr. LAZIO of New York.

Mr. HYDE.

Mr. GALLEGLY.

Mrs. SEASTRAND.

Mr. SMITH of New Jersey.

Mr. NUSSLE.

Mr. HOUGHTON.

Mr. HANSEN.

Mr. GILMAN in two instances.

Mr. BROWNBACK.

(The following Members (at the request of Ms. MCKINNEY) and to include extraneous matter:)

Mr. MORAN.

Mr. MICA.

Mrs. MINK of Hawaii.

Mrs. MORELLA.

Mr. PASTOR.

Mr. PETERSON of Florida.

SENATE BILLS REFERRED

A bill of the Senate of the following title was taken from the Speaker's table and, under the rule, referred as follows:

S. 790. An act to provide for the modification or elimination of Federal reporting requirements; to the Committee on Government Reform and Oversight.

ADJOURNMENT

Ms. MCKINNEY. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 11 o'clock and 2 minutes p.m.), the House adjourned until tomorrow, Wednesday, September 13, 1995, at 10 a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1418. A letter from the Auditor, District of Columbia, transmitting a copy of the report entitled: "Audit of the District of Columbia Lottery and Charitable Games Control Board for Fiscal Year 1994," pursuant to D.C. Code, section 47–119(c); to the Committee on Government Reform and Oversight.

1419. A letter from the Secretary, Department of Health and Human Services, transmitting the eighth annual report of the Department's Council on Alzheimer's Disease delineating revisions to previous research plans and progress made in research sponsored by the Federal Government, pursuant to Public Law 99–660, section 912(2) (100 Stat. 3805); to the Committee on Commerce.

1420. A letter from the Acting Director, Defense Security Assistance Agency, transmitting notification concerning a project arrangement [PA] with Australia (Transmittal No. 11–95), pursuant to 22 U.S.C. 2767(f); to the Committee on International Relations.

1421. A letter from the Assistant Legal Adviser for Treaty Affairs, Department of State, transmitting copies of international agreements, other than treaties, entered into by the United States, pursuant to 1 U.S.C. 112b(a); to the Committee on International Relations.

1422. A letter from the Senior Deputy Assistant Administrator (Bureau for Legislative and Public Affairs) Agency for International Development, transmitting a report on economic conditions prevailing in Turkey that may affect its ability to meet its international debt obligations and to stabilize its economy, pursuant to 22 U.S.C. 2346 note; to the Committee on International Relations.

1423. A letter from the Administrator, General Services Administration, transmitting a copy of a report of building project survey for Oklahoma City, OK, and executive summary of the Oklahoma City security assessment, pursuant to 40 U.S.C. 606(a); to the Committee on Transportation and Infrastructure.

1424. A letter from the Chairman, National Transportation Safety Board, transmitting a copy of the Board's budget request for fiscal year 1997, pursuant to 49 U.S.C. app. 1903(b)(7); jointly, to the Committee on Appropriations and Transportation and Infrastructure.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. GOSS: Committee on Rules. House Resolution 218. Resolution providing for consideration of the bill (H.R. 1162) to establish a deficit reduction trust fund and provide for the downward adjustment of discretionary spending limits in appropriation bills (Rept. 104–243). Referred to the House Calendar.

Mr. MCINNIS: Committee on Rules. House Resolution 219. Resolution providing for the consideration of the bill (H.R. 1670) to revise and streamline the acquisition laws of the Federal Government, to reorganize the mechanisms for resolving Federal procurement disputes, and for other purposes (Rept. 104–244). Referred to the House Calendar.

REPORTED BILLS SEQUENTIALLY REFERRED

Under clause 5 of rule X, bills and reports were delivered to the Clerk for printing, and bills referred as follows:

H.R. 1670. Referred to the Committee on Small Business for a period ending not later than September 12, 1995, for consideration of such portions of sections 101(d) and 102(b) of the bill as fall within the jurisdiction of that committee pursuant to clause 1(o), rule X.

SUBSEQUENT ACTION ON A REPORTED BILL SEQUENTIALLY REFERRED

Under clause 5 of rule X the following action was taken by the Speaker:

H.R. 1670. The Committee on Small Business discharged.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. HYDE:

H.R. 2297. A bill to codify without substantive change laws related to transportation and to improve the United States Code; to the Committee on the Judiciary.

By Mr. BEREUTER:

H.R. 2298. A bill to amend the Agricultural Act of 1949 to clarify the prevented planting rule for the calculation of crop acreage bases; to the Committee on Agriculture.

H.R. 2299. A bill to amend the Clean Air Act to require that motorcycles be defined as having a curb mass less than or equal to 1,749 pounds; to the Committee on Commerce.

By Mr. BEREUTER (for himself, Mrs. JOHNSON of Connecticut, and Mr. KOLBE):

H.R. 2300. A bill to improve the efficiency and coordination of the Federal Government's export promotion activities; to the Committee on International Relations, and in addition to the Committee on Banking and Financial Services, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. DUNCAN:

H.R. 2301. A bill to designate an enclosed area of the Oak Ridge National Laboratory in Oak Ridge, TN as the "Marilyn Lloyd Environmental, Life, and Social Sciences Complex"; to the Committee on Science.

By Mr. GALLEGLY:

H.R. 2302. A bill to amend the Federal Power Act to provide for the delegation of dam safety authority to State government; to the Committee on Commerce.

By Mrs. LOWEY:

H.R. 2303. A bill to amend title XIX of the Social Security Act to require as a condition of receiving payments under such title for the costs of administering its Medicaid plan that each State include on the enrollment card provided to beneficiaries under the plan a photograph of the beneficiary, and for other purposes; to the Committee on Commerce.

By Mrs. MINK of Hawaii:

H.R. 2304. A bill to amend section 105 of the Housing and Community Development Act of 1974 to extend the authority for communities to use community development block grant assistance for direct homeownership assistance; to the Committee on Banking and Financial Services.

By Mr. MORAN;

H.R. 2305. A bill to designate the U.S. Courthouse for the Eastern District of Virginia in Alexandria, VA, as the "Albert V. Bryan United States Courthouse"; to the Committee on Transportation and Infrastructure.

By Mrs. MORELLA (for herself, Mr. MORAN, Mr. DAVIS, Mr. WOLF, Mr. FROST, Mr. ACKERMAN, Mr. WELDON of Pennsylvania, Mr. PETRI, Ms. NORTON, and Mr. MCCRERY):

H.R. 2306. A bill to amend title 5, United States Code, to provide additional investment funds for the Thrift Savings Plan, and to make the percentage limitations on individual contributions to such plan more consistent with the dollar amount limitation on elective deferrals; to the Committee on Government Reform and Oversight.

By Mr. ROBERTS:

H.R. 2307. A bill to amend the Federal Election Campaign Act of 1971 to further restrict contributions to candidates by multicandidate political committees, limit and require full disclosure of attempts to influence Federal elections through soft money and independent expenditures, correct inequities resulting from personal financing of campaigns, strengthen the role of political parties, and contain the cost of political campaigns; to the Committee on House Oversight.

H.R. 2308. A bill to abolish the franking privilege for the House of Representatives and to provide for use of approved forms of postage and postage meters for official mail of the House of Representatives; to the Committee on House Oversight, and in addition to the Committee on Government Reform and Oversight, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. ROYCE:

H.R. 2309. A bill to define the circumstances under which earthquake insurance requirements may be imposed by the Federal Home Loan Mortgage Corporation on a specifically targeted State or area; to the Committee on Banking and Financial Services.

By Mr. SERRANO (for himself, and Mr. FRAZER):

H.R. 2310. A bill to award a congressional gold medal to Francis Albert Sinatra; to the Committee on Banking and Financial Services.

By Mr. SERRANO:

H.R. 2311. A bill to waive certain prohibitions with respect to nationals of Cuba coming to the United States to play organized professional baseball; to the Committee on International Relations, and in addition to the Committee on the Judiciary, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Ms. SLAUGHTER (for herself, and Mr. RANGEL):

H.R. 2312. A bill to amend the Social Security Act to provide for annual distribution of Social Security account statements to all beneficiaries and to improve the information made available in such statements; to the Committee on Ways and Means, and in addition to the Committee on Commerce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. SMITH of New Jersey:

H.R. 2313. A bill to authorize the Secretary of Veterans Affairs to expand the scope of services provided to veterans in Vet Centers; to the Committee on Veterans' Affairs.

By Mr. SPRATT:

H.R. 2314. A bill to facilitate the conducting of a demonstration project to improve the personnel management policies and practices affecting the acquisition work force of the Department of Defense; to the Committee on National Security, and in addition to the Committee on Government Reform and Oversight, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. STARK:

H.R. 2315. A bill to amend the Internal Revenue Code of 1986 to repeal certain tax subsidies related to energy and natural resources; to the Committee on Ways and Means.

By Mr. STARK (for himself and Mr. HOUGHTON):

H.R. 2316. A bill to amend the Internal Revenue Code of 1986 to impose an excise tax on amounts of private excess benefits from certain charitable organizations, and for other purposes; to the Committee on Ways and Means.

By Ms. WATERS:

H.R. 2317. A bill to define the circumstances under which earthquake insurance requirements may be imposed by the Federal Home Loan Mortgage Corporation on a specifically targeted State or area; to the Committee on Banking and Financial Services.

By Mr. BOEHNER:

H. Res. 217. Resolution electing Representative TAUZIN of Louisiana to the Committees on Commerce and Resources; considered and agreed to.

By Ms. WOOLSEY (for herself, Mr. YATES, Mr. MCDERMOTT, Mr. FROST, Ms. PELOSI, Mr. FRANK of Massachusetts, Mr. FILNER, Mr. WARD, Mr. BEILENSON, Mr. UNDERWOOD, Mr. CLYBURN, Mr. HILLIARD, Ms. VELAZQUEZ, Mr. SCHUMER, Mr. PORTER, Mrs. MORELLA, Mr. DELLUMS, Ms. FURSE, Mr. FLAKE, Mr. NADLER, Mr. GENE GREEN of Texas, Mr. ACKERMAN, Ms. ESHOO, Ms. JACKSON-LEE, Mr. TORRES, Ms. HARMAN, Ms. DELAURO, and Ms. WATERS):

H. Res. 220. Resolution expressing the sense of the House of Representatives that the Senate should ratify the Convention on the Elimination of All Forms of Discrimination Against Women; to the Committee on International Relations.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 44: Mr. PETRI, Mr. MILLER of Florida, and Mr. KLECZKA.

H.R. 60: Mr. BLILEY.

H.R. 325: Mr. WAXMAN.

H.R. 357: Ms. NORTON.

H.R. 390: Mr. THORNBERRY.

H.R. 436: Mr. ENGLISH of Pennsylvania and Mr. LEWIS of Kentucky.

H.R. 444: Mr. THOMPSON.

H.R. 463: Mr. LUTHER.

H.R. 528: Mr. PARKER, Mr. GORDON, Mr. KANJORSKI, and Mr. ACKERMAN.

H.R. 615: Mr. ROGERS.

H.R. 739: Mr. DORNAN, Mr. BLUTE, and Mr. BLILEY.

H.R. 743: Ms. PRYCE, Mr. BACHUS, Mr. BARR, Mr. SPENCE, Mr. LAHOOD, and Mr. MANZULLO.

H.R. 789: Mr. KASICH, Mr. HASTINGS of Washington, Ms. DUNN of Washington, Mr. CUNNINGHAM, Mr. PORTER, and Mr. METCALF.

H.R. 866: Mr. OLVER.

H.R. 899: Mr. DORNAN.

H.R. 952: Mr. GOODLING and Mr. POMEROY.

H.R. 972: Mr. HINCHEY, Ms. DUNN of Washington, and Mr. SAXTON.

H.R. 994: Mr. BONO, Mr. LUCAS, Mr. SAXTON, Mr. BARTLETT of Maryland, Mr. PICKETT, and Mr. UNDERWOOD.

H.R. 1005: Mrs. MEYERS of Kansas.

H.R. 1007: Mrs. CHENOWETH.

H.R. 1010: Mr. HOKE.

H.R. 1021: Mr. TORRES.

H.R. 1023: Mr. SPENCE and Mr. KANJORSKI.

H.R. 1073: Mr. HALL of Ohio, Mr. DIXON, and Ms. DANNER.

H.R. 1074: Mr. SABO and Mr. HALL of Ohio.

H.R. 1078: Mr. ROHRABACHER.

H.R. 1083: Mr. QUINN, Mr. CUNNINGHAM, Mr. DORNAN, Mr. FOX, and Mr. HUTCHINSON.

H.R. 1162: Mr. HAYWORTH.

H.R. 1202: Mr. FRANK of Massachusetts and Mr. PETERSON of Florida.

H.R. 1299: Mrs. MEYERS of Kansas.

H.R. 1339: Ms. DELAURO.

H.R. 1404: Ms. DELAURO, Mr. DORNAN, Mr. GIBBONS, Ms. MOLINARI, Mr. OLVER, and Ms. EDDIE BERNICE JOHNSON of Texas.

H.R. 1501: Mr. CHAMBLISS.

H.R. 1560: Mr. OBEY.

H.R. 1656: Mr. GEJDENSON.

H.R. 1744: Mr. BURTON of Indiana, Mr. GANSKE, and Mr. NORWOOD.

H.R. 1756: Mr. STOCKMAN, Mr. CHAMBLISS, Mr. BAKER of Louisiana, and Mrs. CUBIN.

H.R. 1767: Mr. OBERSTAR.

H.R. 1802: Mr. HUTCHINSON, Mr. KIM, and Mr. GOODLATTE.

H.R. 1818: Mr. OXLEY, Mr. KINGSTON, Mr. BARR, Mr. DEAL of Georgia, Mr. SHAYS, Mr. SCARBOROUGH, Mr. PAXON, Mr. WHITFIELD, Mr. DOOLITTLE, Mr. SMITH of Michigan, and Mr. BROWNBACK.

H.R. 1821: Mr. TORRES, Mr. CRAMER, and Mrs. SEASTRAND.

H.R. 1846: Mr. ACKERMAN, Mr. JOHNSTON of Florida, Ms. ROYBAL-ALLARD, and Mr. TORRICELLI.

H.R. 1856: Ms. PRYCE, Mr. LAUGHLIN, Mr. VENTO, Mr. WILSON, Mr. FORBES, Mr. HAYWORTH, Mr. SCARBOROUGH, Mr. BRYANT of Tennessee, Mr. FOLEY, Mr. BILIRAKIS, Mr. KLUG, Mr. ALLARD, and Mr. BAKER of California.

H.R. 1866: Mr. PORTER, Mr. PARKER, and Ms. WOOLSEY.

