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House of Representatives

The House met at 10 a.m. and was called to order by the Speaker pro tempore [Mr. UPTON].

DESIGNATION OF THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore laid before the House the following communication from the Speaker:

WASHINGTON, DC,
October 20, 1995.

I hereby designate the Honorable FRED UPTON to act as Speaker pro tempore on this day.

NEWT GINGRICH,
Speaker of the House of Representatives.

PRAYER

The Chaplain, Rev. James David Ford, D.D., offered the following prayer: Whatever our concerns and whatever our hopes, we pray, almighty God, that we will be appreciative of the wonders of Your whole creation and faithful stewards of that which has been entrusted to us. Remind us to be good custodians of the resources of our land so that those who follow us will not be needy because of our neglect or because of our selfishness. May we be vigilant so that all the resources that have come to us, the material and the spiritual, will be enriched and multiply to Your honor and to the service of every person. In Your name, we pray. Amen.

THE JOURNAL

The SPEAKER pro tempore. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

PLEDGE OF ALLEGIANCE

The SPEAKER pro tempore. The Pledge of Allegiance will be led by the Chair.

The SPEAKER pro tempore 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 amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 1617. An act to consolidate and reform workforce development and literacy programs, and for other purposes.

The message also announced that the Senate insists upon its amendments to the bill (H.R. 1617) ''An Act to consolidate and reform workforce development and literacy programs, and for other purposes'', requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mrs. KASSEBAUM, Mr. JEFFORDS, Mr. COATS, Mr. GREGG, Mr. FRIST, Mr. DEWINE, Mr. ASHCROFT, Mr. ABRAHAM, Mr. GORTON, Mr. KENNEDY, Mr. PELL, Mr. DODD, Mr. SIMON, Mr. HARKIN, Ms. MIKULSKI, and Mr. WELLSTONE to be the conferees on the part of the Senate.

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'', agrees to a further conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. STEVENS, Mr. COCHRAN, Mr. SPECTER, Mr. DOMENICI, Mr. BOND, Mr. MCCONNELL, Mr. MACK, Mr. SHELBY, Mr. GREGG, 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 the Senate had passed bills of the following titles, in which the concurrence of the House is requested:

S. 868. An act to provide authority for leave transfer for Federal employees who are adversely affected by disasters or emergencies, and for other purposes;

S. 1048. An act to authorize appropriations for fiscal year 1996 to the National Aeronautics and Space Administration for human space flight; science, aeronautics, and technology; mission support; and Inspector General; and for other purposes; and

S. 1309. An act to reauthorize the tied aid credit program of the Export-Import Bank of the United States, and to allow the Export-Import Bank to conduct a demonstration project.

RECESS

The SPEAKER pro tempore. The house will now stand in recess subject to the call of the Chair.

Accordingly (at 10 o'clock and 2 minutes a.m.), the House stood in recess subject to the call of the Chair.

☐ 1835

AFTER RECESS

The recess having expired, the House was called to order by the Speaker pro tempore (Mr. PETRI) at 6 o'clock and 35 minutes p.m.

EXTENSION OF REMARKS

The SPEAKER pro tempore. Without objection, on this day all Members are permitted to extend their remarks and include extraneous material in that section of the RECORD entitle ''Extension of Remarks.''

There was no objection.

☐ This symbol represents the time of day during the House proceedings, e.g., ☐ 1407 is 2:07 p.m.
Matter set in this typeface indicates words inserted or appended, rather than spoken, by a Member of the House on the floor.

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ADJOURNMENT TO TUESDAY, OCTOBER 24, 1995

The SPEAKER pro tempore. Without objection, when the House adjourns today, it will adjourn to meet at 12:30 p.m. on Tuesday, October 24, 1995, for morning hour debates.

There was no objection.

CONFERENCE REPORT ON H.R. 2002

Mr. WOLF submitted the following conference report and statement on the bill (H.R. 2002) making appropriations for the Department of Transportation and related agencies for the fiscal year ending September 30, 1996, and for others purposes:

CONFERENCE REPORT (H. REPT. 104–286)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 2002) ''making appropriations for the Department of Transportation and related agencies for the fiscal year ending September 30, 1996, and for other purposes,'' having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 2, 5, 10, 11, 12, 13, 18, 19, 21, 34, 37, 44, 51, 53, 56, 63, 64, 65, 66, 73, 78, 86, 91, 112, 121, 125, 126, 132, 133, 134, 135, 141, 142, 143, 146, 148, 152, 155, 156, 161, 162, 165, 166, 171, 172, 173, 181, 183, 184, 185, 189, and 190.

That the House recede from its disagreement to the amendments of the Senate numbered 3, 4, 15, 17, 20, 24, 31, 33, 35, 38, 39, 42, 43, 46, 49, 50, 69, 70, 71, 74, 76, 77, 79, 84, 85, 89, 90, 93, 99, 105, 107, 108, 114, 119, 120, 136, 138, 144, 145, 147, 149, 150, 151, 159, 160, 168, 169, 170, and 191, and agree to the same.

Amendment numbered 1:

That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment, insert: *$56,189,000*; and the Senate agree to the same.

Amendment numbered 6:

That the House recede from its disagreement to the amendment of the Senate numbered 6, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment, insert: *$8,220,000*; and the Senate agree to the same.

Amendment numbered 7:

That the House recede from its disagreement to the amendment of the Senate numbered 7, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment, insert: *$103,149,000*; and the Senate agree to the same.

Amendment numbered 8:

That the House recede from its disagreement to the amendment of the Senate numbered 8, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment, insert: *$22,600,000*; and the Senate agree to the same.

Amendment numbered 9:

That the House recede from its disagreement to the amendment of the Senate numbered 9, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment, insert: *$22,600,000*; and the Senate agree to the same.

Amendment numbered 14:

That the House recede from its disagreement to the amendment of the Senate numbered 14, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment, insert: *$16,000,000*; and the Senate agree to the same.

Amendment numbered 16:

That the House recede from its disagreement to the amendment of the Senate numbered 16, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment, insert: *$135,200,000*; and the Senate agree to the same.

Amendment numbered 22:

That the House recede from its disagreement to the amendment of the Senate numbered 22, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment, insert: *$2,278,991,000*; and the Senate agree to the same.

Amendment numbered 23:

That the House recede from its disagreement to the amendment of the Senate numbered 23, and agree to the same with an amendment, as follows:

Restore the matter stricken by said amendment, amended to read as follows: *; and of which $20,000,000 shall be expended from the Boat Safety Account*; and the Senate agree to the same.

Amendment numbered 25:

That the House recede from its disagreement to the amendment of the Senate numbered 25, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment, insert: *$362,375,000*; and on page 8 of the House engrossed bill H.R. 2002 delete line 23; and the Senate agree to the same.

Amendment numbered 26:

That the House recede from its disagreement to the amendment of the Senate numbered 26, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment, insert: *$167,600,000*; and the Senate agree to the same.

Amendment numbered 27:

That the House recede from its disagreement to the amendment of the Senate numbered 27, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment, insert: *$12,000,000*; and the Senate agree to the same.

Amendment numbered 28:

That the House recede from its disagreement to the amendment of the Senate numbered 28, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment, insert: *$49,200,000*; and the Senate agree to the same.

Amendment numbered 29:

That the House recede from its disagreement to the amendment of the Senate numbered 29, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment, insert: *$88,875,000*; and the Senate agree to the same.

Amendment numbered 30:

That the House recede from its disagreement to the amendment of the Senate numbered 30, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment, insert: *$44,700,000*; and the Senate agree to the same.

Amendment numbered 32:

That the House recede from its disagreement to the amendment of the Senate numbered 32, and agree to the same with an amendment, as follows:

In lieu of the matter proposed by said amendment, insert: *Provided further, That the Commandant may dispose of surplus real property by sale or lease and the proceeds of such sale or lease shall be credited to this appropriation*; and the Senate agree to the same.

Amendment numbered 36:

That the House recede from its disagreement to the amendment of the Senate numbered 36, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment, insert: *$18,000,000*; and the Senate agree to the same.

Amendment numbered 40:

That the House recede from its disagreement to the amendment of the Senate numbered 40, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment, insert: *$4,645,712,000*; and the Senate agree to the same.

Amendment numbered 41:

That the House recede from its disagreement to the amendment of the Senate numbered 41, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment, insert: *$2,222,859,100*; and the Senate agree to the same.

Amendment numbered 45:

That the House recede from its disagreement to the amendment of the Senate numbered 45, and agree to the same with an amendment, as follows:

In lieu of the matter proposed by said amendment, insert: *: Provided further, That the Secretary may transfer funds to this account, from Coast Guard ''Operating expenses'', not to exceed $60,000,000 in total for the fiscal year, fifteen days after written notification to the House and Senate Committees on Appropriations, solely for the purpose of providing additional funds for air traffic control operations and maintenance to enhance aviation safety and security*; and the Senate agree to the same.

Amendment numbered 47:

That the House recede from its disagreement to the amendment of the Senate numbered 47, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment, insert: *$1,934,883,000*; and the Senate agree to the same.