H.R. 1872: Mr. WILLIAMS, Mr. FOLEY, Mr. OLVER, Mr. SANDERS, Mr. NADLER, Mr. GUTIERREZ, Mr. STARK, Mr. HOYER, Mr. FILNER, Mr. OWENS, Ms. WATERS, Mr. BENTSEN, Ms. MCKINNEY, Mr. BORSKI, Mrs. LOWEY, Mr. LAZIO of New York, Mr. DELLUMS, Mr. BROWN of California, Mr. DURBIN, Ms. WOOLSEY, Mr. JOHNSTON of Florida, Mr. RANGEL, Mr. WYNN, Mr. DEFAZIO, Mr. TUCKER, Mr. WARD, Mr. DIXON, Mrs. MALONEY, Mr. FLANAGAN, Mr. LEWIS of Georgia, Ms. ROYBAL-ALLARD, Mr. COLEMAN, Mrs. MEEK of Florida, Mr. EVANS, Ms. VELÁZQUEZ, Mr. GENE GREEN of Texas, Mr. BEILENSON, Mr. SHAYS, Ms. LOFGREN, Mr. LANTOS, Mr. FROST, Mr. FOX, Mr. FAZIO of California, Mr. SABO, and Mr. FATTAH.

H.R. 1883: Mr. BLILEY.

H.R. 1893: Mr. ENGEL, Mr. FORBES, and Mr. ROHRABACHER.

H.R. 1932: Mr. FORBES, Mr. HOSTETTLER, Mr. FLANAGAN, and Mr. SOLOMON.

H.R. 1963: Mr. SCHIFF.

H.R. 1982: Mr. LUTHER.

H.R. 2000: Ms. VELÁZQUEZ.

H.R. 2006: Mr. HOLDEN, Mr. HANSEN, and Mr. GILCHREST.

H.R. 2007: Mr. HOLDEN, Mr. HANSEN, Mr. CRAMER, and Mr. GILCHREST.

H.R. 2010: Mr. HOKE.

H.R. 2119: Ms. DANNER, Ms. RIVERS, Mrs. KELLY, Mr. PASTOR, Mr. SANDERS, and Mr. GILMAN.

H.R. 2132: Mr. FROST, Mr. PETE GEREN of Texas, Mr. MANTON, and Mr. GENE GREEN of Texas.

H.R. 2137: Mr. GUTKNECHT and Ms. LOFGREN.

H.R. 2138: Mr. INGLIS of South Carolina.

H.R. 2152: Mr. DEUTSCH, Mr. GEKAS, Mr. KLUG, Mr. COLLINS of Georgia, and Mr. HUTCHINSON.

H.R. 2164: Mr. JOHNSTON of Florida.

H.R. 2181: Mr. ACKERMAN, Mr. CLAY, Mr. FROST, and Mr. JOHNSTON of Florida.

H.R. 2189: Mr. LAUGHLIN, Mr. ABERCROMBIE, Mr. POMEROY, and Mr. SCOTT.

H.R. 2190: Mr. RIGGS.

H.R. 2200: Mr. CREMEANS, Mr. TALENT, Mr. PICKETT, Mr. KNOLLENBERG, Mr. SOUDER, Ms. DANNER, Mr. LEVIN, Mr. STUMP, Mr. KILDEE, Mr. CONYERS, Mr. BURR, Mr. ISTOOK, Mr. SOLOMON, Mr. BARCIA of Michigan, Mr. BRYANT of Tennessee, Miss COLLINS of Michigan, Mr. CRAMER, Mr. DINGELL, Mr. TRAFICANT, Mr. OWENS, Mr. BURTON of Indiana, Mr. WALKER, Ms. KAPTUR, Mr. CHRYSLER, Mr. HUTCHINSON, Mr. BOEHNER, Mr. REGULA, and Mr. HUNTER.

H. Con. Res. 80: Mr. MILLER of California, Mr. YATES, Mr. KILDEE, Ms. PELOSI, Mr. DELLUMS, Mr. MATSUI, Mr. FRAZER, and Mr. CONYERS.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H.R. 1162

OFFERED BY: MR. FROST

AMENDMENT NO. 1: In section 707(b), strike "after the date this bill was engrossed by the House of Representatives and".

H.R. 1162

OFFERED BY: MR. GOSS

AMENDMENT NO. 2: Page 2, line 6, strike "ACCOUNT" and insert "LEDGER".

Page 2, line 7, strike "ESTABLISHMENT OF ACCOUNT" and insert "LEDGER".

Page 2, line 10, strike "ACCOUNT" and insert "LEDGER".

Page 2, line 11, strike "ESTABLISHMENT OF ACCOUNT" and insert "LEDGER".

Page 2, lines 11 and 12, strike "There" and all that follows through "Account." on line 13, and insert the following: "The Director of the Congressional Budget Office (hereinafter in this section referred to as the 'Director') shall maintain a ledger to be known as the 'Deficit Reduction Lock-box Ledger'.".

Page 2, line 14, strike "Account" and insert "Ledger" and strike "subaccounts" and insert "entries".

Page 2, line 16, strike "subaccount" and insert "entry" and strike "entries" and insert "parts".

Page 3, strike lines 1 through 3 and insert the following:

"(b) COMPONENTS OF LEDGER.—Each component in an entry shall consist only of amounts credited to it under subsection (c). No entry of a negative amount shall be made.

Page 3, line 4, strike "ACCOUNT" and insert "LEDGER".

Page 3, lines 5 and 6, strike "of the Congressional Budget Office (hereinafter in this section referred to as the 'Director')".

Page 3, line 9, strike "subaccount" and insert "entry".

Page 4, line 2, strike the comma and insert a period and strike lines 3 and 4.

Page 4, before line 5, add the following new paragraph:

"(3) CALCULATION OF LOCK-BOX SAVINGS IN SENATE.—For purposes of calculating under this section the net amounts of reductions in new budget authority and in outlays resulting from amendments agreed to by the Senate on an appropriation bill, the amendments reported to the Senate by its Committee on Appropriations shall be considered to be part of the original text of the bill.

Page 4, between lines 13 and 14, strike "account" and insert "ledger".

Page 5, lines 9 and 10, strike ", as calculated by the Director of the Congressional Budget Office, and" and insert a period, and on line 11 strike "the" and insert "The".

Page 5, line 19, strike "Director of the Congressional Budget Office" and insert "chairman of the Committee on Appropriations of each House".

Page 6, line 3, strike "ACCOUNT" and insert "LEDGER".

Page 6, line 7, strike "account" and insert "ledger", and on line 8, strike "subaccount" and insert "entry".

Page 6, strike line 9 and all that follows through page 7, line 7, and insert the following new section:

SEC. 6. DOWNWARD ADJUSTMENT OF DISCRETIONARY SPENDING LIMITS.

The discretionary spending limits for new budget authority and outlays for any fiscal year set forth in section 601(a)(2) of the Congressional Budget Act of 1974, as adjusted in strict conformance with section 251 of the Balanced Budget and Emergency Deficit Control Act of 1985, shall be reduced by the amounts set forth in the final regular appropriation bill for that fiscal year or joint resolution making continuing appropriations through the end of that fiscal year. Those amounts shall be the sums of the Joint House-Senate Lock-box Balances for that fiscal year, as calculated under section 602(a)(5) of the Congressional Budget Act of 1974. That bill or joint resolution shall contain the following statement of law: "As required by section 6 of the Deficit Reduction Lock-box Act of 1995, for fiscal year [insert appropriate fiscal year], the adjusted discretionary spending limit for new budget authority shall be reduced by $ [insert appropriate amount of reduction] and the adjusted discretionary limit for outlays shall be reduced by $ [insert appropriate amount of reduction]." Notwithstanding section 904(c) of the Congressional Budget Act of 1974, section 306 of that Act as it applies to this statement shall be waived. This adjustment shall be reflected in reports under sections 254(g) and 254(h) of the Balanced Budget and Emergency Deficit Control Act of 1985.

Page 7, lines 14 and 15, strike "the date this bill was engrossed by the House of Representatives" and insert "August 4, 1995".

Page 8, lines 5 and 6, strike "the date this bill was engrossed by the House of Representatives" and insert "August 4, 1995".

H.R. 1162

OFFERED BY: MRS. MEEK OF FLORIDA

AMENDMENT NO. 3: At the end, add the following new section:

SEC. 8. PROHIBITION ON THE USE OF SAVINGS TO OFFSET DEFICIT INCREASES RESULTING FROM DIRECT SPENDING OR RECEIPTS LEGISLATION.

Reductions in outlays and reductions in discretionary spending limits specified in section 601(a)(2) of the Congressional Budget Act of 1974 resulting from the implementation of this Act shall not be taken into account for purposes of section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985.

H.R. 1655

OFFERED BY: MR. COMBEST

AMENDMENT NO. 3: Page 7, line 9, strike "other".

Page 7, line 10, insert "identified in section 904" after "law".

Page 7, line 13, insert "and reports to Congress in accordance with section 903" after "determines".

Page 7, line 15, insert "related to the activities giving rise to the sanction" after "investigation".

Page 7, line 16, insert "related to the activities giving rise to the sanction" after "method".

Page 7, beginning on line 16, strike "The President" and all that follows through line 18, and insert the following: "Any such stay shall be effective for a period of time specified by the President, which period may not exceed 120 days, unless such period is extended in accordance with section 902.".

Page 7, after line 18, insert the following:

"EXTENSION OF STAY

"SEC. 902. Whenever the President determines and reports to Congress in accordance with section 903 that a stay of sanctions pursuant to section 901 has not afforded sufficient time to obviate the risk to an ongoing criminal investigation or to an intelligence source or method that gave rise to the stay, he may extend such stay for a period of time specified by the President, which period may not exceed 120 days. The authority of this section may be used to extend the period of a stay pursuant to section 901 for successive periods of not more than 120 days each.

Page 7, strike line 19 and all that follows through line 6 on page 8, and insert the following:

"REPORTS

"SEC. 903. Reports to Congress pursuant to sections 901 and 902 shall be submitted in a timely fashion upon determinations under this title. Such reports shall be submitted to the Committee on International Relations of the House of Representatives and the Committee on Foreign Relations of the Senate. With respect to determinations relating to intelligence sources and methods, reports shall also be submitted to the Permanent Select Committee on Intelligence of the House of Representatives and the Select Committee on Intelligence of the Senate. With respect to determinations relating to ongoing criminal investigations, reports shall also be submitted to the Committees on the Judiciary of the House of Representatives and the Senate.

"LAWS SUBJECT TO STAY

"SEC. 904. The President may use the authority of sections 901 and 902 to stay the imposition of an economic, cultural, diplomatic, or other sanction or related action by the United States Government concerning a foreign country, organization, or person otherwise required to be imposed by the Chemical and Biological Weapons Control and Warfare Elimination Act of 1991 (title III of Public Law 102-182); the Nuclear Proliferation Prevention Act of 1994 (title VIII of Public Law 103-236); title XVII of the National Defense Authorization Act for Fiscal Year 1991 (Public Law 101-510) (relating to the nonproliferation of missile technology); the Iran-Iraq Arms Nonproliferation Act of 1992 (title XVI of Public Law 102-484); and section 573 of the Foreign Operations, Export Financing Related Programs Appropriations Act, 1994 (Public Law 103-87), section 563 of the Foreign Operations, Export Financing Related Programs Appropriations Act, 1995 (Public Law 103-306), and comparable provisions within annual appropriations Acts.

"APPLICATION

"SEC. 905. This title shall cease to be effective on the date which is three years after the date of the enactment of this title.".

Page 8, after line 9 and before line 10, amend the matter proposed to be inserted to read as follows:

"TITLE IX—APPLICATION OF SANCTIONS LAWS TO INTELLIGENCE ACTIVITIES

"Sec. 901. Stay of sanctions.
"Sec. 902. Extension of stay.
"Sec. 903. Reports.
"Sec. 904. Laws subject to stay.
"Sec. 905. Application.".

H.R. 1655

OFFERED BY: MR. FRANK OF MASSACHUSETTS

AMENDMENT NO. 4: Page 5, after line 22, insert the following:

SEC. 105. REDUCTION IN AUTHORIZATIONS.

(a) IN GENERAL.—Except as provided in subsection (b), the aggregate amount authorized to be appropriated by this Act, including the amounts specified in the classified Schedule of Authorizations referred to in section 102, is reduced by three percent.

(b) EXCEPTION.—Subsection (a) does not apply to amounts authorized to be appropriated by section 201 for the Central Intelligence Agency Retirement and Disability Fund.

(c) TRANSFER AND REPROGRAMMING AUTHORITY.—(1) The President, in consultation with the Director of Central Intelligence and the Secretary of Defense, may apply the reduction required by subsection (a) by transferring amounts among the accounts or reprogramming amounts within an account, as specified in the classified Schedule of Authorizations referred to in section 102, so long as the aggregate reduction in the amount authorized to be appropriated by this Act equals three percent.

(2) Before carrying out paragraph (1), the President shall submit a notification to the Permanent Select Committee on Intelligence of the House of Representatives and the Select Committee on Intelligence of the Senate, which notification shall include the reasons for each proposed transfer or reprogramming.

H.R. 1655

OFFERED BY: MR. FRANK OF MASSACHUSETTS

AMENDMENT NO. 5: Page 10, after line 17, insert the following:

SEC. 308. DISCLOSURE OF ANNUAL INTELLIGENCE BUDGET.

As of October 1, 1995, and for fiscal year 1996, and in each year thereafter, the aggregate amounts requested and authorized for, and spent on, intelligence and intelligence-related activities shall be disclosed to the public in an appropriate manner.

H.R. 1670

OFFERED BY: MRS. COLLINS OF ILLINOIS

AMENDMENT NO. 1: Strike out sections 101, 102, 103, and 106 and insert in lieu of section 101 the following:

SEC. 101. COMPETITION PROVISIONS.

(a) CONFERENCE BEFORE SUBMISSION OF BIDS OR PROPOSALS.—(1) Section 2305(a) of title 10, United States Code, is amended by adding at the end the following paragraph:

"(6) To the extent practicable, for each procurement of property or services by an agency, the head of the agency shall provide for a conference on the procurement to be held for anyone interested in submitting a bid or proposal in response to the solicitation for the procurement. The purpose of the conference shall be to inform potential bidders and offerors of the needs of the agency and the qualifications considered necessary by the agency to compete successfully in the procurement.".

(2) Section 303A of the Federal Property and Administrative Services Act of 1949 (41 U.S.C. 253a) is amended by adding at the end the following new subsection:

"(f) To the extent practicable, for each procurement of property or services by an agency, an executive agency shall provide for a conference on the procurement to be held for anyone interested in submitting a bid or proposal in response to the solicitation for the procurement. The purpose of the conference shall be to inform potential bidders and offerors of the needs of the executive agency and the qualifications considered necessary by the executive agency to compete successfully in the procurement.".

"(b) DESCRIPTION OF SOURCE SELECTION PLAN IN SOLICITATION.—(1) Section 2305(a) of title 10, United States Code, is further amended in paragraph (2)—

(A) by striking out "and" after the semicolon at the end of subparagraph (A);

(B) by striking out the period at the end of subparagraph (B) and inserting in lieu thereof "; and"; and

(C) by adding at the end the following new subparagraph:

"(C) a description, in as much detail as is practicable, of the source selection plan of the agency, or a notice that such plan is available upon request.".