Amendment numbered 48:

That the House recede from its disagreement to the amendment of the Senate numbered 48, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment, insert: *$1,718,883,000*; and the Senate agree to the same.

Amendment numbered 52:

That the House recede from its disagreement to the amendment of the Senate numbered 52, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment, insert: *$185,698,000*; and the Senate agree to the same.

Amendment numbered 54:

That the House recede from its disagreement to the amendment of the Senate numbered 54, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment, insert: *$1,450,000,000*; and the Senate agree to the same.

Amendment numbered 55:

That the House recede from its disagreement to the amendment of the Senate numbered 55, and agree to the same with an amendment, as follows:

In lieu of the first sum named in said amendment, insert: *$26,000,000*.

In lieu of the second sum named in said amendment, insert: *$48,000,000*; and the Senate agree to the same.

Amendment numbered 57:

That the House recede from its disagreement to the amendment of the Senate numbered 57, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment, insert: *$509,660,000*; and the Senate agree to the same.

Amendment numbered 58:

That the House recede from its disagreement to the amendment of the Senate numbered 58, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment, insert: *$208,946,000*; and the Senate agree to the same.

Amendment numbered 59:

That the House recede from its disagreement to the amendment of the Senate numbered 59, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment, insert: *$11,000,000*; and the Senate agree to the same.

Amendment numbered 60:

That the House recede from its disagreement to the amendment of the Senate numbered 60, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment, insert: *$11,000,000*; and the Senate agree to the same.

Amendment numbered 61:

That the House recede from its disagreement to the amendment of the Senate numbered 61, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment, insert: *$17,550,000,000*; and the Senate agree to the same.

Amendment numbered 62:

That the House recede from its disagreement to the amendment of the Senate numbered 62, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment, insert: *$77,225,000*; and the Senate agree to the same.

Amendment numbered 67:

That the House recede from its disagreement to the amendment of the Senate numbered 67, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment, insert: *$51,884,430*; and the Senate agree to the same.

Amendment numbered 68:

That the House recede from its disagreement to the amendment of the Senate numbered 68, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment, insert: *$32,247,000*; and the Senate agree to the same.

Amendment numbered 72:

That the House recede from its disagreement to the amendment of the Senate numbered 72, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment, insert: *$127,700,000*; and the Senate agree to the same.

Amendment numbered 75:

That the House recede from its disagreement to the amendment of the Senate numbered 75, and agree to the same with an amendment, as follows:

Restore the matter stricken by said amendment, amended to read as follows: *Provided further, That none of these funds shall be used for construction, rehabilitation or remodeling costs, or for office furnishing and fixtures for State, local, or private buildings or structures*; and the Senate agree to the same.

Amendment numbered 80:

That the House recede from its disagreement to the amendment of the Senate numbered 80, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment, insert: *$49,919,000*; and the Senate agree to the same.

Amendment numbered 81:

That the House recede from its disagreement to the amendment of the Senate numbered 81, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment, insert: *$24,550,000*; and the Senate agree to the same.

Amendment numbered 82:

That the House recede from its disagreement to the amendment of the Senate numbered 82, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment, insert: *$115,000,000*; and the Senate agree to the same.

Amendment numbered 83:

That the House recede from its disagreement to the amendment of the Senate numbered 83, and agree to the same with an amendment, as follows:

In lieu of the matter stricken and inserted by said amendment, insert: *studies, corridor planning, development, demonstration, and implementation, $19,205,000, to remain available until expended*; and on page 24, line 14 of the House engrossed bill H.R. 2002, delete ''$5,000,000'' and in lieu thereof, insert: *$7,118,000*; and the Senate agree to the same.

Amendment numbered 87:

That the House recede from its disagreement to the amendment of the Senate numbered 87, and agree to the same with an amendment, as follows:

In lieu of the first sum named in said amendment, insert: *$1,000,000*; and in lieu of the second sum named in said amendment, insert: *$6,000,000*; and the Senate agree to the same.

Amendment numbered 88:

That the House recede from its disagreement to the amendment of the Senate numbered 88, and agree to the same with an amendment, as follows:

In lieu of the matter stricken and inserted by said amendment, insert: *$635,000,000, to remain available until expended*; and the Senate agree to the same.

Amendment numbered 92:

That the House recede from its disagreement to the amendment of the Senate numbered 92, and agree to the same with an amendment, as follows:

Restore the matter stricken by said amendment, amended to read as follows: *That up to $15,000,000 of the amount made available under this head for capital improvements may, at the discretion of the Corporation, be transferred to the Northeast Corridor Improvement Program: Provided further,*

And the Senate agree to the same.

Amendment numbered 94:

That the House recede from its disagreement to the amendment of the Senate numbered 94, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment, insert: *$942,925,000*; and the Senate agree to the same.

Amendment numbered 95:

That the House recede from its disagreement to the amendment of the Senate numbered 95, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment, insert: *$2,052,925,000*; and the Senate agree to the same.

Amendment numbered 96:

That the House recede from its disagreement to the amendment of the Senate numbered 96, and agree to the same with an amendment, as follows:

In lieu of the matter proposed by said amendment, insert: *: Provided further, That the limitation on operating assistance provided under this heading shall, for urbanized areas of less than 200,000 in population, be no less than seventy-five percent of the amount of operating assistance such areas are eligible to receive under Public Law 103–331*; and the Senate agree to the same.

Amendment numbered 97:

That the House recede from its disagreement to the amendment of the Senate numbered 97, and agree to the same with an amendment, as follows:

In lieu of the matter proposed by said amendment, insert: *: Provided further, That in the distribution of the limitation provided under this heading or urbanized areas that had a population under the 1990 census of 1,000,000 or more, the Secretary shall direct each such area to give priority consideration to the impact of reductions in operating assistance on smaller transit authorities operating within the area and to consider the needs and resources of such transit authorities when the limitation is distributed among all transit authorities operating in the area*; and the Senate agree to the same.

Amendment numbered 98:

That the House recede from its disagreement to the amendment of the Senate numbered 98, and agree to the same with an amendment, as follows:

In lieu of the matter stricken and inserted by said amendment, insert: *$85,500,000 of which $39,500,000 shall be for activities under 49 U.S.C. 5303, $4,500,000 for activities under 49 U.S.C. 5311(b)(2), $8,250,000 for activities under 49 U.S.C. 5313(b), $22,000,000 for activities under 49 U.S.C. 5314, $8,250,000 for activities under 49 U.S.C. 5313(a), and $3,000,000 for activities under 49 U.S.C. 5315*; and the Senate agree to the same.

Amendment numbered 100:

That the House recede from its disagreement to the amendment of the Senate numbered 100, and agree to the same with an amendment, as follows:

In lieu of the matter stricken and inserted by said amendment, insert: *, notwithstanding any other provision of law, except for fixed guideway modernization projects, $21,631,250 made available under Public Law 102–388 under ''Federal Transit Administration, Discretionary Grants'' for projects specified in that Act or identified in reports accompanying that Act, not obligated by September 30, 1995, shall be made available for new fixed guideway systems together with the $666,000,000 made available for new fixed guideway systems in this Act, to be available as follows*; and the Senate agree to the same.

Amendment numbered 101:

That the House recede from its disagreement to the amendment of the Senate numbered 101, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment, insert: *$20,060,000*; and the Senate agree to the same.

Amendment numbered 102:

That the House recede from its disagreement to the amendment of the Senate numbered 102, and agree to the same with an amendment, as follows:

Restore the matter stricken by said amendment, amended to read as follows: *$4,250,000 for the Canton-Akron-Cleveland commuter rail project;* ; and the Senate agree to the same.

Amendment numbered 103:

That the House recede from its disagreement to the amendment of the Senate numbered 103, and agree to the same with an amendment, as follows:

Restore the matter stricken by said amendment, amended to read as follows: *$1,000,000 for the Cincinnati Northeast/Northern Kentucky rail line project;* ; and the Senate agree to the same.

Amendment numbered 104:

That the House recede from its disagreement to the amendment of the Senate numbered 104, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment, insert: *$3,000,000*; and the Senate agree to the same.

Amendment numbered 106:

That the House recede from its disagreement to the amendment of the Senate numbered 106, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment, insert: *$6,000,000*; and the Senate agree to the same.

Amendment numbered 109:

That the House recede from its disagreement to the amendment of the Senate numbered 109, and agree to the same with an amendment, as follows:

Restore the matter stricken by said amendment, amended to read as follows: *$9,720,625 for the Jacksonville ASE extension project;* ; and the Senate agree to the same.

Amendment numbered 110:

That the House recede from its disagreement to the amendment of the Senate numbered 110, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment, insert: *$85,000,000*; and the Senate agree to the same.

Amendment numbered 111:

That the House recede from its disagreement to the amendment of the Senate numbered 111, and agree to the same with an amendment, as follows:

Restore the matter stricken by said amendment, amended to read as follows: *$8,500,000 for the Los Angeles-San Diego commuter rail project;* ; and the Senate agree to the same.

Amendment numbered 113:

That the House recede from its disagreement to the amendment of the Senate numbered 113, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment, insert: *$15,315,000*; and the senate agree to the same.

Amendment numbered 115:

That the House recede from its disagreement to the amendment of the Senate numbered 115, and agree to the same with an amendment, as follows:

Restore the matter stricken by said amendment, amended to read as follows: *$1,250,000 for the Memphis, Tennessee Regional Rail Plan;* ; and the Senate agree to the same.

Amendment numbered 116:

That the House recede from its disagreement to the amendment of the Senate numbered 116, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment, insert: *$80,250,000*; and the Senate agree to the same.

Amendment numbered 117:

That the House recede from its disagreement to the amendment of the Senate numbered 117, and agree to the same with an amendment, as follows:

Restore the matter stricken by said amendment, amended to read as follows: *$5,000,000 for the New Orleans Canal Street Corridor project;* ; and the Senate agree to the same.

Amendment numbered 118:

That the House recede from its disagreement to the amendment of the Senate numbered 118, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment, insert: *$126,725,125*; and the Senate agree to the same.

Amendment numbered 122:

That the House recede from its disagreement to the amendment of the Senate numbered 122, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment, insert: *$12,500,000*; and the Senate agree to the same.

Amendment numbered 123:

That the House recede from its disagreement to the amendment of the Senate numbered 123, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment, insert: *$9,759,500*; and the Senate agree to the same.

Amendment numbered 124:

That the House recede from its disagreement to the amendment of the Senate numbered 124, and agree to the same with an amendment, as follows:

Restore the matter stricken by said amendment, amended to read as follows: *, of which not more than $5,000,000 may be available for high-occupancy vehicle lane and intermodal corridor design costs*; and the Senate agree to the same.

Amendment numbered 127:

That the House recede from its disagreement to the amendment of the Senate numbered 127, and agree to the same with an amendment, as follows:

Restore the matter stricken by said amendment, amended to read as follows: *$7,500,000 for the San Juan, Puerto Rico Tren Urbano project;*

And the Senate agree to the same.

Amendment numbered 128:

That the House recede from its disagreement to the amendment of the Senate numbered 128, and agree to the same with an amendment, as follows:

Restore the matter stricken by said amendment, amended to read as follows: *$500,000 for the Tampa to Lakeland commuter rail project;*

And the Senate agree to the same.

Amendment numbered 129:

That the House recede from its disagreement to the amendment of the Senate numbered 129, and agree to the same with an amendment, as follows:

Restore the matter stricken by said amendment, amended to read as follows: *$2,500,000 for the Whitehall ferry terminal, New York, New York;*

And the Senate agree to the same.

Amendment numbered 130:

That the House recede from its disagreement to the amendment of the Senate numbered 130, and agree to the same with an amendment, as follows:

Restore the matter stricken by said amendment, amended to read as follows: *; and*; the Senate agree to the same.

Amendment numbered 131:

That the House recede from its disagreement to the amendment of the Senate numbered 131, and agree to the same with an amendment, as follows:

In lieu of the matter proposed by said amendment, insert: *$5,650,000 for the Burlington-Charlotte, Vermont commuter rail project.*

And the Senate agree to the same.

Amendment numbered 137:

That the House recede from its disagreement to the amendment of the Senate numbered 137, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment, insert: *$23,937,000*; and the Senate agree to the same.

Amendment numbered 139:

That the House recede from its disagreement to the amendment of the Senate numbered 139, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment, insert: *$31,448,000*; and the Senate agree to the same.

Amendment numbered 140:

That the House recede from its disagreement to the amendment of the Senate numbered 140, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment, insert: $23,750,000; and the Senate agree to the same.

Amendment numbered 153:

That the House recede from its disagreement to the amendment of the Senate numbered 153, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment, insert: *$7,500,000*; and the Senate agree to the same.

Amendment numbered 154:

That the House recede from its disagreement to the amendment of the Senate numbered 154, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment, insert: *$95,649,000*; and the Senate agree to the same.

Amendment numbered 157:

That the House recede from its disagreement to the amendment of the Senate numbered 157, and agree to the same with an amendment, as follows:

In lieu of the matter stricken and inserted by said amendment, insert: *collocate and consolidate*; and the Senate agree to the same.

Amendment numbered 158:

That the House recede from its disagreement to the amendment of the Senate numbered 158, and agree to the same with an amendment, as follows:

In lieu of the matter stricken and inserted by said amendment, insert: *surface transportation field offices and administrative activities*; and the Senate agree to the same.

Amendment numbered 163:

That the House recede from its disagreement to the amendment of the Senate numbered 163, and agree to the same with an amendment, as follows:

In lieu of the matter proposed by said amendment, insert the following:

SEC. 339. None of the funds in this Act shall, in the absence of express authorization by Congress, be used directly or indirectly to pay for any personal service, advertisement, telegram, telephone, letter, printed or written matter, or other device, intended or designed to influence in any manner a Member of Congress, to favor or oppose, by vote or otherwise, any legislation or appropriation by Congress, whether before or after the introduction of any bill or resolution proposing such legislation or appropriation: Provided, That this shall not prevent officers or employees of the Department of Transportation or related agencies funded in this Act from communicating to Members of Congress on the request of any Member or to Congress, through the proper official channels, requests for legislation or appropriations which they deem necessary for the efficient conduct of the public business.

And, on page 53 of the House engrossed bill H.R. 2002, delete lines 1–13.

And the Senate agree to the same.

Amendment numbered 164:

That the House recede from its disagreement to the amendment of the Senate numbered 164, and agree to the same with an amendment, as follows:

Restore the matter stricken by said amendment, amended to read as follows:

SEC. 340. None of the funds in this Act shall be available to pay the salaries and expenses of any individual to arrange tours of scientists or engineers employed by or working for the People's Republic of China, to hire citizens of the People's Republic of China to participate in research fellowships sponsored by the modal administrations of the Department of Transportation, or to provide training or any form of technology transfer to scientists or engineers employed by or working for the People's Republic of China: Provided, That this provision shall not apply to the Federal Aviation Administration or the joint Federal Aviation Administration, Department of Defense and Department of Commerce initiative designed to modernize the air traffic control system of the People's Republic of China.

And the Senate agree to the same.

Amendment numbered 167:

That the House recede from its disagreement to the amendment of the Senate numbered 167, and agree to the same with an amendment, as follows:

In lieu of the matter proposed by said amendment, insert:

SEC. 343. None of the funds made available in this Act may be used for improvements to the Miller Highway in New York City, New York.

And the Senate agree to the same.

Amendment numbered 174:

That the House recede from its disagreement to the amendment of the Senate numbered 174, and agree to the same with an amendment, as follows:

In lieu of the matter proposed by said amendment, insert:

SEC. 347. (a) In consultation with the employees of the Federal Aviation Administration and such non-governmental experts in personnel management systems as he may employ, and notwithstanding the provisions of title 5, United States Code, and other Federal personnel laws, the Administrator of the Federal Aviation Administration shall develop and implement, not later than January 1, 1996, a personnel management system for the Federal Aviation Administration that addresses the unique demands on the agency's workforce. Such a new system shall, at a minimum, provide for greater flexibility in the hiring, training, compensation, and location of personnel.

(b) The provisions of title 5, United States Code, shall not apply to the new personnel management system developed and implemented pursuant to subsection (a), with the exception of:

(1) Section 2302(b), relating to whistleblower protection;

(2) Sections 3308–3320, relating to veterans' preference;

(3) Section 7116(b)(7), relating to limitations on the right to strike;

(4) Section 7204, relating to antidiscrimination;

(5) Chapter 73, relating to suitability, security, and conduct;

(6) Chapter 81, relating to compensation for work injury; and

(7) Chapters 83–85, 87, and 89, relating to retirement, unemployment compensation, and insurance coverage.

(c) This section shall take effect on April 1, 1996.

And the Senate agree to the same.

Amendment numbered 175:

That the House recede from its disagreement to the amendment of the Senate numbered 175, and agree to the same with an amendment, as follows:

In lieu of the matter proposed by said amendment, insert:

SEC. 348. (a) In consultation with such non-governmental experts in acquisition management systems as he may employ, and notwithstanding provisions of Federal acquisition law, the Administrator of the Federal Aviation Administration shall develop and implement, not later than January 1, 1996, an acquisition management system for the Federal Aviation Administration that addresses the unique needs of the agency and, at a minimum, provides for more timely and cost-effective acquisitions of equipment and materials.

(b) The following provisions of Federal acquisition law shall not apply to the new acquisition management system developed and implemented pursuant to subsection (a):

(1) Title III of the Federal Property and Administrative Services Act of 1949 (41 U.S.C. 252–266).