(2) Section 303A of the Federal Property and Administrative Services Act of 1949 (41 U.S.C. 253a) is further amended in subsection (b)—

(A) by striking out "and" after the semicolon at the end of paragraph (1);

(B) by striking out the period at the end of paragraph (2) and inserting in lieu thereof "; and"; and

(C) by adding at the end the following new paragraph:

"(3) a description, in as much detail as is practicable, of the source selection plan of the executive agency, or a notice that such plan is available upon request.".

(c) DISCUSSIONS NOT NECESSARY WITH EVERY OFFEROR.—(1) Section 2305(b)(4)(A)(i) of title 10, United States Code, is amended by inserting before the semicolon the following: "and provided that discussions need not be conducted with an offeror merely to permit that offeror to submit a technically acceptable revised proposal".

(2) Section 303B(d)(1)(A) of the Federal Property and Administrative Services Act of 1949 (41 U.S.C. 253b) is amended by inserting before the semicolon the following: "and provided that discussions need not be conducted with an offeror merely to permit that offeror to submit a technically acceptable revised proposal".

(d) PRELIMINARY ASSESSMENTS OF COMPETITIVE PROPOSALS.—(1) Section 2305(b)(2) of title 10, United States Code, is amended by adding at the end the following: "With respect to competitive proposals, the head of the agency may make a preliminary assessment of a proposal received, rather than a complete evaluation of the proposal, and may eliminate the proposal from further consideration if the head of the agency determines the proposal has no chance for contract award.".

(2) Section 303B(b) of the Federal Property and Administrative Services Act of 1949 (41 U.S.C. 253b(b)) is amended by adding at the end the following: "With respect to competitive proposals, the head of the agency may make a preliminary assessment of a proposal received, rather than a complete evaluation of the proposal, and may eliminate the proposal from further consideration if the head of the agency determines the proposal has no chance for contract award.".

(e) FEDERAL ACQUISITION REGULATION.—The Federal Acquisition Regulation shall be revised to reflect the amendments made by subsections (a), (b), (c), and (d).

H.R. 1670

OFFERED BY: MR. DAVIS

AMENDMENT NO. 2: Add at the end of title I (page 36, after line 9) the following new section:

SEC. 107. TWO-PHASE SELECTION PROCEDURES.

(a) Armed Services Acquisitions.—(1) Chapter 137 of title 10, United States Code, is amended by inserting after section 2305 the following new section:

"§ 2305a. Two-phase selection procedures

"(a) AUTHORIZATION.—Unless the traditional acquisition approach of design-bid-build is used or another acquisition procedure authorized by law is used, the head of an agency shall use the two-phase selection procedures authorized in this section for entering into a contract for the design and construction of a public building, facility, or work when a determination is made under subsection (b) that the procedures are appropriate for use. The two-phase selection procedures authorized in this section may also be used for entering into a contract for the acquisition of property or services other than construction services when such a determination is made.

"(b) CRITERIA FOR USE.—A contracting officer shall make a determination whether two-phase selection procedures are appropriate for use for entering into a contract for the design and construction of a public building, facility, or work when the contracting officer anticipates that three or more offers will be received for such contract, design work must be performed before an offeror can develop a price or cost proposal for such contract, the offeror will incur a substantial amount of expense in preparing the offer, and the contracting officer has considered information such as the following:

"(1) The extent to which the project requirements have been adequately defined.

"(2) The time constraints for delivery of the project.

"(3) The capability and experience of potential contractors.

"(4) The suitability of the project for use of the two-phase selection procedures.

"(5) The capability of the agency to manage the two-phase selection process.

"(6) Other criteria established by the agency.

"(c) PROCEDURES DESCRIBED.—Two-phase selection procedures consist of the following:

"(1) the agency develops, either in-house or by contract, a scope of work statement for inclusion in the solicitation that defines the project and provides prospective offerors with sufficient information regarding the Government's requirements (which may include criteria and preliminary design, budget parameters, and schedule or delivery requirements) to enable the offerors to submit proposals which meet the Government's needs. When the two-phase selection procedure is used for design and construction of a public building, facility, or work and the agency contracts for development of the scope of work statement, the agency shall contract for architectural/engineering services as defined by and in accordance with the Brooks Architect-Engineers Act (40 U.S.C. 541 et seq.).

"(2) the contracting officer solicits phase-one proposals that—

"(A) include information on the offeror's—

"(i) technical approach; and

"(ii) technical qualifications; and

"(B) do not include—

"(i) detailed design information; or

"(ii) cost or price information.

"(3) The evaluation factors to be used in evaluating phase-one proposals are stated in

the solicitation and include specialized experience and technical competence, capability to perform, past performance of the offeror's team (including the architect-engineer and construction members of the team if the project is for the construction of a public building, facility, or work) and other appropriate factors, except that cost-related or price-related evaluation factors are not permitted. Each solicitation establishes the relative importance assigned to the evaluation factors and subfactors that must be considered in the evaluation of phase-one proposals. The agency evaluates phase-one proposals on the basis of the phase-one evaluation factors set forth in the solicitation.

"(4) The contracting officer selects as the most highly qualified the number of offerors specified in the solicitation to provide the property or services under the contract and requests the selected offerors to submit phase-two competitive proposals that include technical proposals and cost or price information. Each solicitation establishes with respect to phase two—

"(A) the technical submission for the proposal, including design concepts or proposed solutions to requirements addressed within the scope of work (or both), and

"(B) the evaluation factors and subfactors, including cost or price, that must be considered in the evaluations of proposals in accordance with section 2305(b)(4) of this title.

The contracting officer separately evaluates the submissions described in subparagraphs (A) and (B).

"(5) The agency awards the contract in accordance with section 2305(b)(4) of this title.

"(d) SOLICITATION TO STATE NUMBER OF OFFERORS TO BE SELECTED FOR PHASE TWO REQUESTS FOR COMPETITIVE PROPOSALS.—A solicitation issued pursuant to the procedures described in subsection (c) shall state the maximum number of offerors that are to be selected to submit competitive proposals pursuant to subsection (c)(4). The maximum number specified in the solicitation shall not exceed 5 unless the agency determines with respect to an individual solicitation that a specified number greater than 5 is in the Government's interest and is consistent with the purposes and objectives of the two-phase selection process.

"(e) STIPENDS AUTHORIZED.—The head of an agency is authorized to provide a stipend to competitors that are selected to submit phase-two proposals and that submit proposals that meet the requirements of the solicitation but are not selected for the award.

"(f) REQUIREMENT FOR GUIDANCE AND REGULATIONS.—The Federal Acquisition Regulatory Council, established by section 25(a) of the Office of Federal Procurement Policy Act (41 U.S.C. 421(a)), shall provide guidance and promulgate regulations—

"(1) regarding the factors that may be considered in determining whether the two-phase contracting procedures authorized by subsection (a) are appropriate for use in individual contracting situations;

"(2) regarding the factors that may be used in selecting contractors;

"(3) providing for a uniform approach to be used Government-wide; and

"(4) regarding criteria to be used in determining whether the payment of a stipend is appropriate and for determining the amount of the stipend.".

(2) The table of sections at the beginning of chapter 137 of such title is amended by adding after the item relating to section 2305 the following new item:

"2305a. Two-phase selection procedures.".

(b) CIVILIAN AGENCY ACQUISITIONS.—(1) Title III of the Federal Property and Administrative Services Act of 1949 (41 U.S.C. 251 et seq.) is amended by inserting after section 303L the following new section:

"(a) AUTHORIZATION.—Unless the 'traditional' acquisition approach of design-bid-build is used or another acquisition procedure authorized by law is used, the head of an executive agency shall use the two-phase selection procedures authorized in this section for entering into a contract for the design and construction of a public building, facility, or work when a determination is made under subsection (b) that the procedures are appropriate for use. The two-phase selection procedures authorized in this section may also be used for entering into a contract for the acquisition of property or services other than construction services when such a determination is made.

"(b) CRITERIA FOR USE.—A contracting officer shall make a determination whether two-phase selection procedures are appropriate for use for entering into a contract for the design and construction of a public building, facility, or work when the contracting officer anticipates that three or more offers will be received for such contract, design work must be performed before an offeror can develop a price or cost proposal for such contract, the offeror will incur a substantial amount of expense in preparing the offer, and the contracting officer has considered information such as the following:

"(1) The extent to which the project requirements have been adequately defined.

"(2) The time constraints for delivery of the project.

"(3) The capability and experience of potential contractors.

"(4) The suitability of the project for use of the two-phase selection procedures.

"(5) The capability of the agency to manage the two-phase selection process.

"(6) Other criteria established by the agency.

"(c) PROCEDURES DESCRIBED.—Two-phase selection procedures consist of the following:

"(1) The agency develops, either in-house or by contract, a scope of work statement for inclusion in the solicitation that defines the project and provides prospective offerors with sufficient information regarding the Government's requirements (which may including criteria and preliminary design, budget parameters, and schedule or delivery requirements) to enable the offerors to submit proposals which meet the Government's needs. When the two-phase selection procedure is used for design and construction of a public building, facility, or work and the agency contracts for development of the scope of work statement, the agency shall contract for architectural/engineering services as defined by and in accordance with the Brooks Architect-Engineers Act (40 U.S.C. 541 et seq.).

"(2) The contracting officer solicits phase-one proposals that—

"(A) include information on the offeror's—

"(i) technical approach; and

"(ii) technical qualifications; and

"(B) do not include—

"(i) detailed design information; or

"(ii) cost or price information.

"(3) The evaluation factors to be used in evaluating phase-one proposals are stated in the solicitation and include specialized experience and technical competence, capability to perform, past performance of the offeror's team (including the architect-engineer and construction members of the team if the project is for the construction of a public building, facility, or work) and other appropriate factors, except that cost-related or price-related evaluation factors are not permitted. Each solicitation establishes the relative importance assigned to the evaluation factors and subfactors that must be considered in the evaluation of phase-one proposals. The agency evaluates phase-one proposals on the basis of the phase-one evaluation factors set forth in the solicitation.

"(4) The contracting officer selects as the most highly qualified the number of offerors specified in the solicitation to provide the property or services under the contract and requests the selected offerors to submit phase-two competitive proposals that include technical proposals and cost or price information. Each solicitation establishes with respect to phase two—

"(A) the technical submission for the proposal, including design concepts or proposed solutions to requirements addressed within the scope of work (or both), and

"(B) the evaluation factors and subfactors, including cost or price, that must be considered in the evaluations of proposals in accordance with section 303B(d).

The contracting officer separately evaluates the submissions described in subparagraphs (A) and (B).

"(5) The agency awards the contract in accordance with section 303B of this title.

"(d) SOLICITATION TO STATE NUMBER OF OFFERORS TO BE SELECTED FOR PHASE TWO REQUESTS FOR COMPETITIVE PROPOSALS.—A solicitation issued pursuant to the procedures described in subsection (c) shall state the maximum number of offerors that are to be selected to submit competitive proposals pursuant to subsection (c)(4). The maximum number specified in the solicitation shall not exceed 5 unless the agency determines with respect to an individual solicitation that specified number greater than 5 is in the Government's interest and is consistent with the purposes and objectives of the two-phase selection process.

"(e) STIPENDS AUTHORIZED.—The head of an executive agency is authorized to provide a stipend to competitors that are selected to submit phase-two proposals and that submit proposals that meet the requirements of the solicitations but are not selected for the award.

"(f) REQUIREMENT FOR GUIDANCE AND REGULATIONS.—The Federal Acquisition Regulatory Council, established by section 25(a) of the Office of Federal Procurement Policy Act (41 U.S.C. 421(a)), shall provide guidance and promulgate regulations—

"(1) regarding the factors that may be considered in determining whether the two-phase contracting procedures authorized by subsection (a) are appropriate for use in individual contracting situations;

"(2) regarding the factors that may be used in selecting contractors;

"(3) providing for a uniform approach to be used Government-wide; and

"(4) regarding criteria to be used in determining whether the payment of a stipend is appropriate and for determining the amount of the stipend.".

(2) The table of sections at the beginning of such Act is amended by inserting after the items relating to section 303L the following new items:

"Sec. 303M. Two-phase selection procedures.".

H.R. 1670

OFFERED BY: MRS. MALONEY

AMENDMENT NO. 3: Strike out section 304 (relating to international competitiveness).

H.R. 1670

OFFERED BY: MRS. MALONEY

AMENDMENT NO. 4: Strike out section 202 (page 43, line 15, through page 45, line 19).

H.R. 1670

OFFERED BY: MRS. MALONEY

AMENDMENT NO. 5: Page 43, strike out lines 15 and 16 and insert in lieu thereof the following:

SEC. 202. APPLICATION OF SIMPLIFIED PROCEDURES TO COMMERCIAL OFF-THE-SHELF ITEMS.

Page 43, line 22, and page 44, line 18, insert after "commercial" the following: "off-the-shelf".

Page 44, strike out the closing quotation marks and period at the end of line 11 and insert after such line the following:

"(5) In this subsection, the term 'commercial off-the-shelf item' means an item that—

"(A) is an item described in section 4(12)(A) of the Office of Federal Procurement Policy Act (41 U.S.C. 403(12)(A));

"(B) is sold in substantial quantities in the commercial marketplace; and

"(C) is offered to the Government, without modification, in the same form in which it is sold in the commercial marketplace.".

Page 45, strike out the closing quotation marks and period at the end of line 7 and insert after such line the following:

"(6) In this subsection, the term 'commercial off-the-shelf item' means an item that—

"(A) is an item described in section 4(12)(A) of the Office of Federal Procurement Policy Act (41 U.S.C. 403(12)(A));

"(B) is sold in substantial quantities in the commercial marketplace; and

"(C) is offered to the Government, without modification, in the same form in which it is sold in the commercial marketplace.".

EXTENSIONS OF REMARKS

COMMUNITY DEVELOPMENT BLOCK GRANT DIRECT HOME OWNERSHIP ASSISTANCE EXTENSION ACT

HON. PATSY T. MINK

OF HAWAII

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 12, 1995

Mrs. MINK of Hawaii. Mr. Speaker, the Community Development Block Grant [CDBG] Direct Home Ownership Assistance Program will expire at the end of the current fiscal year, leaving numerous communities nationwide at a great loss. For this reason, I have introduced the CDBG Direct Home Ownership Assistance Extension Act which would prolong the duration of this program another year, to end in fiscal year 1996.

The National Affordable Housing Act [NAHA] in 1990 amended CDBG legislation to remove direct home ownership assistance from the public service category and establish it as a separate entity. A sunset clause in the NAHA legislation would have terminated the program on October 1, 1993; however, due to apparent need for the program, the 1992 Housing and Community Development Act further extended the provision through October 1, 1994. The 1992 legislation also authorized the Secretary of Housing and Urban Development [HUD] to extend the program 1 additional year through fiscal year 1995, which he did on September 30, 1994.