(2) The Office of Federal Procurement Policy Act (41 U.S.C. 401 et seq.);

(3) The Federal Acquisition Streamlining Act of 1994 (Public Law 103–355);

(4) The Small Business Act (15 U.S.C. 631 et seq.), except that all reasonable opportunities to be awarded contracts shall be provided to small business concerns and small business concerns owned and controlled by socially and economically disadvantaged inidividuals;

(5) The Competition in Contracting Act;

(6) Subchapter V of Chapter 35 of title 31, relating to the procurement protest system;

(7) The Brooks Automatic Data Processing Act (40 U.S.C. 759); and

(8) The Federal Acquisition Regulation and any laws not listed in (a) through (e) of this section providing authority to promulgate regulations in the Federal Acquisition Regulation.

(c) This section shall take effect on April 1, 1996.

And the Senate agree to the same.

Amendment numbered 176:

That the House recede from its disagreement to the amendment of the Senate numbered 176, and agree to the same with an amendment, as follows:

In lieu of the section designation of said amendment, insert:

SEC. 349.

And the Senate agree to the same.

Amendment numbered 177:

That the House recede from its disagreement to the amendment of the Senate numbered 177, and agree to the same with an amendment, as follows:

In lieu of the section designation of said amendment, insert:

SEC. 350.

And the Senate agree to the same.

Amendment numbered 178:

That the House recede from its disagreement to the amendment of the Senate numbered 178, and agree to the same with an amendment, as follows:

In lieu of the section designation of said amendment, insert:

SEC. 351.

And the Senate agree to the same.

Amendment numbered 179:

That the House recede from its disagreement to the amendment of the Senate numbered 179, and agree to the same with an amendment, as follows:

In lieu of the section designation of said amendment, insert:

SEC. 352.

And the Senate agree to the same.

Amendment numbered 180:

That the House recede from its disagreement to the amendment of the Senate numbered 180, and agree to the same with an amendment, as follows:

In lieu of the section designation of said amendment, insert:

SEC. 353.

And the Senate agree to the same.

Amendment numbered 182:

That the House recede from its disagreement to the amendment of the Senate numbered 182, and agree to the same with an amendment, as follows:

In lieu of the section designation of said amendment, insert:

SEC. 354.

And the Senate agree to the same.

Amendment numbered 186:

That the House recede from its disagreement to the amendment of the Senate numbered 186, and agree to the same with an amendment, as follows:

In lieu of the section designation of said amendment, insert:

SEC. 355.

And the Senate agree to the same.

Amendment numbered 187:

That the House recede from its disagreement to the amendment of the Senate numbered 187, and agree to the same with an amendment, as follows:

In lieu of the section designation of said amendment, insert:

SEC. .

And the Senate agree to the same.

Amendment numbered 188:

That the House recede from its disagreement to the amendment of the Senate numbered 188, and agree to the same with an amendment, as follows:

In lieu of the matter proposed by said amendment, insert:

SEC. 357. AUTHORITY TO USE FUNDS FOR SIDING AND INTERMODAL FACILITY IN RICHLAND COUNTY, NORTH DAKOTA.

Notwithstanding section 22101(a)(3) of title 49, United States Code, the State of North Dakota may use funds available to the State under section 22106(b) of such title for the building of a siding and intermodal facility proposed by the State in Sections 7 and 8, Township 133 North, Range 47 West, Richland County, North Dakota.

And the Senate agree to the same.

FRANK R. WOLF,
TOM DELAY,
RALPH REGULA,
HAROLD ROGERS,
JIM LIGHTFOOT,
RON PACKARD,
SONNY CALLAHAN,
JAY DICKEY,
BOB LIVINGSTON,
MARTIN OLAV SABO (except amendment 174 and amendment 190)
RICHARD J. DURBIN (except amendment 132, amendment 174, and amendment 190)
RONALD D. COLEMAN (except amendment 174)
THOMAS M. FOGLIETTA (except amendment 174)
DAVID R. OBEY (except amendment 174)

Managers on the Part of the House.

MARK O. HATFIELD,
PETE V. DOMENICI,
ARLEN SPECTER,
CHRISTOPHER S. BOND,
SLADE GORTON,
RICHARD C. SHELBY,
FRANK R. LAUTENBERG,
TOM HARKIN,
BARBARA A. MIKULSKI,

Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on amendments of the Senate to the bill (H.R. 2002) making appropriations for the Department of Transportation and related agencies for the fiscal year ending September 30, 1996, and for other purposes, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report.

CONGRESSIONAL DIRECTIVES

The conferees agree that Executive Branch propensities cannot substitute for Congress' own statements concerning the best evidence of Congressional intentions—that is, the official reports of the Congress. Report language included by the House that is not changed by the report of the Senate, and Senate report language that is not changed by the conference is approved by the committee of conference. The statement of the managers, while repeating some report language for emphasis, is not intended to negate the language referred to above unless expressly provided herein.

PROGRAM, PROJECT AND ACTIVITY

During fiscal year 1996, for the purposes of the Balanced Budget and Emergency Deficit Control Act of 1985 (Public Law 99–177), as amended, with respect to funds provided for

the Department of Transportation and related agencies, the terms ''program, project and activity'' shall mean any item for which a dollar amount is contained in an appropriations Act (including joint resolutions providing continuing appropriations) or accompanying reports of the House and Senate Committees on Appropriations, or accompanying conference reports and joint explanatory statements of the committee of conference. In addition, the reductions made pursuant to any sequestration order to funds appropriated for ''Federal Aviation Administration, facilities and equipment'' and for ''Coast Guard, Acquisition, construction, and improvements'' shall be applied equally to each ''budget item'' that is listed under said accounts in the budget justifications submitted to the House and Senate Committees on Appropriations as modified by subsequent appropriation Acts and accompanying committee reports, conference reports, or joint explanatory statements of the committee of conference. The conferees recognize that adjustments to the above allocations may be required due to changing program requirements or priorities. The conferees expect any such adjustment, if required, to be accomplished only through the normal reprogramming process.

STAFFING INCREASES PROVIDED BY CONGRESS

The conferees direct the Department of Transportation to fill expeditiously any positions added in this bill, without regard to agency-specific staffing targets which may have been previously established to meet the mandated government-wide staffing reductions. The conferees support the overall staffing reductions, and have made reductions in the bill which more than offset staffing increases provided for a small number of specific activities.

TITLE I—DEPARTMENT OF TRANSPORTATION

OFFICE OF THE SECRETARY

SALARIES AND EXPENSES

Amendment No. 1: Appropriates $56,189,000 for salaries and expenses of the Office of the Secretary, instead of $55,011,500 as proposed by the House and $56,500,000 as proposed by the Senate. Within these funds, the conferees have provided $91,000 and 1 full-time equivalent staff year for aviation information management.

The conference agreement includes the following changes to the budget request for this office:

Reductions in staff, −8 FTEs	−$600,000
Hold reception and representation costs to 1995 levels	−20,000
Hold travel to $365,000	−150,000
Reduce contractual services for acquisition, maintenance and repair of ADP equipment and commercial online data information systems, and other reductions	−500,000
Delete funds for residual functions of the Interstate Commerce Commission	−4,705,000

Reductions in staff, −8 FTEs.—The conference agreement reduces the number of full time equivalent staff of the Office of the Secretary by 8 full-time equivalent staff years and $600,000. Though the conferees believe that reductions in the number of attorney advisors, public affairs specialists and congressional affairs officers will not undermine the ability of the Department to conduct its core duties and responsibilities, the conference agreement affords the Secretary the flexibility to determine the specific reductions in staff. The Secretary is directed to allocate the reduction in staff and notify the House and Senate Committees on Appropriations within fifteen days after the enactment of this Act.

Travel, office of the assistant secretary for budget and programs.—The conference agreement includes $5,000 for the travel of the office of the assistant secretary for budget and programs, which is the same level imposed upon the office in fiscal year 1995. The conferees are concerned that travel for this office in fiscal year 1995 may have exceeded last year's directive and that this directive may have been circumvented by using funds from the operating administrations. The conferees reiterate that Congressional directives in this area need to be followed explicitly by this office in the future and direct that no funds be used from other sources to supplement travel by this office.

Reprogramming procedures.—Over the past year, the conferees have become aware of numerous instances in which various modal administrations of the department have either misinterpreted or disregarded the existing departmental reprogramming procedures, which limit reprogrammings among programs, projects and activities to no more than ten percent unless Congressional approval is granted. The conferees reiterate that the department shall not take any action that would contravene an instruction included in the conference agreement unless such action is in accord with the established reprogramming guidelines and for which previous Congressional approval is provided.

Office of intermodalism.—The conferees note that in 1991, the Intermodal Surface Transportation Efficiency Act created the Office of Intermodalism within the Department of Transportation to initiate and promote efficient intermodal transportation. The conferees express their support for the assistance the office has given the Department of Defense in exploring joint-use, civilian/military transportation infrastructure improvements at Biggs Army Airfield located at Fort Bliss, Texas. In consultation and cooperation with Santa Teresa, New Mexico and its proposed intermodal transportation facility, the conferees urge the Department to consider to support actively this venture.

Amendment No. 2: Provides $40,000 for official reception and representation expenses as proposed by the House instead of $60,000 as proposed by the Senate.

Amendment No. 3: Includes language that prohibits funds from being used to maintain ''custody'' of airline tariffs as proposed by the Senate, instead of language that prohibits funds to maintain ''duplicate physical copies'' of airline tariffs as proposed by the House.

Amendment No. 4: Includes the words ''and open'' as proposed by the Senate, instead of ''or open them'' as proposed by the House.

OFFICE OF CIVIL RIGHTS

Amendment No. 5: Appropriates $6,554,000 for the Office of Civil Rights as proposed by the House instead of $12,083,000 as proposed by the Senate. The conference agreement disallows the transfer of 65 FTEs and $5,158,000 to consolidate external civil rights functions in the office of the secretary. The conferees are concerned that the proposal to consolidate the various modal offices of civil rights into one office under the guidance of the secretary may dilute the power and flexibility of those offices to respond to the needs of small and minority businesses participating in the various programs of the modal administrations.

TRANSPORTATION PLANNING, RESEARCH, AND DEVELOPMENT

Amendment No. 6: Appropriates $8,220,000 for transportation planning, research, and development instead of $3,309,000 as proposed by the House and $9,710,000 as proposed by the Senate. The conference agreement provides $3,900,000 for the integrated personnel/payroll system; $2,809,000 for transportation planning studies; $1,000,000 for aviation management systems; and $500,000 for the docket management system. Funding of $6,195,000 for the automated procurement system is deferred.

Railroad Safety Institute.—The conferees urge the Department to consider providing funds to establish the Railroad Safety Institute. This relates to a Senate provision in amendment numbered 185.

WORKING CAPITAL FUND

Amendment No. 7: Limits expenses of the working capital fund to $103,149,000, instead of $102,231,000 as proposed by the House and $104,364,000 as proposed by the Senate. The conference agreement includes the following reductions to the budget request:

Disallowance of transfer from OST of intermodal data network	−$453,000
Hold non-pay inflationary increases to 1.5 percent	−262,000
Reduction in WCF-funded travel	−300,000
Reduction in executive training and development programs	−200,000

PAYMENTS TO AIR CARRIERS

(LIQUIDATION OF CONTRACT AUTHORIZATION)

(AIRPORT AND AIRWAY TRUST FUND)

(INCLUDING RESCISSION OF CONTRACT AUTHORIZATION)

Amendment No. 8: Appropriates $22,600,000 to liquidate contract authority obligations for payments to air carriers instead of $15,000,000 as proposed by the House and $26,738,536 as proposed by the Senate.

Amendment No. 9: Limits obligations for payments to air carriers to $22,600,000, instead of $15,000,000 as proposed by the House and $26,738,536 as proposed by the Senate.

The conferees fully intend that all essential air service communities that are participating in the program in fiscal year 1995 will continue to be eligible for participation in the essential air service program in fiscal year 1996, albeit at reduced levels. The conferees expect that the Department may be required to make pro-rata reductions in the subsidy or daily/weekly service levels to manage the funding reductions included in the conference report.

Amendment No. 10: Includes language proposed by the House that prohibits payments to air carriers in communities fewer than seventy highway miles from the nearest large or medium hub airport instead of seventy-five highway miles as proposed by the Senate.

Amendment No. 11: Deletes ''or small'' proposed by the Senate. The program mileage criteria retained in the conference agreement pertain only to distances from the nearest ''large or medium'' hub airport as proposed by the House.

Amendment No. 12: Deletes exception to essential air service program mileage criteria for communities having certain airline maintenance facilities proposed by the Senate. The House bill contained no similar exception.

Amendment No. 13: Includes language proposed by the House that allows essential air service subsidies to communities located greater than two hundred and ten miles from the nearest large or medium hub airport instead of two hundred miles as proposed by the Senate.

Amendment No. 14: Rescinds $16,000,000 in contract authority from the payments to air

carriers program instead of $23,600,000 as proposed by the House and $11,861,464 as proposed by the Senate. The conference agreement rescinds contract authority that is not available for obligation due to annual limits on obligations.

Amendment No. 15: Deletes House language that would require the state, local government, or other non-Federal entity to pay at least fifty percent of the cost of providing essential air service. The conferees recognize that many states' legislatures are not in session at this time and would have difficulty responding to the cost sharing requirements contained in the House bill. The conferees note, however, that states, local governments and non-Federal entitles should begin pursuing cost sharing mechanisms in anticipation of a fifty percent cost share requirement in fiscal year 1997.

RENTAL PAYMENTS

Amendment No. 16: Appropriates $135,200,000 for rental payments instead of $130,803,000 as proposed by the House and $139,689,000 as proposed by the Senate.

Amendment No. 17: Provides $17,685,000 in rental payments from ''Federal-aid highways, Limitation on general operating expenses'' as proposed by the Senate instead of $17,099,000 as proposed by the House.

MINORITY BUSINESS OUTREACH

Amendment No. 18: Appropriates $2,900,000 for minority business outreach activities as proposed by the House instead of $2,100,000 as proposed by the Senate.

Amendment No. 19: Provides that of the funds appropriated for minority business outreach activities, $2,642,000 shall be available until September 30, 1997, as proposed by the House instead of $1,842,000 as proposed by the Senate.

Amendment No. 20: Provides that funds appropriated for minority business outreach activities may be used for business opportunities related to any mode of transportation as proposed by the Senate. The House bill contained no similar provision.

INTERSTATE COMMERCE COMMISSION SUNSET

Amendment No. 21: Deletes appropriation of $4,705,000 for the Interstate Commerce Commission Sunset activities proposed by the Senate. The House bill contained no similar appropriation. Funding for these activities is included under amendment numbered 166.

COAST GUARD

OPERATING EXPENSES

Amendment No. 22: Appropriates $2,278,991,000 for Coast Guard operating expenses instead of $2,565,607,000 as proposed by the House and $2,286,000,000 as proposed by the Senate. The conference agreement assumes that additional funding of $300,000,000 will be provided in the Department of Defense Appropriations Act, 1996.

The following table shows detailed adjustments to the budget estimate in the House and Senate recommendations and the conference agreement by budget activity:

	House bill	Sente bill	Conference
Pay and allowances:			
Budget estimate	$1,591,835,000	$1,591,835,000	$1,591,835,000
Adjustments to budget estimate:			
Military pay and benefits:			
Military pay raise (2.2%)	−1,401,000	0	0
Military essentiality	−1,000,000	0	−1,000,000
General detail	−3,000,000	−3,000,000	−3,000,000
Leased housing (transfer)	−14,900,000	−14,900,000	−14,900,000
Civilian pay and benefits:			
SES staffing	+1,000,000	0	0
Youth opportunity staffing	−825,000	−825,000	−825,000
Medical care and equipment: Hold costs to fiscal year 1995 level	−6,300,000	0	−2,835,000
Leased housing (by transfer)	+14,900,000	+14,900,000	+14,900,000
Budget activity-wide:			
Accelerate existing streamlining	−4,850,000	0	−4,850,000
Accelerate fiscal year 1997 restructuring	−5,000,000	0	0
Undistributed	+175,000	−8,000,000	0
Amount recommended	1,570,634,000	1,580,010,000	1,579,325,000
Depot level maintenance:			
Aircraft	139,041,000	139,041,000	138,124,000
Electronics	31,549,000	31,549,000	31,549,000
Shore facilities	95,645,000	94,126,000	93,963,000
Vessels	99,081,000	99,081,000	98,465,000
Amount recommended	365,316,000	363,797,000	362,101,000
Operations and support:			
Budget estimate	400,496,000	400,496,000	400,496,000
Adjustments to budget estimate:			
Area operations and support:			
Cutters—high endurance	0	−263,000	−263,000
Area offices	0	−823,000	−823,000
Maintenance and logistics commands	0	−12,734,000	−2,734,000
Communications stations	0	−155,000	0
District operations and support:			
District offices	−5,600,000	0	−2,800,000
Groups and bases	0	−577,000	−577,000
Combined group/air stations	0	−359,000	−359,000
Marine safety offices	0	−1,285,000	−1,285,000
LORAN stations	0	−237,000	−237,000
Amount recommended	394,896,000	394,063,000	391,418,000
Recruting and training:			
Budget estimate	70,943,000	70,943,000	70,943,000
Adjustments to budget estimate: Graduate school tuition	−1,000,000	0	0
Amount recommended	69,943,000	70,943,000	70,943,000
Coast Guard-wide centralized services and support:			
Budget estimate	189,726,000	189,726,000	189,726,000
Adjustments to budget estimate:			
Headquarters-managed units:			
TISCOM	0	−19,000	−19,000
Military personnel center	−150,000	0	−150,000
Activities Europe	0	−1,372,000	−1,372,000
Headquarters administration:			
Hold to 1.7 percent increase	−2,000,000	0	−2,000,000
Reduce by three-tenths of 1 percent	0	−325,000	0
Centralized bill paying:			
FTS 2000	−1,434,000	−560,000	−900,000
FEC	−647,000	0	−647,000
Unemployment compensation	−115,000	−115,000	−115,000
Amount recommended	185,380,000	187,335,000	184,523,000
Account-wide adjustments:			
Recreational equipment	−146,000	−146,000	−146,000
Non-pay inflation	−5,842,000	−5,842,000	−5,842,000
Non-operational travel	−1,831,000	−1,831,000	−1,831,000
MPPC contracting out	−500,000	0	0
Undistributed	−10,243,000	−2,329,000	0
VTS contracting out	−1,000,000	0	−1,000,000
Studies and analysis	−1,000,000	0	−500,000
Defense bill—offset	0	−300,000,000	−300,000,000