Program extension is even more crucial at this point, months after HUD released its national home ownership strategy in partnership with groups including the American Bankers Association and Federal National Mortgage Corp. The strategy aims to increase the national home ownership rate to 67.5 from 64 percent in 5 years—adding up to 8 million new families to home ownership rolls in the United States by end of the year 2000—without adding new Government spending. Direct home ownership assistance is an ideal component of this strategy.

Direct home ownership assistance is crucial for my State of Hawaii as a whole, considering that its rate of home ownership is a mere 53.5 percent. The median price of an existing home in the United States in 1994 registered at $109,000, while the median price for an Oahu home was $360,000.

Unique circumstances surround the County of Kauai in my district, which continues to recover from devastating effects of Hurricane Iniki, 1992. The Kauai County Housing Agency has been planning to put all $140,000 of its fiscal year 1995 CDBG funds into direct home ownership assistance and desperately needs this program to continue. The single-family house price for Kauai County in September 1994 was $311,632. In addition, as defined by HUD, 44 percent of Kauai's resident households are considered to fall below 80 percent of the median income level. These factors present a significant proportion of Kauai's families with only bleak possibilities at home ownership.

Despite Kauai's high-housing prices and low-income levels, the desire for home ownership still remains notable. According to the county, 66 percent of the households who will eventually move from their current place of residence wish to become homeowners. However, 17 percent of these households have less than $5,000 for down payment purposes. Many families in Kauai County are presented with little or no opportunity to achieve the American dream. Direct home ownership assistance would help at least some of these families.

On the national level, according to HUD's latest CDBG performance reports—compiled for the 1992 program year—143 communities used approximately $18.2 million for 247 activities under direct home ownership assistance—which is available for all States. Municipalities which have benefited substantially from the program in fiscal year 1995 include Boston, $1.6 million; Cambridge, $237,811; and Springfield, MA, $920,400; Kansas City, MO, $2.4 million; Johnson City, TN, $240,225; and Lakeland, FL, $135,000.

Direct home ownership assistance is a valuable program that increases user flexibility without contributing more to CDBG costs. It provides needy communities with an alternative to housing assistance under HOME investment partnership grants. Many communities, such as Kauai, have incorporated this program into 1995 CDBG plans and would be forced to extensively reporgram funds should this program expire.

I strongly urge my colleagues to support the CDBG Direct Homeownership Assistance Extension Act.

THE REPUBLICANS' CUTS IN STUDENT LOANS AND EDUCATION

HON. CARDISS COLLINS

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 12, 1995

Mrs. COLLINS of Illinois. Mr. Speaker, this week, all across the 7th Congressional District in Illinois, children, teenagers and young people are beginning their new school year and buckling down for a year of hard work and study.

Unfortunately, the GOP budget proposals will be randomly expelling young people from education programs across the Chicago metropolitan area. Frankly, I'd like to make the Republicans supporting these proposals sit in the corner with a dunce cap on their heads or give them an F for unfairness.

It is evidently to the majority of Americans across the country that spending Federal funds on education is a smart investment. Despite widespread support for funding for education, the Republicans are slashing education funding to dangerously low levels. In Illinois' 7th Congressional District, these cuts will hit especially hard and will cause thousands of students to lose access to critical educational opportunities and services.

From pre-school through graduate school, all students are targets of the Gingrich-Republican's budget cuts. The Republicans are proposing cutting a whopping $45 billion from education programs over the next 7 years, plus eliminating the U.S. Department of Education, to pay for tax breaks for the wealthiest 1 percent of Americans.

For young children, these cuts will eliminate nearly 50,000 Head Start children from the successful and popular Head Start Program. Ms. Sherry West, a former Head Start parent and mother of four children from the 7th Congressional District, visited Washington, DC last month to describe exactly how devastating these cuts will be.

The Republicans in the House of Representatives have already voted to eliminate the Federal school lunch program that has guaranteed needy children a decent meal since they were established by Harry Truman in 1946. Instead, the Gingrich-Republicans want to establish a block grant with no guarantee that hungry children will be fed during a recession or other economic downturn and no requirements that nutritional standards be met. When I visited the Henry Suder Elementary School in my District earlier this year, I saw how directly these cuts will impact 488 of the school's 501 students who participate in the Federal nutrition program.

The Summer Youth Employment program that provided more than 10,000 young people in Chicago summer jobs and an opportunity to learn useful job skills last year is also eliminated completely. Funding for children with disabilities is cut by 64 percent leaving many of these children without the resources that are needed to help them face their extraordinary obstacles and challenges.

In Chicago alone, education services will be eliminated for more than 25,000 students and cause as many as 1,000 teachers to be laid off. The city of Chicago will lose more than $41 million for special and vocational education, dropout prevention, job training, school building repairs, drug free school programs and numerous other educational programs.

Cuts for higher education will also be devastating. Currently, the vast majority of students in my congressional district can only afford to attend college or graduate school by taking out enormous loans that they must pay back for a decade after finishing school.

Now, with a decrease of $520 million in the Pell Grant Program, $156 million in the Federal Perkins Loans Program and more than $700 million in total student financial assistance, even fewer of my constituents will be

able to afford to attend college. The cost of student loans is expected to increase by $2,000 for undergraduate students and between $6,000 and $38,000 for graduate students under the Republicans' plan. This is not just pocket change to most young people and will prevent many of them from getting a college degree.

The students in my District have some advice for the Republicans—stop acting like a schoolyard bully and start making smart investments in America's future by funding education opportunities for everyone.

A DEDICATION IN HONOR OF MRS. RUTH WILLIAMS

HON. RONALD V. DELLUMS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 12, 1995

Mr. DELLUMS. Mr. Speaker, I rise to join the California Legislature, city and county of San Francisco, the outstanding citizens of the Bay View Hunters Point district and the constituents of the Ninth California Congressional District to honor the later Mrs. Ruth Williams at a dedication and commemoration ceremony held September 9, 1995.

The 1888 historic landmark and the city's oldest structure of its kind, the Bayview Opera House, will be dedicated as the Bayview Opera House Ruth Williams Memorial Theater as a tribute to her pioneering achievements. She played a central role in preventing the untimely demolition of the building during the 1960's. As a result of obtaining funds to redesign and renovate the structure, Mrs. Williams introduced the community to their first contemporary theater. She produced, directed, and performed in 37 theatrical and musicals. As a founder of the Bayview Repertory Theater Company, she effectively utilized theater to heal and enrich the lives of everyone around her.

In 1971, I had the good fortune to share the same platform with Mrs. Williams at a ground breaking ceremony. She delivered a powerful oratory to motivate and inspire others even though the day before her husband, George, was stricken with a stroke.

Mrs. Williams' 30 years of community activism, as a champion for civil and human rights in California, is visible in the neighborhood that she and her family resided. The Jackie Robinson Gardens Apartments, a 3,500 unit for low- to moderate-income housing complex which included the first single family homes in Hunters Point, is a testament to her commitment. She successfully operated a family planning clinic for two decades, providing teen and young adult counseling in sex education, teen pregnancy, drug and alcohol abuse. Mrs. Williams produced the first televised Northern California High Blood Pressure Telethon raising over $50,000 for community education on the effect of high blood pressure on the African-American community.

The Bayview Opera House Ruth Williams Memorial Theatre is a beacon to all those who had the privilege to work with her and to the present and future generations who will know of her dedication, devotion, and commitment for the betterment of humankind.

TRIBUTE TO DOROTHY PELL SAVAGE

HON. MICHAEL P. FORBES

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 12, 1995

Mr. FORBES. Mr. Speaker, I rise today to pay tribute to the memory of an outstanding Long Islander, Dorothy Pell Savage. Mrs. Savage, who was the founder and chairwoman of the board of East End Hospice, an agency that provides in-home care for the terminally ill, died on July 30, 1995, at the age of 75, after a 6-month struggle with breast cancer. Mrs. Savage's selfless work in the health care field gave dignity back to almost 800 terminally ill Long Islanders by allowing them to live out the remainder of their days at home surrounded by their family and friends instead of being alone and isolated in a sterile hospital room.

Mrs. Savage was born on November 3, 1919, in Garden City. She grew up in Manhattan and attended the Spence School there. She went on to become a successful businesswoman, first as a manager at the Lord & Taylor and Depinna department store branches in Eastchester, NY, and later as the owner of a women's clothing shop in Scarsdale, NY.

She married Hugh Savage in 1939. When Mr. Savage became ill in the mid-1980's, she cared for him at home until his death in 1986. After his death she decided to turn the tragedy around by founding East End Hospice with the help of a few good friends.

Today, the agency has over 200 volunteers and in its 8-year history the hospice has cared for almost 800 people on both the north and south forks of Long Island.

Mrs. Savage is survived by her two sons, Tracy and Hugh, and her nine grandchildren.

Although Mrs. Savage is no longer with us physically, her legacy and dedication to eastern Long Island will live on through the volunteers of East End Hospice.

Mr. Speaker, I ask you to join me in extending my heartfelt sympathy and prayers to her family and friends. She will be missed.

SALUTE TO THE CITY OF CARPINTERIA

HON. ELTON GALLEGLY

OF CALIFORNIA

HON. ANDREA H. SEASTRAND

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 12, 1995

Mr. GALLEGLY. Mr. Speaker, we rise today to honor a city we both represent that is celebrating its 30th anniversary of incorporation later this month.

On September 21, 1965, a group of people living in what is now Carpinteria, CA, voted 895 to 635 to become the fifth incorporated city in Santa Barbara County and the 306th city in the State.

Since that time, the city has grown in population from 6,500 to more than 14,500, while retaining the small-town character and friendliness that prompted many residents to settle there in the first place.

In the city's first 30 years, its residents have maintained a viable and vital city government, provided a high level of police protection, effectively applied planning and land use standards, constructed public facilities that benefit both residents and visitors, revitalized the downtown area, provided recreation and social services and—along with the rest of southern California—dealt with more than their share of natural disasters.

Over the years, the residents of Carpinteria have also enjoyed their fair share of milestones: from the opening of the first—rented—city hall with two full-time employees on November 1, 1965, to the establishment of the city police department 2 years later to the city's purchasing and moving into its own city hall in 1975.

Mr. Speaker, the proud residents of Carpinteria have planned an extensive, 4-day celebration of all that they have achieved over the past 30 years to coincide with this happy anniversary. We are grateful to be able to introduce these remarks on the city's behalf and to remind our colleagues that there is a very special place in southern California home to some very special people and that place is called Carpinteria.

SALUTE TO THE PHILADELPHIA COMMISSION ON HUMAN RELATIONS AND THE HONORABLE GILBERT F. CASELLAS

HON. THOMAS M. FOGLIETTA

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 12, 1995

Mr. FOGLIETTA. Mr. Speaker, I rise to salute the Philadelphia Commission on Human Relations [PCHR] as it celebrates the 50th anniversary of the founding of the United Nations, and honors the Honorable Gilbert F. Casellas, Chairman, U.S. Equal Employment Opportunity Commission, at their 26th annual Human Rights Awards luncheon on October 27, 1995.

This Nation was founded on the principles of a democratic self-government, independence, and religious freedom. A free and tolerant society was envisioned, one offering harmony, opportunity and understanding to those who had long been persecuted. Philadelphia is observing Human Relations Month to increase public awareness of laws prohibiting discrimination and to promote intergroup harmony and understanding among communities.

The Philadelphia Commission on Human Relations is gathering on October 27, 1995, to convene its 26th annual Human Rights Awards luncheon to publicly recognize and thank individuals who have made outstanding contributions in promoting intergroup harmony and understanding.

I am proud of the accomplishments and contributions of the Philadelphia Commission on Human Relations, and I join with the Philadelphia community in congratulating the commission, Gil Casellas, and all the individuals being honored by the commission on this important day.

TRAGEDIES IN CHECHNYA

HON. CHRISTOPHER H. SMITH

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 12, 1995

Mr. SMITH of New Jersey. Mr. Speaker, while this House was in recess, the world learned of a tragic loss. Fred Cuny, disaster relief expert, pioneer in modern humanitarian assistance, and American citizen, is now presumed by his family to have been murdered in Chechnya. He had vanished there some 5 months ago, along with a Russian translator, Galena Oleinik, and two Red Cross doctors, Andrei Sereda and Sergei Makarov, who had come with him. Their deaths are all the more tragic because they were in Chechnya not to help one side or another, but to assess the needs of innocent refugees, Chechen and Russian, driven from their homes by the conflict.

The facts of this tragedy are not entirely clear. According to information received by the Cuny family, it appears that Fred Cuny and his associates were killed by a group of Chechens, but there is evidence that Russian authorities in Chechnya may have had a hand in the killings. During the course of an investigation into his death, the Cuny family took written and spoken testimony that Russian intelligence operatives had spread disinformation about the group, alleging that Cuny's team was anti-Chechen and associated with the Russian secret service. Whether this effort was intended to discredit the team, or had more sinister motives, is immaterial. If true, it is an example of the callous disregard Russia has shown toward the fat of noncombatants in Chechnya, including those who are trying to alleviate human suffering.

Mr. Speaker, Fred Cuny cared passionately about human rights. After his first visit to Chechnya, he wrote an article entitled "Killing Chechnya" for the New York Review of Books, in which he documented the indiscriminate bombing and shelling of residential areas by the Russian Army, a barrage that left both Chechen and Russian civilians dead by the thousands and homeless by the tens of thousands. Just before he departed for his fateful second trip, he met with the staff of the Commission on Security and Cooperation in Europe, of which I have the honor to serve as chairman, recounting the willful disregard for human life that he had found in Chechnya. His words from that meeting about the innocent civilians caught up in the fighting—"they're dying like flies"—were marked by both frustration and compassion. I would add also that Fred Cuny also testified before the Commission earlier with regard to his humanitarian efforts in the former Yugoslavia and the human suffering in that corner of Europe.

Fred Cuny's concern for human rights abuses carried him all over the world, often at the behest of his country's political and military leaders, who many times—most recently, during and after the gulf war, and in the former Yugoslavia—employed him as a consultant. The company he founded, Intertect Relief and Reconstruction Agency, was devoted to finding solutions to humanitarian disaster—solutions that set a new precedent for excellence and long-range planning in the field of disaster relief. He saved tens of thousands of lives, traveling to some of the most dangerous corners of the world, often at enormous personal risk.

Mr. Speaker, I have spoken out strongly against the brutality of the war in Chechnya, and its corrosive and potentially destructive effect upon the prospect of Russian democracy. I have joined with the international community in calling for a cease-fire in Chechnya. One month ago, that call was answered. The efforts of the Russians and Chechens in establishing and holding to a cease-fire agreement should not be overlooked. But neither should the murders of Fred Cuny and his team, and neither should Russian and Chechen responsibility for the killings, if any exists.