	House bill	Sente bill	Conference
Amount recommended	−20,562,000	−310,148,000	−309,319,000
Total appropriation	2,565,607,000	2,286,000,000	2,278,991,000

Reprogramming procedures.—The House report expressed concern that the Coast Guard has misinterpreted the existing departmental reprogramming procedures, which limit reprogrammings among programs, projects, and activities (PPAs) to a specified percentage unless Congressional notification and approval is granted, and which define PPAs. In response, the Coast Guard stated they are unaware of any such guidelines. The conferees are concerned that the Coast Guard is unaware of the document titled ''Reprogramming Guidelines'' issued on April 13, 1992 to each of the operating administrations by the Assistant Secretary for Budget and Programs, in which these and other important procedures are specified. Consequently, the conferees direct the Assistant Secretary for Budget and Programs to re-issue this guidance to all operating administrations as soon as possible, and to report to the House and Senate Committees on Appropriations regarding the Coast Guard's compliance with those guidelines under the service's current practices.

Military/civilian staffing ratio.—The conference agreement includes a reduction of $1,000,000 for conversion of military support positions to civilian positions, as proposed by the House, and no additional senior executive service (SES) positions, as proposed by the Senate. The House believed that a modest increase in the ratio of civilians to military staffing in the Coast Guard and additional SES positions would lead to budget savings, management stability, and stronger ''corporate memory'' than is presently the case. While supporting the concept of military-to-civilian conversion, the Senate assumed no savings from that conversion and did not agree that additional SES positions were necessary. The conferees agree that this topic should be more fully explored, and direct the U.S. General Accounting Office to follow up on its past work in this area by conducting a thorough analysis of the Coast Guard's military/civilian staffing ratio to determine the benefits of greater military-to-civilian conversion, including senior civilian management positions such as the senior executive service.

Marine safety resources.—The conferees concur in the initiative of the Senate and have provided adequate funds within the amounts made available for military pay and marine safety office (MSO) operations to restore the marine safety billets slated for termination. The conferees expect funds provided for MSO operations above the fiscal year 1995 level first to be used for annualization of fiscal year 1995 follow-on costs and then to restore the operating costs associated with these 21 billets. The conferees expect the Commandant to submit the report on these restored billets as requested by the Senate.

Military personnel center.—The conference agreement includes a reduction of $150,000 for recruiting activities. These activities should be funded under ''recruiting and training'', not under this project.

Vessel traffic service contracting out.—The conference agreement includes a reduction of $1,000,000 in the operating cost of vessel traffic service (VTS) systems across the country, as proposed by the House. This represents a 5 percent reduction from the budgeted level of $19,862,000. The conferees believe that VTS system operations are a prime candidate for contract operation, and that such systems could be operated at less cost than is presently the case with government employees. The Coast Guard has a study underway to address the long-term viability of retaining the VTS mission within the Coast Guard budget, and the conferees await the results of that study next year. However, this interim step is necessary due to budget constraints and to assist in determining the lowest cost method of operating VTS systems within the Coast Guard budget.

Southern Lake Michigan air facility.—The conference report includes funds to maintain a Coast Guard search and rescue air facility located in southern Lake Michigan.

Amendment No. 23: Provides that, of the total funding provided for ''Operating expenses'', $20,000,000 shall be expended from the Boat Safety Account of the Aquatic Resources Trust Fund instead of $25,000,000 as proposed by the House and no funds as proposed by the Senate. Under current law, the Coast Guard is authorized to expend from the trust fund for boating safety activities an amount equal to the amount appropriated for the boat safety grants program.

Amendment No. 24: Deletes House language specifying that no less than $314,200,000 is available for drug enforcement activities, as proposed by the Senate.

ACQUISITION, CONSTRUCTION, AND IMPROVEMENTS

Amendment No. 25: Appropriates $362,375,000 for ''Acquisition, construction, and improvements'' instead of $375,175,000 as proposed by the House and $366,800,000 as proposed by the Senate. The conferees also approve reprogramming totaling $38,000,000, resulting in overall program resources of $400,375,000 for fiscal year 1996.

A table showing the distribution of this appropriation by project as included in the fiscal year 1996 budget estimate, House bill, Senate bill, and the conference agreement follows:

ACQUISITION CONSTRUCTION AND IMPROVEMENTS: CONFERENCE AGREEMENT—FISCAL YEAR 1996

Program name	Fiscal year 1996 estimate	Fiscal year 1996 House	Fiscal year 1996 Senate	Conference agreement
Vessels:				
Survey and design—cutters and boats	$500,000	$500,000	$500,000	$500,000
Seagoing buoy tender (WLB) replacement	65,000,000	65,000,000	65,000,000	65,000,000
Coastal buoy tender (WLM) replacement	93,000,000	93,000,000	93,000,000	93,000,000
47-foot motor lifeboat (MLB) replacement project	500,000	500,000	500,000	500,000
Buoy boat replacement project (BUSL)	8,500,000	0	8,500,000	0
Polar icebreaker replacement follow-on	4,300,000	4,300,000	0	0
82-foot WPB capability replacement	4,000,000	0	0	0
Norwegian crewing concept development (NORCREW)	2,000,000	2,000,000	0	0
Self propelled barge replacement	900,000	900,000	0	0
Surface search radar replacement project	3,500,000	3,500,000	0	0
210-foot medium endurance cutter MMA	14,500,000	14,500,000	10,500,000	6,000,000
378-foot shipboard command & control	1,300,000	1,300,000	0	0
Configuration management	5,700,000	5,700,000	0	2,600,000
Total vesssels	203,700,000	191,200,000	178,000,000	167,600,000
Aircraft:				
Traffic alert & collision avoidance system (TCAS) phase IV	13,000,000	10,000,000	8,000,000	8,000,000
Global positioning system installation phase VI	1,900,000	1,900,000	1,900,000	1,900,000
HH–65 Helicopter main transmission gearbox upgrade phase II	2,500,000	2,500,000	2,500,000	0
HC–130 side looking airborne radar (SLAR) upgrade	2,100,000	2,100,000	2,100,000	2,100,000
Total aircraft	19,500,000	16,500,000	14,500,000	12,000,000
Other equipment:				
Supply center computer replacement	1,000,000	1,000,000	1,000,000	1,000,000
Fleet logistics system	3,000,000	3,000,000	0	3,000,000
Vessel traffic service (VTS) system 2000	5,000,000	5,000,000	2,000,000	3,400,000
VTS equipment replacement	3,000,000	3,000,000	3,000,000	1,900,000
Marine information for safety and law enforcement (MISLE)	11,000,000	11,000,000	11,000,000	11,000,000
Conversion of software applications	11,100,000	6,100,000	9,000,000	8,500,000
Finance center information system replacement	2,600,000	2,600,000	2,500,000	2,500,000
Differential GPS transmitter replacement	1,700,000	0	1,700,000	1,700,000
Differential GPS implementation—second district	2,400,000	0	2,400,000	0
Search and rescue simulation model (SARSIM)	500,000	500,000	500,000	500,000
Communication systems 2000	11,000,000	6,000,000	11,000,000	11,000,000
WLB/WLM support facility	1,500,000	1,500,000	1,000,000	1,000,000
Vessel navigation training simulator	1,500,000	1,500,000	1,500,000	1,500,000
Local notice to mariners automation	500,000	500,000	500,000	500,000
Global maritime distress and safety system	500,000	500,000	500,000	500,000
Operational information system	0	0	0	1,200,000
Total other equipment	56,300,000	42,200,000	47,600,000	49,200,000
Shore facilities and aids to navigation:				
Survey and design—Shore projects	8,000,000	8,000,000	6,000,000	6,000,000