In his compassion, courage, and ingenuity, Fred Cuny embodied so much that we hold valuable in the American spirit. But the deaths of that relief team remind us that the horrors against which he had spent his life fighting—the slaughter of innocent civilians, the deprivation of even the most basic human rights, such as food and shelter, from an entire town, the persecution of humanitarian workers—are the tools of those who would rule by repression, force, and fear.

Mr. Speaker, I offer my condolences to the Cuny family, and to the families of those who died with him. I hope that Fred Cuny will be remembered for his good work, immense courage, and for his honorable death. And, I call on both sides, Chechen and Russian, to use the current cease-fire to expose and bring to justice those responsible for this reprehensible act.

TRIBUTE TO THE AMERICAN AUTOMOBILE ASSOCIATION SCHOOL SAFETY PATROLS

HON. JOHN L. MICA

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 12, 1995

Mr. MICA. Mr. Speaker, I would like to take this opportunity to acknowledge the American Automobile Association's School Safety Patrols. The 1995–96 school year marks the 75th anniversary of the AAA/School Safety Patrol partnership. Over the years, the safety patrol—which annually safeguards the lives of millions of young boys and girls—has become almost as recognizable to motorists as the stop sign. The presence of a safety patrol member wearing the familiar orange Sam Browne belt, which circles the waist and crosses over the shoulder, is a nationally accepted traffic indicator alerting motorists to drive carefully, for school children are in the area.

Motorists will find safety patrol members in 76 percent of the communities across the country. AAA clubs across the United States and Canada sponsor the 500,000 member safety patrol program in 50,000 schools.

AAA clubs supply the training materials, belts, badges and everything needed to organize and operate a school safety patrol program, as well as recognition activities.

Serving as patrols helps children develop a sense of responsibility at an early age. They're on duty early every morning of the school year and after the school day is over, sacrificing their play time. Throughout the day they remind their fellow students of safety rules and see that they cross the street only when it is safe to do so.

Over the years, the program has spurred worldwide interest, and youngsters in many foreign lands have joined in the effort to improve traffic safety for school children.

The national pedestrian death rate per 100,000 children under 10 years of age is dropping steadily—from 10.4 in 1935 to 3.0 in 1986, a 71-percent decline—and continues to decline. By 1993, the death rate for pedestrians under 10 was 1.4 per 100,000, down 65 percent from 1975. Not only are fewer young pedestrians being killed, but the percentage of those deaths in relation to total pedestrian fatalities also is declining. Some factors in the drop in child pedestrian deaths include increased public and media attention on traffic and child-safety issues, more students being bused to and from school, and improved emergency-medical services.

During its long and distinguished history, the School Safety Patrol has saved many lives. Last year, for instance, seven safety patrol members were honored for their heroics.

Drivers can and need to help protect our most precious resource by recognizing school zones—and the familiar orange Sam Browne belt worn by the School Safety Patrol—as a warning to slow down and look for children crossing the road.

I ask my colleagues to join me today and salute the contributions of the thousands of safety patrols kids everywhere.

Thank you, Mr. Speaker, for allowing me the distinct pleasure of recognizing the 75th anniversary of the AAA School Safety Patrol partnership.

CODIFICATION OF RECENT LAWS TO BE INCLUDED IN TITLE 49, UNITED STATES CODE, TRANSPORTATION

HON. HENRY J. HYDE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 12, 1995

Mr. HYDE. Mr. Speaker, today I am introducing a bill to codify without substantive change recent laws related to transportation not included in title 49 and to make technical and conforming amendments to the United States Code. This bill was prepared by the Office of the Law Revision Counsel of the House of Representatives under its statutory duty—2 U.S.C. 285b—to prepare and submit periodically revisions of positive law titles of the Code to keep those titles current.

This bill makes no change in the substance of existing law. Anyone interested in obtaining a copy of the bill should contact the Judiciary Committee document clerk in room B–29 of the Cannon House Office Building. The telephone number is 225–0408. In addition, a section-by-section summary—containing reviser's notes—of the bill may be obtained through Edward F. Willett, Jr., Law Revision Counsel, U.S. House of Representatives, H2–304 Ford

House Office Building, Washington, DC, 20515–6711.

Persons wishing to comment on the bill should submit those comments to the law revision counsel no later than October 12, 1995.

SALUTING THE "THREE AMIGOS" FROM THE SEVENTH CONGRESSIONAL DISTRICT DRAFTED TO THE NBA

HON. CARDISS COLLINS

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 12, 1995

Mrs. COLLINS of Illinois. Mr. Speaker, I rise today to commend the accomplishments of three outstanding student athletes from the seventh Congressional District of Illinois; Michael Finley, Sherrell Ford, and Donnie Boyce of Maywood, IL. Recently, these three students were drafted into the National Basketball Association [NBA].

When these three young men attended Proviso East High School in Maywood, IL, they were often together and were nicknamed the "three amigos," after the movie with the same name. As high school seniors, they were the leaders of the 1991 Proviso East Pirates basketball team that won the Class AA State Champion. While Michael, Sherrell, and Donnie were at the helm, the Pirates won the first of two back-to-back State championships.

After high school, Michael Finley went on to play small forward at the University of Wisconsin and was recently drafted in the first round by the NBA's Phoenix Suns. Sherrell Ford played forward for the University of Illinois-Chicago Flames and was the first round draft pick of the Seattle Supersonics. Donnie Boyce was a guard on the University of Colorado's basketball team and was drafted in the second round by the Atlanta Hawks. Donnie succeeded despite the fact that he was recovering from a broken leg.

Mr. Speaker, these three young men possess outstanding talent and have been highly successful student athletes. As the Representative of the congressional district that produced Isaiah Thomas and is home to Michael Jordan, I am looking forward to a bright future for Maywood's "three amigos" and wish them lots of success.

IN RECOGNITION OF MS. URSULA F. SHERMAN

HON. RONALD V. DELLUMS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 12, 1995

Mr. DELLUMS. Mr. Speaker, I rise to join the Berkeley-Richmond Jewish Community [JCC] to honor Ms. Ursula F. Sherman at the First Annual Cultural Arts Tribute held September 10, 1995.

Ms. Sherman is a founder and founding board member of the Berkeley-Richmond Jewish Community Center, which serves as one of California's most active centers of Jewish life. She is a past president and current active board member of the JCC. She has played a central role in promoting Jewish cultural activities at the center. Ms. Sherman is also cofounder of Berkeley-Oakland Support Service [BOSS] which provides shelter, transitional housing, job counseling, and other social services to thousands of the East Bay's homeless. She serves as a current board member of BOSS.

Ms. Sherman also serves as president of the board of "A Traveling Jewish Theater," a nationally renowned innovative theater company. She is a board member and former president of the Jewish Arts Community of the Bay [JACOB], an association of board members of the Jewish Federation of the Greater East Bay and is trustee of the Northern California American Jewish Congress. Previously, she served as a board member and chair of the Religious School Committee of Berkeley's Congregation Beth El.

A Berkeley resident for many years, Ms. Sherman has devoted her life to improve and enrich the lives of everyone around her. Her commitment to community building and social justice is deeply impressive and worthy of commendation.

FIRE DEPARTMENT ANNIVERSARY

HON. MICHAEL P. FORBES

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 12, 1995

Mr. FORBES. Mr. Speaker, I rise today to pay tribute and to congratulate the Nesconset Fire Department for 60 years of dedicated service to the people of Nesconset, St. James, Ronkonkoma, and Smithtown. The residents of the Nesconset Fire District are fortunate to have such a well-trained and devoted fire department. The Nesconset Fire Department worked hard to establish itself as one of the best departments in New York and has achieved an impeccable record.

The success of the fire department is a direct result of the dedicated and effective management displayed by its members. Under the leadership of Chairman Nalio D'Orzaio the fire department has continued to play an active role in the life of the Smithtown community. This leadership umbrella extends to the other members of the board of fire commissioners, Frank Bernabeo, Vincent Puelo, James Goelz, and James Trube as well as the loyalty and hard work exemplified by Chief Officer Greg Anderson, First Assistant Andrew Normandeau, Second Assistant Neil Zanfardino and Third Assistant Thomas Guerriere. The Nesconset Fire Department consists of more than 123 volunteer firefighters, containing no career employees, offering further evidence of their passion and commitment to the community they serve.

On Saturday, September 17, 1995, the Nesconset Fire Department celebrates its 60th anniversary with a parade, marking the culmination of a long, proud history by recognizing and honoring the efforts of those who have sacrificed and served the department and community. Therefore Mr. Speaker, it is with great pride that I ask the rest of the House to join me in congratulating the fire department on achieving this milestone. This is a much deserved tribute and I wish them all the best on their day of recognition and glory. They give of themselves because of the love and pride they share for their community, and we applaud their extraordinary service and efforts. These courageous individuals have truly earned this recognition. May they continue to serve their community for many years to come.

HONORING BENNETT A. LANDMAN

HON. BILL BAKER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 12, 1995

Mr. BAKER of California. Mr. Speaker, recently Bennett A. Landman, an outstanding student at Orinda High School in my home district in California, won a signal honor. Bennett was awarded second place in the physics and astronomy category in the senior division at the 1995 California State Science Fair.

Bennett's project, titled "Chaotic Cards," investigated the path of a falling card and its relation to chaos. This innovative project ultimately determined that the interaction of the surface of the card and the air when it resists torque is a source of chaos in the fall of the card.

The sophistication of this project was matched by the creativity that inspired it. Bennett deserves high praise for the discipline and energy he brought to this endeavor. Innovation and commitment have been the hallmarks of America's scientific achievements throughout the years, and these same qualities are evident in Bennett's fine work.

It is a pleasure for me to recognize Bennett Landman, and to wish him well in all his future efforts. He is a credit to his family, his school, and to California.

TRIBUTE TO HISPANIC HERTIAGE MONTH

HON. RICK LAZIO

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 12, 1995

Mr. LAZIO of New York. Mr. Speaker, today marks the commencement of Hispanic Heritage Month.

From as early as the 1400's, people of Hispanic descent have contributed to the benefit of our national mosaic. In 1492 Spain was the only country that would support a visionary Genoese explorer's quest in finding a sea route to India. As a result of Queen Isabella's courageous backing of Christopher Columbus, America was discovered.

Since then, the Hispanic-American community has infused a rich cultural, ethical, and intellectual flavor into our melting pot. Men like Everette Alvarez who, as a brave young Navy pilot, became the first American prisoner of the Vietnam war. For 8 long years he painstakingly endured all of the mental and physical anguish that the North Vietnamese could inflict, and survived as a hero.

Women like Jovita Mireles Gonzales, an historian and folklorist who was one of the first people write in English about the Mexican-American culture. As a folklorist, she became the first Mexican-American president of the Texas Folklore Society.

And men like Dr. Luiz Alvarez, a physicist who developed a radar beam that could guide an airplane to landing under impossible visual circumstances. This innovation gave the United States of America a great advantage during World War II. As a pioneer in the world of high-energy physics, Dr. Alvarez achieved the highest goal in his field in 1968 by becoming the sole recipient of the Nobel Prize.

Today, Hispanics continue to contribute to the fabric of our community. On Long Island, I would like to acknowledge four residents of my constituency who are truly leaders among the Hispanic community and have flourished in their fields: Mr. Angel M. Rivera for his excellence in youth services; Miss Alexandra Feliciano for her outstanding academic leadership; Mr. Hector D. LaSalle for his contributions to the legal profession; and Dr. Dennis Da Silva for his dedicated activities in the medical field and community.

The list of achievements is endless. For that reason it is of utmost importance to honor the rich contributions of Hispanic-Americans in our society. I proudly applaud their efforts. Mr. Speaker, it is with great pleasure that I commemorate Hispanic Heritage Month.

THE GREEN REVENUE PATH

HON. FORTNEY PETE STARK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 12, 1995

Mr. STARK. Mr. Speaker, as we consider changes to the Tax Code, I hope that we can consider bills to discourage pollution and the depletion of scarce natural resources.

I've long proposed these kinds of tax changes, and I am today introducing the first in a series of such tax bills—a bill which will eliminate various subsidies designed to encourage the consumption of polluting materials and the destruction of scarce natural resources.

I would like to enter in the RECORD at this point an excellent op ed on this subject which appeared in the September 10 Washington Post entitled, "The Green Revenue Path." Over the coming months, I plan to introduce other bills to advance the ideas contained in this article.

THE GREEN REVENUE PATH—FOR HEALTHY GROWTH, WASHINGTON SHOULD TAX RESOURCES, NOT LABOR

(By Ted Halstead and Jonathan Rowe)

For all the talk of radical tax reform in Washington, there's a basic question that the politicians and experts have somehow missed. The leading proposals, whether Democratic or Republican, are justified by what they wouldn't tax—capital gains, interest income, etc.—not by what they would tax. Purporting to encourage savings and investment, these proposals would all tend to shift the burden of taxation in one way or another from income onto work—that is, onto the folks who, in Sen. Phil Gramm's apt phrase, "pull the wagon."

There's a better way, one that doesn't penalize the things—work and enterprise—that America needs most. Instead of taxing the creation of wealth, the government ought to tax the depletion of it. The federal government should be moving toward elimination of payroll and income taxes and toward taxation of the use of finite natural resources and the pollution that results. Instead of using taxes simply to raise revenues, the government could raise revenue in a way that helps reduce the need for both government and taxes.

This idea of resource-based taxation is quite different from President Clinton's BTU tax proposal in 1993 that was mainly a new tax on top of the existing income tax structure. By contrast, we're talking about replacing the income and payroll taxes on the middle class with taxes on the use of finite resources such as oil and coal, on pollution and on virgin materials that end up in the trash. The federal income tax would be restored to what it was in the early 20th century—a kind of excise tax on only the very richest Americans (a historical fact that the Democratic party seems to have collectively forgotten).

Such a tax shift would provide a big boost for jobs and for America's ability to compete in the world.

First, eliminating income or payroll taxes for most of the middle class would cut the cost of labor in America without reducing wages. The real "job killer" of the current tax system is not the tax on capital gains, as Republicans claim. Much more debilitating for employment in America is the payroll tax, which slaps a big penalty on small businesses for the heinous act of hiring a worker. Resource-based taxes provide a practical way to reduce that penalty.

Second, a shift to resource taxes would push our whole economy toward more efficiency. A few pioneering companies have already shown the economic gains that are waiting to be tapped, as Joseph J. Romm demonstrates in his book "Lean and Clean Management." Boeing, for example, installed efficient new lighting that has cut electricity use for that purpose by 90 percent. West Bend Mutual Insurance, in West Bend, Wis., cut total energy use almost in half with a new office building designed to conserve resources.

Since conservation technologies and practices employ many more people than does the use of virgin resources, more jobs would result. Many of those new jobs would be in recycling, which would boom because virgin materials would no longer have the subsidies they enjoy under current tax laws. This, in turn, could help bring manufacturing jobs back to the inner cities, which could become the new supply depot of recycled raw materials, the equivalent of the mouth of the mines, that companies seek to be near.

Third, resource-based taxes would help solve our environmental problems by reducing the need for cumbersome, top-down regulation. Boeing's manager of conservation, Lawrence Friedman, has noted that if every company in America adopted the lighting efficiencies that Boeing did, "it would reduce air pollution as much as if one-third of the cars on the road today never left the garage." In other words, a resource tax system would make tax avoidance both legal and socially desirable. As individuals and corporations sought to cut their tax bills, the environment would become cleaner and the economy more efficient—and regulators less necessary.

This is not a pipe dream. We have completed the first draft of a resource tax proposal for the state of California, and found that the state could abolish virtually all existing state and local taxes, and raise the same amount of revenue from resource use and pollution instead. A shift of that scale is not feasible at the federal level. However, a reasonable tax on resource use and pollution—which would keep the price of gasoline within the levels paid by Europeans and Japanese—would make it possible to eliminate the federal income tax entirely for families making up to $75,000 a year, and for individuals earning up to $40,000. Part or all of that money could be used to abolish payroll taxes at the lower wage levels, and to buffer low-income Americans from the impact of the tax.

So why not? Some will warn that the United States would lose competitive position, but the opposite is more likely. With incentives to become lean and efficient in the use of resources, American companies would actually gain a competitive edge. Convinced of this, major international corporations in Sweden, such, including IKEA and Electrolux, are supporting a move toward resource taxes there, and the European Community is moving in this direction as well. Moreover, Prof. Lawrence Goulder of Stanford has shown how a resource tax could be levied on the energy content of key imports, keeping the playing field level for American producers paying such taxes.

Another objection will be raised by technological utopians, who say there's no such thing as "finite" natural resources, because the infinite ingenuity of people will always find substitutes for any resources that run out. If that's true, then resource-based taxation would buy more time for such new technologies to arise; it would also create price incentives that would hasten the development process. This would help bring about exactly what Newt Gingrich says he wants: a Third Wave economy, which Alvin Toffler describes as based on "processes and products that are miserly in their energy requirements."

Resource-base taxation is a proposal designed for where the economy is going, rather than where it has been.

PROGRESS IN THE BATTLE AGAINST DRUGS IN LATIN AMERICA

HON. BENJAMIN A. GILMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 12, 1995

Mr. GILMAN. Mr. Speaker, the deadly Cali drug cartel is on the run today like never before. The Colombian National Police to their enormous credit, and at great sacrifice in lost lives of many of its finest police officers, have long and courageously battled this scourge. In recent weeks they have successfully captured or brought about the surrender of many of the key drug kingpins, and others associated with the deadly Cali cartel. Now the judicial process in Colombia hopefully will serve to provide these same unsavory figures with prompt trials and the appropriate jail time, commensurate with the enormity of their deadly crimes, especially against our young.

In Peru, President Fujimori has started his second term with a strong democratic mandate. He is publicly committed to crushing the narco-traffickers, as he successfully battled

the Shining Path terrorists. The results have also been impressive from Peru's air interdiction efforts on coca paste headed for Colombia. Today, there are more and more drug trafficking flights refueling in Brazil in order to avoid detection by these aggressive Peruvian efforts, as they make their way into Colombia with their deadly cargo.

These and other developments in the Andean region and nearby, give all us guarded hope that we can expect even more of these courageous and impressive results, aimed at the drug cartels and their deadly cargo. This issue is a major foreign policy concern of mine and others like Mayor Giuliani in New York City, who know full well that this scourge of narcotics must be aggressively fought abroad, before these drugs hit our streets, and infect our cities and schools.

All of these recent developments in Latin America present a challenge and a tremendous opportunity for U.S. international drug policy and interests in the region. It is an opportunity we cannot afford to miss to help reduce the level of deadly drugs coming into the United States.

We all know that once these deadly drugs reach our streets, we suffer billions of dollars in related crime, incarceration, health care, lost worker productivity, and other social ills and costs. Vice President Gore recently put the annual cost to the United States from illicit drug use at $67 billion. While that figure is very conservative, as a cost analysis, it clearly points out the critical need for our Nation to stay focused on this important subject, especially from a foreign policy perspective. We must also provide the necessary resources abroad, as well as here at home, which are needed to fight this epidemic which costs our society so much, in dollars and lives, each and every day.

Now more than ever, we must keep the pressure on the illicit drug trade and the drug cartels and we must work cooperatively with all concerned nations around the globe against this scourge. Nothing less will suffice for the benefit of our youth and the future of our Nation and the source and transit countries as well.

History clearly demonstrates that those nations which facilitate this illicit trade, also pay a deadly price in the corruption, violence, and inevitable local drug abuse so often associated with this scourge.

SIR GARY F. BELSKY, GRAND CHANCELLOR OF THE PENNSYLVANIA KNIGHTS OF PYTHIAS

HON. ROBERT A. BORSKI

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 12, 1995

Mr. BORSKI. Mr. Speaker, I rise today to honor Sir Gary F. Belsky, who will be honored by the Pennsylvania Knights of Pythias on September 16, 1995.

Mr. Speaker, the Order Knights of Pythias, to which Sir Gary Belsky gives his time and talent, was founded in Washington, DC in 1864. Established during the Civil War, it was hoped the Knights of Pythias might help to heal the wounds and allay the hatred of the war's conflict.

Since 1972 Gary has dedicated his life to the service of others through the three cornerstones of Pythianism, which are: Friendship, charity, and benevolence. Gary has diligently served as chancellor commander, financial secretary, and treasurer of Barbarossa Lodge #133. Gary Belsky is only the second man of Barbarossa to ever be awarded with the honorable "Sam Ospow Award." This is just one of the many awards attributed to Gary's dedication and service.

The United States has had the honor of having Gary serve in the military and Air National Guard. Gary successfully owned and maintained shoe stores throughout the Philadelphia area, and is presently managing a women's shoe store in Elkins Park, PA. Gary still finds time to be a successful bowler and a family man. He is an active citizen in his community and is dedicated to the principles of his religion.

All of this, plus many other contributions, led his peers to select Sir Gary Belsky as the grand chancellor of 10,000 members of the Pennsylvania Knights of Pythias.

On September 16, the Barbarossa Lodge #133 of the Knights of Pythias will honor Gary Belsky for his service. I join the Barbarossa Lodge and all of Gary's friends in tribute to him.

MALONEY HONORS NEIGHBORS R US

HON. CAROLYN B. MALONEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 12, 1995

Mrs. MALONEY. Mr. Speaker, I rise today to bring to the attention of my colleagues the achievements of Neighbors R Us, an extraordinary community group which has won a great battle for preserving a great neighborhood.

Last year, when Toys R Us announced its intention to open a superstore on the corner of 80th and Third Avenue, it was greeted with dismay by those of us who live in the neighborhood. We feared that this store would negatively impact the residential character of the community. We feared that it would endanger access to the nursing home across the street. We feared that it would cause severe traffic problems throughout the whole neighborhood.

Mr. Speaker, the difference between a good neighborhood and a great neighborhood is that when a great neighborhood is threatened, it draws together and rises to the challenge. And that is just what happened. Hundreds of residents from all walks of life gave selflessly of their time and created one extraordinary community group—Neighbors R Us.

Neighbors R Us spent countless hours gathering the information to show that Toys R Us was exploiting a local loophole in its efforts to open a store tens of thousands of square feet larger than the zoning restrictions would have allowed. But despite having justice on their side, there were many who felt that Neighbors R Us' efforts were doomed from the beginning. They were fighting the system; they were Davids battling a corporate Toys R Us Goliath.

But Neighbors R Us refused to listen to these naysayers. United, they continued to lobby the board of standards and appeals to do the right thing and preserve the community. They organized meetings; they held vigils; they wrote letters and made phone calls; in short, they gave new meaning to the words "community activism."

And they won.

Mr. Speaker, many individuals played critical roles in Neighbors R Us' well-deserved victory, so to single anyone out would be wrong. Because this was a victory that was truly shared by every member of the community. Certainly, the residents surrounding 80th Street have much reason to celebrate. But I believe that this issue has broader implications. It is a victory for the entire community and for every community in New York because it sends a message that residents' voices deserve to be heard.

It is true that Toys R Us may appeal the board of standards and appeals decision in court. But having worked with Neighbors R Us for well over a year on this issue, I am confident that they will ultimately prevail. Because they have proven that when a community is unified, there is no limit to what it can achieve.

So I ask my colleagues to join me in saluting Neighbors R Us for their extraordinary efforts on behalf of a truly great community.

CONGRATULATING GUAM'S ATHLETES FOR EXCELLENCE

HON. ROBERT A. UNDERWOOD

OF GUAM

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 12, 1995

Mr. UNDERWOOD. Mr. Speaker, when Guam's Special Olympics athletes compete, there is only the thrill of victory; the agony came earlier. So it is with great honor that I announce to you and the rest of our colleagues, in my home district of Guam, we have many noteworthy athletes who have thrilled us all.

In the recent Special Olympic Games held in the State of Connecticut, the people of Guam reached a new milestone. The island had more special athletes compete in this event than ever before. I now rise to pay tribute to these victorious athletes by placing their names in the CONGRESSIONAL RECORD.

In bowling, our Team Guam hit strikes, as Marion Molinos and David Bascon took bronzes in the unified doubles and silvers in the unified team competition. The marks improved further as Rosaline Unpingco and George Gabriel took gold in unified doubles and silver as competitors in unified team. Finally, it was Vernamarie Quinata and Bernadette Colet who worked to a fourth place finish in women's doubles. In addition, Vernamarie also fought to sixth place in women's singles while Bernadette got the gold.

On the athletic team, Kristopher San Nicolas threw for a silver in the softball throw and gained a bronze for the 100-meter race in walking. Edwin Bartolome won a bronze in the men's pentathlon. Patrick Blas was awarded the bronze in the 50-meter run and a ribbon in the shotput. Raymond Duenas walked his

way to a bronze in the 15-meter walk and swam to a ribbon in the 25-meter freestyle. Melvin Muna was awarded ribbons for both the 25 and 50-meter freestyle in addition to a gold in the 25-meter backstroke. John Hammond got silver medals in the 25-meter freestyle and backstroke. James Francisco participated in the opening ceremonies but, due to a family emergency, could not compete in any athletic events.

So, to all the coaches, Marianne Cepeda, Rick Vasquez, Rich Fisher, Patty Blas, Rose Cruz, Vickie Loughran, and Troy Lizama, I commend you for a job well done. To the head of the delegation, Karen Biggs and the executive director Carole Piercy, who showed the Guam family just how much they cared, I want you to know that you are also very special. Finally, I congratulate all of Guam's athletes who competed in the games. Although they did not all earn medals, they are all Guam's heroes.

FRANKLIN BOROUGH FIRE DEPARTMENT CELEBRATES 100TH ANNIVERSARY

HON. JOHN P. MURTHA

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 12, 1995

Mr. MURTHA. Mr. Speaker, one of the remarkable stories of the last 19th century was the rebuilding of Johnstown, PA after the Great Flood of 1889. The Johnstown Flood destroyed the city and much has been written about this disaster. But most of these stories stop at the death and destruction caused by the raging waters; they don't talk about the rebuilding efforts that made Johnstown a bustling, growing steel community in the years after the flood.

Although it was the turbulent waters which caused the initial devastation during the flood, the fires which came afterwards completed the destruction. As the Johnstown area rebuilt over the next few years, residents realized they needed protection against the potential damage that fires could pose. In 1895, seven residents of Franklin Borough located just east of the downtown Johnstown area, decided to form a department to protect the borough and provide emergency services to the people of the area. One hundred years later, the Franklin Borough Fire Department is still going strong.

The Johnstown area has endured two major floods and severe economic downturns over the past 100 years. But the Franklin Borough Fire Department has continued to protect the residents of the area during good times and bad. From the days when seven residents founded the department, the Franklin Borough Fire Department has developed into a modern, efficient fire and rescue operation, handling emergencies from rescues to disposing of hazardous materials. The department is still the hub of Franklin Borough, and many of the activities in Franklin Borough revolve around it.

I'd like to congratulate the Franklin Borough Fire Department on its 100th anniversary. I join the people of the borough in wishing them well as they start on their second century of protecting the people of the area.

ENVIRONMENTAL TAX REFORM ACT OF 1995

HON. FORTNEY PETE STARK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 12, 1995

Mr. STARK. Mr. Speaker, today, I am introducing the first in a series of bills to discourage pollution and resource depletion through the elimination of corporate energy and resource subsidies.

The first bill in this series is simple. It repeals 11 incentives in the corporate Tax Code to produce various polluting energy supplies and consume various nonrenewable minerals. The revenue raised by repealing these corporate provisions is approximately $14.5 billion over 5 years.

Through powerful lobbying, polluters have carved out special treatment in the Tax Code. These tax breaks or loopholes do nothing but undermine the public good. Not only is the Government subsidizing environmental degradation, but average citizens must make up for the lost revenue by paying higher taxes or suffering under the burden of increased national debt. These tax loopholes function as a reverse Robin Hood, taking from the average worker and giving to the polluting businesses.

Fundamentally, these tax subsidies lock-in old technologies, such as coal-fired electricity, which make it harder for new, cleaner, more efficient technologies like solar or wind energy to take hold and complete. Furthermore, subsidizing the extraction of virgin minerals from the earth makes recycling and source reduction less competitive.

Currently, these polluting tax subsidies cost taxpayers close to $2.2 billion per year. This figure is expected to total a $14.5 billion Treasury loss over the next 5 years. The mining and oil corporations are two industries which are rewarded with special tax breaks for polluting activities.

First, the mining industry enjoys tax subsidies for mining toxic substances such as lead, mercury, and asbestos. These subsidies can exceed the value of the owners' investment in the mine. Furthermore, tax subsidies conflict directly with Federal environmental policies. The Tax Code subsidizes the mining of lead, asbestos, and mercury, while the Government spends millions to eradicate these highly toxic substance from our environment.

The second major industry cradled by tax subsidies is the oil and gas industry, which enjoys the most elaborate targeted tax treatment available to any industry. For example, investors can write off passive losses from oil and gas investments but not from investments in other industries. Oil and gas companies are allowed to write off many of their capital costs immediately, and many can take deductions for so-called percentage depletion—which has no connection with actual expenses or depletion. The purpose of these tax subsidizes is to encourage domestic oil and gas production and consumption.

Having provided these subsidies, Congress has recognized that it is not in the national interest to encourage oil and gas consumption. But rather than repealing the oil and gas tax breaks, it has instead provided additional, conflicting subsidies for alternative fuels and conservation. To make matters even more confusing, one of the largest alternative fuel subsidies is for gasohol, which some argue may use almost as much fuel to produce as it ostensibly saves. In total, the conflicting tax breaks for oil, gas and energy are estimated to cost $19 billion over the next 5 years.