ACQUISITION CONSTRUCTION AND IMPROVEMENTS: CONFERENCE AGREEMENT—FISCAL YEAR 1996—Continued

Program name	Fiscal year 1996 estimate	Fiscal year 1996 House	Fiscal year 1996 Senate	Conference agreement
Minor AC&I shore construction projects	5,000,000	5,000,000	4,000,000	4,000,000
Streamlining initiatives	5,000,000	5,000,000	0	0
Air station consolidation	11,00,000	11,000,000	0	0
Coast Guard Yard ship handling facility (phase II)	15,100,000	0	7,000,000	7,000,000
Public family quarters	22,700,000	20,275,000	8,900,000	9,175,000
Station Boothbay Harbor, ME—renovate/expand	2,800,000	2,800,000	2,800,000	2,800,000
Base South Portland, ME—construct station operations bldg.	2,600,000	2,600,000	2,600,000	2,600,000
Base San Juan, PR—reconstruction	3,150,000	3,150,000	0	0
Station Port Isabel, TX—reconstruct/expand waterfront facilities	2,650,000	2,650,000	2,650,000	2,650,000
Station Portage, MI—relocate/replace station facilities	4,200,000	4,200,000	4,200,000	2,300,000
Station Chetco River, OR—construct mooring/waterfront	2,000,000	2,000,000	2,000,000	2,000,000
Station Honolulu, HI—replacement	5,000,000	5,000,000	5,000,000	5,000,000
Waterways ATON projects	5,500,000	5,500,000	4,000,000	4,500,000
Overseas LORAN closure	0	0	0	−1,900,000
Streamlining/initiatives:				
New London, CT: Academy (Roland Hall renovation)	5,100,000	5,100,000	0	3,900,000
New London, CT: Academy (CPO & leadership schools)	0	0	2,500,000	2,500,000
New London: CT: Academy (Galley renovation)	0	0	0	5,000,000
Wadsworth, NY: Group/MSO/VTC Center	0	0	9,000,000	9,000,000
Rosebank, NY: Pier and station rehabilitation	0	0	4,000,000	4,000,000
Rosebank, NY: Moorings	0	0	0	3,900,000
Bayonne, NJ: Pier improvements/ANT team facilities	0	0	5,700,000	5,700,000
Sandy Hook, NJ: Construct group engineering building	0	0	2,750,000	2,750,000
Portsmouth, VA: Support center administrative space	0	0	4,000,000	4,000,000
Boston, MA: Support center rehabilitation	0	0	2,000,000	2,000,000
Yorktown, VA: Reserve training center yeoman school mods	0	0	1,100,000	0
Total shore facilities and aids to navigation	99,800,000	82,200,000	80,200,000	88,875,000
Personnel and related support:				
Direct personnel costs	48,200,000	42,500,000	46,000,000	44,200,000
Core acquisition costs	700,000	500,000	500,000	500,000
Total personnel and related	48,900,000	43,000,000	46,500,000	44,700,000
Total appropriations	428,200,000	375,175,000	366,800,000	362,375,000

Amendment No. 26: Provides $167,600,000 to acquire, repair, renovate or improve vessels, small boats and related equipment instead of $191,200,000 as proposed by the House and $178,000,000 as proposed by the Senate. In addition, the conference agreement includes the reprogramming of $14,000,000 from the seagoing and coastal buoy tender (WLB/WLM) programs, to be reallocated to the following programs:

Polar icebreaker replacement	$4,300,000
NORCREW search and rescue boat	2,000,000
Self-propelled barge	900,000
Surface search radar replacement	3,500,000
378-foot shipboard command and control	1,300,000
210-foot cutter MMA	2,000,000

Stern loading buoy boat (BUSL) replacement.—The conference agreement provides no funding for this project, as proposed by the House, instead of $8,500,000 as proposed by the Senate. This should be interpreted as a deferral of additional funding, and not Congressional desire to terminate the project. Due to project delays, prior year funding is available to continue this effort through fiscal year 1996 without additional appropriation.

Amendment No. 27: Provides $12,000,000 to acquire new aircraft and increase aviation capability instead of $16,500,000 as proposed by the House and $14,500,000 as proposed by the Senate.

RU–38A wing assembly upgrade.—The conferees understand the Coast Guard has identified a particular upgrade to the center wing assembly of the RU–38A surveillance aircraft which could significantly enhance the aircraft's service life, range and endurance on operational missions. The conferees understand that additional funding may be required to conduct this upgrade, and encourage the Coast Guard to submit a reprogramming proposal to the Congress for this work if the Coast Guard determines the project to be of sufficient priority.

Amendment No. 28: Provides $49,200,000 for other equipment instead of $42,200,000 as proposed by the House and $47,600,000 as proposed by the Senate.

Operational information system.—The conference agreement includes $1,200,000 for procurement and evaluation of prototypes of the operational information system (OIS), proposed by the House under the ''Research, development, test and evaluation'' (RDT&E) appropriation. In its appeal to the conferees, the Coast Guard suggested that RDT&E was not the appropriate account for this project. Consequently, the conference agreement includes funding under this appropriation.

Amendment No. 29: Provides $88,875,000 for shore facilities and aids to navigation facilities instead of $82,275,000 as proposed by the House and $80,200,000 as proposed by the Senate. In addition, the conference agreement includes the reprogramming of $24,000,000 from various shore facilities as listed in the Senate report (−$22,100,000) and from the overseas Loran-C closure program (−$1,900,000), to be reallocated to the following programs:

Air station consolidation	$11,000,000
Public family quarters	11,100,000
Station Portage, MI	1,900,000

Amendment No. 30: Provides $44,700,000 for acquisition-related personnel compensation, benefits and related costs instead of $43,000,000 as proposed by the House and $46,500,000 as proposed by the Senate.

Amendment No. 31: Deletes House language that would have allowed the Secretary to transfer up to $50,000,000 within the AC&I appropriation for implementation costs associated with Coast Guard streamlining plans. The Senate bill provided funding for specific streamlining projects rather than transfer authority for unspecified projects. The conference agreement adopts the Senate approach, providing $42,750,000 for ten streamlining projects. This compares to $31,050,000 in the Senate bill. The budget request included $5,000,000 for unspecified projects. The conferees are very supportive of the Coast Guard's streamlining efforts and look forward to reviewing specific proposals next year in detail.

Amendment No. 32: Provides that the Commandant may dispose of surplus real property by sale or lease and the proceeds shall be credited to this appropriation. The Senate bill required disposal by sale or lease. The House bill contained no similar provision.

PORT SAFETY DEVELOPMENT

Amendment No. 33: Appropriates $15,000,000 for debt retirement of the Port of Portland, Oregon, to remain available until expended, as proposed by the Senate. The House bill contained no similar appropriation.

ALTERATION OF BRIDGES

Amendment No. 34: Appropriates $16,000,000 for the alteration or removal of obstructive bridges as proposed by the House instead of $2,000,000 as proposed by the Senate.

A table comparing the fiscal year 1996 estimate, House bill, Senate bill, and conference agreement by bridge and location follows:

	Fiscal year 1996 estimate	House bill	Senate bill	Conference agreement
Bridge and location:				
Burlington, IA, Burlington Northern RR Bridge	$2,000,000	$2,000,000	$2,000,000	$2,000,000
New Orleans, LA, Florida Avenue RR/HW Bridge		2,000,000		2,000,000
Brunswick, GA, Sidney Lanier HW Bridge		8,000,000		8,000,000
Chelsea St. Bridge, Boston, MA		2,000,000		2,000,000
Limehouse HW Bridge, St. John's Island, SC		2,000,000		2,000,000
Total	2,000,000	16,000,000	2,000,000	16,000,000

RESERVE TRAINING

Amendment No. 35: Appropriates $62,000,000 for reserve training as proposed by the Senate instead of $61,859,000 as proposed by the House.

RESEARCH, DEVELOPMENT, TEST, AND EVALUATION

Amendment No. 36: Appropriates $18,000,000 for research, development, test, and evaluation instead of $18,500,000 as proposed by the House and $20,000,000 as proposed by the Senate.

The following table summarizes the fiscal year 1996 budget estimate, House and Senate recommendations, and the conference agreement by program, project and activity:

Program area	Fiscal year 1996 estimate	House bill	Senate bill	Conference agreement
Improve search and rescue capability:				
Search planning	$100,000	$100,000		100,000
Search process, platforms and sensors	400,000	400,000		400,000
Personnel	432,000	432,000		432,000
Total	932,000	932,000	500,000	932,000
Waterways safety and management:				
Waterways management	500,000	500,000		400,000
Advanced vessel traffic systems/services	600,000	100,000		275,000
Integrated navigation systems	450,000	450,000		450,000
Short range aids to navigation	400,000	200,000		200,000
Advanced GPS development	0	0		0
Personnel	864,000	864,000		864,000
Total	2,814,000	2,114,000	1,325,000	2,189,000
Marine safety:				
Marine safety research	530,000	200,000		200,000
Human factors analysis	1,685,000	700,000		1,050,000
Fire safety for commercial vessels	960,000	750,000		750,000
Personnel	972,000	700,000		700,000
Total	4,147,000	2,350,000	2,000,000	2,700,000
Ship structure committee:				
Support for Committee	250,000	0	0	0
Personnel	36,000	0	0	0
Total	286,000	0	0	0
Marine environmental protection:				
Planning, management and training	150,000	150,000		150,000
Detection/surveillance systems	0	0		0
Oil pollution response	850,000	500,000		625,000
Personnel health and safety	75,000	75,000		75,000
Port demonstration project	0	0		0
OPA90 regional grant program	0	0		0
HazChem countermeasures and safety	0	0		0
Personnel	504,000	504,000		504,000
Total	1,579,000	1,229,000	1,075,00	1,354,000
Maritime law enforcement:				
Surveillance	725,000	725,000		725,000
Vessel search	0	0		0
Sensor integration information	0	0		0
Personnel	504,000	504,000		504,000
Total	1,229,000	1,229,000	725,000	1,229,000
Safety and environmental compliance:				
Cutter fire safety technology	600,000	586,000	0	586,000
Pollution prevention	500,000	500,000	0	500,000
Aviation engineering support	75,000	0	0	0
Vessel loss exposure and risk analysis methology	620,000	620,000	0	620,000
Personnel	612,000	612,000		612,000
Total	2,407,000	2,318,000	0	2,318,000
Human resource management effectiveness:				
Training techniques and technologies	300,000	0	0	100,000
Staffing standards development	0	0	0	0
Personnel	144,000	0	0	0
Total	444,000	0	0	100,000
Command, control, computers and intelligence:				
Information systems	280,000	1,780,000	0	280,000
Advanced communications systems	0	0	0	0
Personnel	648,000	648,000	0	648,000
Total	928,000	2,428,000	0	928,000
Technology base:				
Future technology assessment	300,000	0	0	0
Modeling	150,000	0	0	0
Select projects	450,000	300,000	0	300,000
Personnel	684,000	200,000	0	200,000
Total	1,584,000	500,000	0	500,000
R&D personnel, program support and operations				
Admin/support personnel and related costs	3,100,000	2,600,000	0	2,850,000
Support and operations	1,700,000	1,500,000	0	1,600,000
R&D management info system development	500,000	450,000	0	450,000
Modernization of F&STD test facilities	850,000	850,000	0	850,000
Total	6,150,000	5,400,000	0	5,750,000
Mission capabilities assessment	0	0	1,780,000	0
Multimission/administrative support	0	0	12,595,000	0
Other projects:				
South Florida oil spill research center	0	0	0	0
Maritime Fire and Research Assoc.	0	0	0	0
Total	0	0	0	0
Total appropriations	22,500,000	18,500,000	20,000,000	18,000,000