The U.S. Treasury studies have repeatedly found that extractive and polluting industries such as coal mining, petroleum, natural gas, and hardrock mining already have lower effective rates than other industries. In a time when there are no guarantees of Government support for the poor, the young, or the disabled, one might ask whether there should be guarantees of Government support for businesses, particularly those that degrade our natural environment and threaten our health. It is time to end these tax breaks.

REMEMBERING OUR POW'S AND MIA'S

HON. BENJAMIN A. GILMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 12, 1995

Mr. GILMAN. Mr. Speaker, September 15 is National POW–MIA Recognition Day, a day when our veteran's posts, our schools, our libraries, and our mass media can remind all Americans of our courageous servicemen whose fates are still undetermined from our Nation's past wars.

Candidate Clinton told the POW–MIA family groups and veteran organizations that he would never lift the trade embargo or normalize relations with the Communist government of Vietnam until the fate of thousands of POW's and MIA's from the Vietnam war was resolved. President Clinton, against the advice of the American Legion, the National League of Families, the National Alliance of Families, and other veteran and family organizations has gone back on his word. His rationale for doing was that the Vietnamese Government was cooperating with our efforts to account for our men.

Regretably, besides some access to old crash sites that were, on many prior occasions, fully investigated by Vietnamese, Soviet, and Chinese personnel years ago, the Vietnamese Government has done next to nothing to attempt to account for hundreds of Americans. The government of Vietnam continues to withhold from our investigators access to prison records and military reports that were written at the time of the shoot downs and captures. The meticulous Communist recordkeepers tell us that the books were "eaten by worms, damaged by weather, or hold sensitive national security information."

For this reason I introduced House Joint Resolution 89, legislation that will prevent the State Department from expending any funds for an Embassy in Vietnam.

It is my sincere hope that the administration's normalization of trade and relations with Vietnam eventually pays dividends and that

next year there will not be any need for an MIA–POW Recognition Day. Unfortunately, if Hanoi's past track record is any indication of what we should expect by way of cooperation, then there is little hope of learning much more about our missing servicemen.

Accordingly, on this solemn day, we reaffirm our commitment to continue our struggle to resolve all of the many remaining cases of our Nation's POW–MIA's.

SMALL BUSINESS CREDIT EFFICIENCY ACT OF 1995

HON. DOUGLAS "PETE" PETERSON

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 12, 1995

Mr. PETERSON of Florida. Mr. Speaker, today I rise in support of H.R. 2150, the Small Business Credit Efficiency Act of 1995. This bipartisan legislation will strengthen the 7(a) and 504 programs within the Small Business Administration at a time when small businesses are increasingly seeking access to capital. At the same time, H.R. 2150 recognizes the fiscal crisis our Government is facing and seeks to lower the cost of these invaluable programs for the Government and the taxpayer.

As a small businessman, I know firsthand the difficulties small business men and women across the country face in securing financing and capital through the private sector. SBA's loan programs are aimed at filling this unserved niche and allowing the bedrock of our economy—our Nation's small businesses—to grow.

Mr. Speaker, there is an emerging consensus that we must balance the Federal budget, a belief I have held since first elected to Congress. All outyear forecasts, however, presume continued economic growth. Furthermore, the past decade has demonstrated that new job growth is coming almost exclusively from small businesses. Therefore, if we are to have any hopes of continued economic expansion and long-term fiscal stability, we in this Congress must support our Nation's small businesses and provide them with the tools they need to survive. That is the mission of SBA and that is exactly what these loan programs do.

Recently the 7(a) program has fallen victim to its own success. The growth in demand for guaranteed loans does not come without a price and our limited annual subsidy rate is predicted to fall short of covering this demand. This bill will lower the subsidy rate, thereby reducing the cost to the Government, while at the same time accommodating this increased demand for guaranteed loans.

Mr. Speaker, I urge my colleagues to support this much-needed legislation which will benefit the Federal Government by lowering the subsidy rate, benefit our small businesses by increasing access to capital, and benefit our Nation by spurring continued economic growth.

THE ALBERT V. BRYAN COURTHOUSE

HON. JAMES P. MORAN

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 12, 1995

Mr. MORAN. Mr. Speaker, I am pleased to introduce legislation today naming the new Eastern District Federal Courthouse at Courthouse Square South and Jamieson Avenue South in Alexandria, the Albert V. Bryan Courthouse.

Appointed to the U.S. District Court in 1947 by President Truman and promoted in 1961 to the Appeals Court by President Kennedy, Judge Bryan is best known for his 1958 order that four black students be enrolled in Arlington's all-white Stratford Junior High School. Implementation of this order produced the first day of school desegregation in Virginia history.

Judge Bryan was also a member of the judicial panel that ordered the desegregation of public schools in Prince Edward County during the height of Virginia's massive resistance to integration. The Prince Edward case later became part of the Supreme Court's historic 1954 decision in Brown versus Board of Education.

In his 37 years on the Federal bench, Judge Bryan built a record as a legal conservative and a strict constructionist. He was renown for his fairness, firmness, and thoroughness. Of the 322 opinions written as a circuit judge and the 18 opinions written as a district judge, he was reversed in only 4 cases, a record few can equal. His colleagues knew him as a courtly, conservative Virginia gentleman whose personal style was low key, modest and polite, often with a dry wit.

According to his son, U.S. District Judge Albert V. Bryan Jr., Judge Bryan, Sr. thought of the court as a jewel of the Constitution. Following through on the jewel metaphor, the Washington Post editorial marking the death of Judge Bryan, stated that: "those who knew the senior Judge Bryan might well add that this appraisal came from a expert who valued that gem and protected it with integrity and eloquence."

With great reverence and pride, I am pleased to introduce legislation today to honor and commemorate this distinguished Alexandria jurist.

TRIBUTE TO PHYLLIS KASSOFF

HON. THOMAS J. MANTON

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 12, 1995

Mr. MANTON. Mr. Speaker, I rise today to join Temple Torah in honoring Phyllis Kassoff. Since 1961, Ms. Kassoff has demonstrated her leadership skills and talents through her work at the Temple Torah and beyond.

Phyllis Kassoff's guidance has been reflected in her participation in a number of causes in her temple and community. Some of these include, Torah Fund chairperson and co-cultural vice president for the Sisterhood and Ms. Kassoff currently is co-president. In addition, she aided in the establishment of the first PTA of the Hebrew School at the Temple and was designated its first corresponding secretary. She participated with her extended family in funding an Israel Educational Scholarship for underprivileged children, and a Relaxation Glen for Israeli soldiers and their families.

After 14 years, Phyllis went back to college where she received the high honor of being elected to Kappa Delta Pi from Queens College where she graduated with a degree in Early Childhood Education and a Masters in Child Education. She went on to teach in the New York City School System where she headed counseling services at a federally-funded private on-the-job training program. Phyllis Kassoff's family is also and important part of her life; her husband Edwin Kassoff, children Mitchell and Robert, and grandchildren Sarah, Johathan, Jaclyn, and Adam.

Phyllis' hobbies are reflected in the some of the groups she participates in including the National Judicial College Choral Club and the Israeli Folk Dancing group at Temple Torah. In addition, she enjoys travel and photography. Currently, she is the recording secretary for the Temple.

Within the last 3 years, Phyllis, along with her brother and sister, graciously donated the computer and computer area at the Law School at Bar Slau University in Tel Aviv, as well as the Ner Tamid in the synagogue library area, a portion of the builder's wall in the lobby as well as the computer room and necessary equipment in memory of their parents. In addition, they funded the construction of a road leading into the park where athletes run with the torch to Jerusalem to mark the beginning of Chanukah holiday celebrations.

Phyllis Kassoff illustrates the importance of family, community and religion in all aspects of our lives. I know my colleagues join me in paying tribute to Phyllis Kassoff and wish her well in her future endeavors.

GOLDEN HEAL-A-MIND

HON. HENRY A. WAXMAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 12, 1995

Mr. WAXMAN. Mr. Speaker, I ask my colleagues to join me in honoring Nat and Barbara Winters on the occasion of their receipt of the "Golden Heal-a-Mind" Award.

This award to Nat and Barbara Winters is also a symbol of recognition of Gateways Hospital, one of the oldest and most respected mental health treatment centers in the country.

Nat and Barbara Winters are paragons of achievement, compassion, and commitment. They suffered the unimaginable pain of the loss of their daughter 8 years ago. This tragedy created a bond between them and all others for whom illness has brought great suffering.

The Winters are principal supporters of the city of Hope, Cedars-Sinai Heart Family, the John Wayne Cancer Research Organization, and numerous other health organizations. Nat Winter, a director of Congregation Mogen David, has also worked hard on behalf of the Jewish community.

I hope my colleagues will join me in congratulating Nat and Barbara Winters for receiving the "Golden Heal-a-Mind" Award and for their years of selfless dedication to our community. I wish the Winters, their children and grandchildren every happiness this honor can bestow.

A BILL TO IMPOSE AN EXCISE TAX ON AMOUNTS OF PRIVATE EXCESS BENEFITS FROM CHARITABLE ORGANIZATIONS

HON. AMO HOUGHTON

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 12, 1995

Mr. HOUGHTON. Mr. Speaker, I am pleased to join my colleague, the gentleman from California [Mr. STARK] in introducing the Exempt Organization Reform Act of 1995. This is an important piece of bipartisan legisaltion that would help solve a problem that we have attempted to address a number of times in the past. Basically, the issue is one of private inurement involving tax-exempt organizations, where the organization's insiders are using the charity's asserts for their own personal benefit. The problem is how to handle abuses in that area, short of revoking the tax-exempt status of the organization. At the present time, the only tool normally available to the Internal Revenue Service, in private inurement situations is revocation. Revocation is often too severe and does not punish the illegal acts of the insider. Intermediate sanctions are needed to prevent organization insiders from using a charity's assets for their own personal benefit.

In the 103d Congress, the Oversight Subcommittee and the full Ways and Means Committee made a number of attempts to address the issue. Most recently, a bipartisan proposal was suggested by Ways and Means members as part of the GATT implementation legislation. Unfortunately, it was not included in the final conference report by the House and Senate. Both in the past and currently, the Treasury and IRS have continued to urge that legislation be enacted to fix this problem.

The bill would include provisions to: First, extend the current law prohibition on private inurement applicable to charities to social welfare organizations (section 501(c)(4) organizations), second, provide for intermediate sanctions in the form of penalty excise taxes where the organization engages in an excess benefit transaction; as well as imposing dollar sanctions on certain disqualified individuals—for example, insiders—who improperly benefit from such a transaction, and third, require reporting of excise tax penalties imposed so that contributors can make an independent judgment on supporting the organization, and provide for public availability of annual reports.

These changes are designed to solve the current problems resulting from the lack of a range of enforcement tools. This legislation will also improve the ability of contributors to scrutinize the activities of organizations they support.

We welcome the support of our colleagues in cosponsoring this important legislation.

HONORING RITA DI MARTINO

HON. ED PASTOR

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 12, 1995

Mr. PASTOR. Mr. Speaker, I would like to salute today a very special and esteemed member of this Nation's Hispanic community, Rita Di Martino. True leaders are the pillars that hold our communities together. They are our source of hope and inspiration. The Nation's Hispanic community is blessed by the presence of many of these heroes, many recognized, many not. Among these leaders, the name Rita Di Martino stands out as a symbol of courage, commitment, and selfless devotion to improving the educational and economic opportunities for Hispanics. Through example she has instilled in her community the importance of active political and civic participation and responsibility. Most importantly, she has led by principles of excellence and sincerity of spirit.

Di Martino's professional career has been impressive. A native New Yorker, she began her career in the mid-70s at the New York State Department of Commerce. In 1979, Di Martino joined AT&T as managing director for the Caribbean and Central America as well as in public affairs and public relations. Since 1989, she has held the position of director of Federal Government affairs, where she assists in establishing and developing AT&T's relations with the administration, Congress, and State governments. Throughout the years, she has become AT&T's most valuable advisor in issue dealing with Hispanic affairs and multicultural issues in general.

In addition to her responsibilities at AT&T, Di Martino is a member of the Council of Foreign Relations and the Conference Board; serves on the Executive Committee of the National Council of La Raza; is the Vice-Chair of the Congressional Hispanic Caucus; the National Hispanic Corporate Council; the Cuban American National Council; the National Association of Latino Elected and Appointed Officials; the U.S. Senate Republic Task Force; and is a Presidential Appointee to the USO World Board of Governors. In 1982, Di Martino was appointed by President Reagan as U.S. Ambassador to the UNICEF Executive Board. As head of the U.S. Delegation, she represented the interest of the U.S. and influenced policy regarding the relationship between the U.S. and UNICEF.

Rita Di Martino has also been a pioneer of women's rights. She has been a first in many places where women, especially Hispanics, had not been able to conquer the barriers imposed by society. Recently, the Mexican American Women's National Association [MANA] established the Rita Di Martino Scholarship in Communication in recognition of her many accomplishments. The scholarship will be given to Hispanic women that excel in their professions and at the same time have a strong commitment for the betterment of their communities.

I ask my colleagues to join me in honoring a remarkable woman and a true leader. Individuals like her serve as true role models for our future generations.

THE FEDERAL THRIFT SAVINGS PLAN ENHANCEMENT ACT OF 1995

HON. CONSTANCE A. MORELLA

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 12, 1995

Mrs. MORELLA. Mr. Speaker, today I am introducing the Federal Thrift Savings Plan Enhancement Act of 1995. The bill will authorize the addition of a Small Capitalization Stock Index Investment Fund and International Stock Index Fund to the investments available under the Federal Thrift Savings Plan (TSP). These stock funds will be linked to the Wilshire 4500, Wilshire 5000 index minus the 500 stocks held in the S&P 500 index, and the Morgan Stanley EAFE Indices, respectively.

By adding these two funds to the Federal employees' retirement investment portfolios, it potentially will increase their investment earnings for retirement. The bill would also empower Federal workers to take more active and personal responsibility for their retirement. This is a theme that the private sector has embraced with much success, and its integration into the Federal culture has considerable value.

The addition of the two funds would cost taxpayers nothing, because the contributions to the funds would come from the discretionary income of Federal workers. At the same time, it would give Federal workers retirement investment options that are increasingly being made available to their private sector counterparts.

In offering this bill, I envision a more flexible and attractive investment policy that will provide prudent and tested investments suitable for accumulating enough funds for a long and happy retirement. If there is one major goal in introducing this bill, it is to increase the likelihood of a quality retirement life.

The current Federal TSP has three investment funds: the Government Securities Investment Fund (G Fund); the Common Stock Index Investment Fund (C Fund); and the Fixed Income Investment Fund (F Fund). These funds are passive investments, tracking a broad index, and do not have a negative effect on the budget. By linking the Small Capitalization Stock Index Investment Fund with the Common Stock Investment Fund, the legislation would open up virtually the entire U.S. Stock Market to the TSP. Likewise, by adding the International Stock Index Investment Fund, it would allow Federal workers to capitalize on approximately 58 percent of the world market.

Over the past decade, capitalizing on these two investment opportunities would have increased the earnings of participants. In fact, the Wilshire 4500 has outperformed the S&P 500 in 12 out of the last 20 years, while generally moving in the same direction as the S&P 500. At the same time, the EAFE has also outperformed the S&P 500 in 11 out of the past 20 years. Over these two decades, adding these two funds to an equally distributed TSP would have produced the highest annual return of 12.8 percent with a 10.4 percent standard deviation.

The addition of these two funds does not come without risk. These funds are more volatile than the C Fund, which currently is the

most volatile fund in the TSP. However, experts have noted that the right amount of diversification can actually negate investment risk. For instance, when an EAFE index fund investment is added to a C Fund investment, the volatility of the combined investment actually decreases.

The bill also includes a provision that would allow Federal workers to increase the amount they can contribute to the TSP, without altering the current matching formula. My goal is to provide Federal workers the flexibility to increase their contribution levels to the maximum allowed by IRS laws. The Federal workers in my district as well as across the country overwhelmingly support this provision. Many see it as an opportunity to offset potential changes to the retirement system. Support for the increase was also echoed by Vincent Sombrotto, president of the National Association of Letter Carriers [NALC] at a hearing held last year. Mr. Sombrotto stated that "Letter carriers throughout the Nation understand the great importance of saving for their retirement. In fact, they would like to do more to ensure their financial security." He further stated that delegates at the NALC Biennial Convention supported legislation to allow both FERS and CSRS employees to contribute more to the Federal TSP.

There is also another benefit to increasing the contribution limit. By increasing the money going into funds, this could increase the available investment capital for the Nation's economy. If this becomes the case, this is clearly a "win-win" situation for the country and Federal workers.

There, however, is the potential that this provision could impact the revenue base since employee contributions are tax deferred. I have asked the Joint Committee on Taxation to perform an analysis outlining any potential negative impact to the revenue base. I am committed to an increase, but not at the expense of the revenue base. Therefore, the actual amount of the percentage increase will depend upon the Joint Tax Committee's analysis. This will allow the cosponsors of the bill to support it with a clear fiscal conscience.

As I introduce this bill, I hope that we can help others view their retirement years as a new beginning by providing the framework to get there.

EXEMPT ORGANIZATION REFORM ACT OF 1995

HON. FORTNEY PETE STARK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 12, 1995

Mr. STARK. Mr. Speaker, today my colleague, Mr. AMO HOUGHTON, and I will introduce the Exempt Organization Reform Act of 1995. This bill reforms three provisions of exempt organization law. The bill would first create a category of transactions that would be considered self-dealing because of insiders involved in a transfer of 501(c)(3) or 501(c)(4) organization assets; second, clarify that private inurement prohibitions apply to 501(c)(4) organizations; and third, impose intermediate sanctions on both private inurement and self-dealing transactions.

Section 501(c)(3) of the Internal Revenue Code exempts from Federal income tax religious, charitable, educational and certain other organizations that meet statutory and regulatory requirements. A primary requirement for tax-exempt organizations is that the organization's net earnings may not inure to the benefit of any private shareholder or individual, and the organization may not be organized or operated for the benefit of private rather than public interests.

Under current law, the only sanction available to the IRS to combat private inurement is revocation of the organization's exempt status. Revoking an organization's tax exemption is a severe penalty, which in many cases penalizes the wrong parties—the intended beneficiaries of its charitable work and the local community—while leaving untouched the insiders or other private parties who benefited from the diversion of the organization's assets and/or income. The IRS rarely imposes this sanction.

Since 1950, Congress has been concerned with problems of self-dealing between private foundations and insiders, and as recently as 1993 and 1994, the House Ways and Means Subcommittee on Oversight held public hearings that focused on compliance by public charities with the private inurement and private benefit prohibitions. Evidence presented at the oversight hearings documented numerous abuses of these prohibitions by a number of public charities. At the Oversight hearings, the IRS established a need for a wider range of enforcement tools—sanctions that do not require revocation of exempt status for violations of the private inurement and private benefit prohibitions.

Problems of insiders inappropriately benefiting from a tax exempt entity are all too common among nonprofit entities. The following examples illustrate transactions in which individuals have enriched themselves at the public's expense while nonprofit organizations have been looted.

An exempt 501(c)(3) health care organization operated a clinic at which the chief executive officer received total compensation in excess of $1 million. In addition, the organization made substantial payments for his personal expenses. The organization had sold its charitable assets and was purchasing physicians' private medical practices, often at more than fair market value.

An exempt University gave its president a significant compensation package, including salary, deferred compensation, expense accounts and loans—many of which were noninterest bearing. He also received the use of an expensive residence whose maintenance costs, including maid service, were paid by the University.

A public charity provided assistance to the poor. A principal officer of the organization, along with relatives, used its funds to pay for personal expenses such as leasing of vehicles, educational expenses, vacations, home improvements, and rental of resort property.

An exempt organization headed by a television evangelist raised large sums of money through fraudulent or misleading fundraising. Only a small part of the funds raised was used for charitable purposes. The organization paid the personal expenses of the officers and controlling individuals.

Television evangelist Pat Robertson, chairman of Christian Broadcasting Network [CBN], and his son Timothy, turned a $150,000 investment into stock worth $90 million by the 1992 sale to the public of cable TV stock they had originally bought from CBN.

This story is complicated, with twists and turns that often exist in self-dealing and private inurement cases. A cable TV programming company, The Family Channel, was started in 1977 as a division of the nonprofit CBN and was financed with charitable donations of viewers. CBN wanted to sell the Family Channel in 1989, partly because the Family Channel was so lucrative that it jeopardized the tax exempt status of the CBN—IRS rules require charities to receive their revenues more from charitable activities than from business activities. The Family Channel reportedly generated $17.5 million in just 9 months of 1989.

For the purchase in 1990, Pat and Tim Robertson formed a for-profit company, the International Family Entertainment, Inc., [IFE] with a minority shareholder and bought the Family Channel. The Robertsons put up $150,000—2.22 cents a share—and the minority shareholder put up $22 million.

IFE/Family Channel went public at $15 a share in 1992, and the Robertsons' $150,000 investment became worth $90 million. They retained 69-percent control of IFE/Family Channel. The Family Channel continues to be a cash cow. Pat Robertson's 1992 salary and bonus from IFE/Family Channel amounted to $390,611. His son Tim received $465,731 in 1992 alone. All the while, Robertson remains chairman of the nonprofit CBN that created the lucrative family channel.

The 1993 and 1994 Oversight hearings established the need for sanctions that fall short of revocation of exempt status for violations of private inurement and private benefit prohibitions. The health care bills reported in 1994 by the House Ways and Means and Senate Finance Committees both incorporated provisions on intermediate sanctions. The bipartisan effort in this area has been demonstrated time and time again—in hearings, in committee reports, and in proposed legislation. When unable to pass intermediate sanction legislation during health reform last year, a provision on intermediate sanctions was offered in the Ways and Means Committee's GATT bill, however it was not accepted by the Senate Finance Committee.

The evidence of abuse in this area is compelling. We should move quickly to pass this legislation before insiders take further advantage of organization's tax exempt status.

EXPLANATION OF BILL: PRESENT LAW

Under the Internal Revenue Code (the "Code"), a tax-exempt charitable organization described in section 501(c)(3) must be organized and operated exclusively for a charitable, religious, educational, scientific, or other exempt purpose specified in that section, and no part of the organization's net earnings may inure to the benefit of any private shareholder or individual. Organizations described in section 501(c)(3) are classified as either private foundations or public charities. Organizations described in section 501(c)(4) also must be operated on a non-profit basis, although there is no specific statutory rule prohibiting the net earnings of

such an organization from inuring the benefit of shareholder or individual.

Under the Code, penalty excise taxes may be imposed on private foundations, their managers, and certain disqualified persons for engaging in certain prohibited transactions (such as so-called "self-dealing" and "taxable expenditure" transactions, see sections 4941 and 4945). In addition, under present law, penalty excise taxes may be imposed when a public charity makes an improper political expenditure (section 4955). However, the Code generally does not provide for the imposition of penalty excise taxes in cases where a public charity (or section 501(c)(4) organization) engages in a transaction that results in private inurement. In such cases, the only sanction that may be imposed under the Code is revocation of the organization's tax-exempt status.

I. EXCISE TAX ON EXCESS BENEFIT TRANSACTIONS

A. The bill would amend the Code to impose penalty excise taxes equal to 25 percent of the excess benefit as an intermediate sanction in cases where a public charity described in section 501(c)(3) (such as a hospital) or organization described in section 501(c)(4) such as an HMO) engages in a "self-dealing" transaction with certain disqualified persons. In the case where an organizational manager knows of such a transaction, an additional tax equal to 10 percent of the excess benefit may be imposed upon the organizational manager.

B. For purposes of the bill, "excess benefit transaction" generally means any transaction in which an economic benefit is provided by an applicable tax-exempt organization to or for the use of any disqualified person if the economic benefit provided exceeds the value of the consideration. The term "excess benefit" includes loans and certain private inurement.

C. Under the bill, "excess benefit" also includes the lending of money or other extension of credit between an applicable tax-exempt organization and disqualified person.

D. "Disqualified persons" would de defined under the bill as any person who was an organization manager at any time during the five-year period prior to the self-dealing transaction at issue, as well as certain family members and 35-percent owned entities. The term "organization manager" means any officer, director, or trustee of a public charity or social welfare organization (or any individual having powers or responsibilities similar to those of officers, directors, or trustees).

E. The bill would provide for a two-tiered penalty excise tax structure, similar to the excess tax penalty provisions applicable under present law to prohibited transactions by private foundations and political expenditures by public charities. Under the bill, an initial tax equal to 25 percent of the amount involved would be imposed on a disqualified person who participates in a self-dealing transaction. Organization managers who participate in self-dealing transactions, knowing that the transaction constitutes self-dealing, would be subject to a tax equal to 10 percent of the amount involved (subject to a maximum amount of tax of $10,000), unless such participation was not willful and was due to reasonable cause.

F. Additionally, second-tier taxes would apply under the bill if the self-dealing transaction is not "corrected," meaning undoing the transaction to the extent possible, but at least insuring that the organization is in a financial position not worse than that in which it would be if the disqualified person were dealing under the highest fiduciary standards. If a self-dealing transaction is not corrected within a specified time period (generally ending 90 days after the IRS mails a notice of deficiency), then the disqualified person would be subject to a tax equal to 200 percent of the amount involved. Any organization manager refusing to agree to correction would be subject to tax equal to 50 percent of the amount involved (subject to a maximum amount of tax of $10,000). Under the bill, if more than one person is liable for a first-tier or second-tier tax with respect to any one self-dealing transaction, then all such persons would be jointly and severally liable for the tax.

II. REPORTING OF CERTAIN EXCISE TAXES

A. Specified organizations would be required to report respective amounts of taxes paid by the organization concerning lobbying and political expenditures during the taxable year as specified in the bill.

III. EXEMPT ORGANIZATIONS REQUIRED TO PROVIDE COPY OF RETURN

A. During the three-year period beginning on the filing date, applicable organizations must make available for inspection during regular business hours a copy of their annual return. If the request is made in person, the return must be provided immediately. If the request is made in some other fashion, the organization must produce the document within 30 days.

B. Advertisements or solicitations used by applicable organizations must contain an express statement that the organization's annual return is available upon request. Penalties for failing to disclose this information are doubled.

IV. CERTAIN ORGANIZATIONS REQUIRED TO DISCLOSE NONEXEMPT STATUS

A. If the organization advertises or solicits as a nonprofit organization and the organization is not designated by the IRS as tax exempt, the advertisement or solicitation must contain an express statement indicating such.

B. If the organization fails to meet the disclosure requirement with respect to advertising or solicitation, the organization would be required to pay $1,000 for each day that it fails to disclose (not to exceed $10,000 per year unless the organization intentionally disregards the requirement).

V. INCREASE IN PENALTIES ON EXEMPT ORGANIZATIONS FOR FAILURE TO FILE COMPLETE AND TIMELY ANNUAL RETURNS

A. Penalties for organizations that fail to file their return or who file incomplete returns is increased.

EUROPEAN WHEAT GLUTEN EXPORTS TO THE UNITED STATES

HON. SAM BROWNBACK

OF KANSAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 12, 1995

Mr. BROWNBACK. Mr. Speaker, our American wheat farmers and producers of vital wheat gluten are in dire danger of falling victim to what could become a virtual monopoly of European wheat gluten exports to the U.S.

Currently, because of existing European tariff and subsidy programs, which are being used unfairly, increasing imports of vital wheat gluten are being dumped in the U.S. at prices below the cost of production. USDA reports that European wheat gluten production will double in the next several years. In combination with predatory pricing, this could destroy our gluten producers. Wheat gluten supplies will become so large and prices so low that the effect would be the inevitable erosion of the U.S. high protein wheat industry.

Mr. Speaker, this must not be allowed to happen.

Today I call on the Clinton administration to help stop this unfair practice that could prove devastating to American farmers. I call on Ambassador Kantor and Secretary Glickman to take action now to negotiate a resolution to this issue.

IN RECOGNITION OF MOBILE CONSTRUCTION BATTALION 2

HON. JAMES V. HANSEN

OF UTAH

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 12, 1995

Mr. HANSEN. Mr. Speaker, and colleagues, I rise today to pay tribute to a special group of America's unsung heroes—the U.S. Navy Seabees. In particular, I want to tell you the story of one such group of these heroes and the tremendous service they provided our Nation over 40 years ago.

The story of USN Mobile Construction Battalion 2, stationed at Port Hueneme and Cubi Point, began in the spring of 1952. Commanding officer Comdr. Charles C. Compton, and the 12 officers and 464 men of MCB 2, sailed for the Philippines aboard the U.S.S. *Menard* [APA–201] on June 9. The job of the battalion, and their colleagues of MCB's 3 and 5, was to carve a new naval air facility out of the hilly peninsula, called Cubi Point, adjacent to the Subic Bay Naval Station.

Over the next years, the men of MCB 2, clad in traditional Seabee greens or rubberized suits to fend off the relentless summer rains, constructed one of our Nation's most important strategic airfields. The battalion completed several enormous projects including the removal of the top 90 feet of Mount Muritan, a rock mountain which blocked the approach to the future airfield. Major construction projects, including a large and remote ammunition storage facility, a tank farm built on top of a swamp, a new water system, and the Camayan Point-Cubi Point road, tested the skills, dedication, and versatility of the Seabees. In all, millions of cubic yards of earth were moved, reservoirs providing over 2.5 million gallons of water were built, and a new naval air facility was born.

The facilities these unsung heroes built would serve our Nation and her allies well for the next 40 years. The story of MCB 2 and Cubi Point is repeated each year by Seabee units around the world. Never knowing what they would be doing next, the men of Mobile Construction Battalion 2 remained confident in their ability to go anywhere at anytime and build anything asked of them, for they were the Navy's "Fighting Seabees."