BOAT SAFETY

(AQUATIC RESOURCES TRUST FUND)

Amendment No. 37: Appropriations $20,000,000 for boat safety grants as proposed by the House instead of no funding as proposed by the Senate. The budget proposal and the Senate recommendation assumed this program would be fully funded as a mandatory appropriation beginning in fiscal year 1996. When combined with an estimated $10,000,000 in mandatory spending authorized by the Clean Vessel Act of 1992, total program resources are $30,000,000 for fiscal year 1996, which compares to $32,500,000 for fiscal year 1995.

Notwithstanding the difficult budget constraints faced by the Congress, the conferees believe that to convert discretionary grant programs such as this one to mandatory funding—avoiding annual budget review and competition with other programs in the appropriations process—would undermine fiscal constraint and lessen Congressional oversight in an area which has the country's second highest number of transportation-related fatalities and is currently on the National Transportation Safety Board's list of ''most wanted'' safety improvements. Rather than put this program on an automatic spending status and lessen oversight, the conferees believe the Coast Guard and the department could more effectively use these grant funds to target states with poor boat safety records, and provide leveraged funding for safety improvements.

The conferees also note the Coast Guard is in error when it assumes that funding for this and other maritime programs comes at the expense of its operating budget. The conferees wish to make clear to the Coast Guard and the department that, while funding for boating safety grants is clearly a portion of the overall allocation of budgetary resources in this bill, it should not be assumed that reductions have been made in Coast Guard operating expenses to accommodate this or any other important maritime programs in the bill.

EMERGENCY FUND

(LIMITATION ON PERMANENT APPROPRIATIONS)

(OIL SPILL LIABILITY TRUST FUND)

Amendment No. 38: Deletes limitation of $3,000,000 on the permanent appropriation authorized in section 1012(a)(4) of the Oil Pollution Act of 1990 proposed by the House. The Senate bill contained no similar limitation.

FEDERAL AVIATION ADMINISTRATION

OPERATIONS

(INCLUDING TRANSFER OF FUNDS)

Amendment No. 39: Inserts heading ''including transfer of funds'' as proposed by the Senate. This is necessary due to the disposition of amendment numbered 46.

Amendment No. 40: Appropriates $4,645,712,000 for FAA operations instead of $4,600,000,000 as proposed by the House and $4,550,000,000 as proposed by the Senate.

The following table summarizes adjustments to the budget estimate in the House and Senate bills and the conference agreement, by budget activity:

FAA OPERATIONS

	House bill	Senate bill	Conference agreement
Operation of the ATC system:			
Budget estimate	2,228,634,000	2,228,634,000	2,228,634,000
Adjustments to budget estimate:			
Contract tower streamlining	−6,520,000	0	0
''Quality through partnership''	−1,790,000	0	−1,790,000
General reduction	0	−28,310,000	0
Acclerated promotion	0	0	−4,300,000
Amount recommended	2,220,324,000	2,200,324,000	2,222,544,000
NAS logistics support:			
Budget estimate	185,158,000	185,158,000	185,158,000
Adjustments to budget estimate:			
Motor fleet, FAALC	−3,100,000	0	0
Depot spares	+4,000,000	0	0
General reduction	0	+4,493,000	0
Amount recommended	186,058,000	180,665,000	185,158,000
Maintenance of ATC system:			
Budget estimate	868,297,000	868,297,000	868,297,000
Adjustments to budget estimate:			
AMASS maintenance	−2,000,000	0	−2,000,000
OASIS maintenance	−100,000	0	−100,000
Undefined inflation	0	−3,602,000	−3,602,000
Amount recommended	866,197,000	864,695,000	862,595,000
Leased telecommunications:			
Budget estimate	328,423,000	328,423,000	328,423,000
Adjustments to budget estimate:			
Administrative communications	−4,680,000	0	−1,500,000
WECO switch offset	−2,000,000	0	−2,000,000
General reduction	0	−2,078,000	0
Amount recommended	321,743,000	326,345,000	324,923,000
Aviation regulation/certification:			
Budget estimate	399,711,000	399,711,000	399,711,000
Adjustments to budget estimate:			
Flight standards staff increase	−4,954,000	−4,954,000	0
New data systems	−1,634,000	−1,634,000	−1,634,000
PCS moves	−617,000	−617,000	−617,000
OMEGA navigation system	−8,556,000	−2,056,000	−1,840,000
Amount recommended	383,950,000	390,450,000	395,620,000
Aviation standards:			
Budget estimate	111,395,000	111,395,000	111,395,000
Adjustments to budget estimate:			
Hold costs to fiscal year 1995 level	−2,644,000	−2,644,000	−2,644,000
Amount recommended	108,751,000	108,751,000	108,751,000
Aviation security:			
Budget estimate	65,769,000	65,769,000	65,769,000
Adjustments to budget estimate:			
Hold costs to fiscal year 1995 level	−920,000	0	0
General reduction	0	−769,000	0
Amount recommended	64,849,000	65,000,000	65,769,000
NAS Design and management			
Budget estimate	53,277,000	53,277,000	53,277,000
Adjustments to budget estimate:			
General reduction	−8,277,000	−277,000	−3,000,000
Amount recommended	45,000,000	53,000,000	50,277,000
Administration of airports:			
Budget estimate	42,173,000	42,173,000	42,173,000
Adjustments to budget estimate:			
Staffing increase	−643,000	−673,000	−650,000
Amount recommended	41,530,000	41,500,000	41,523,000

FAA OPERATIONS—Continued

	House bill	Senate bill	Conference agreement
Commercial space transportation:			
Budget estimate	6,541,000	6,541,000	6,541,000
Adjustments to budget estimate:			
Hold travel to fiscal year 1995 level	−45,000	−45,000	−45,000
Contract programs	−666,000	−666,000	−666,000
Delete industry support	−60,000	−60,000	−60,000
Amount recommended	5,770,000	5,770,000	5,770,000
Human resource management:			
Budget estimate	231,947,000	231,947,000	231,947,000
Adjustments to budget estimate:			
Labor, personnel and human relations	−22,142,000	0	−17,197,000
Centralized training	−10,050,000	0	−8,000,000
MARC	+250,000	0	+250,000
General reduction	0	−23,447,000	0
Amount recommended	200,005,000	208,500,000	207,000,000
Executive direction and management:			
Budget estimate	189,216,000	189,216,000	189,216,000
Adjustments to budget estimate:			
Staffing reductions	−5,390,000	0	−3,169,000
Regional public affairs staffing	−2,047,000	0	−2,047,000
General reduction	−6,779,000	−9,216,000	0
Amount recommended	175,000,000	180,000,000	184,000,000
Account-wide adjustments:			
Administration aircraft	−3,600,000	0	−1,500,000
Adjustments to budget estimate:			
SAE grant	−105,000	0	0
Overseas personnel assignments	−500,000	0	−500,000
Non-pay inflation	−4,824,000	0	−4,824,000
Workers' compensation	−1,394,000	0	−1,394,000
Undistributed	−8,754,000	−15,000,000	0
Operational pay differential	0	−45,000,000	0
Non-pay inflation, administrative aircraft, and GSA vehicles	0	−5,000,000	0
Amount recommended	−19,177,000	−65,000,000	−8,218,000
Offsetting receipts: Amount recommended	0	−10,000,000	0
Total appropriation	4,600,000,000	4,550,000,000	4,645,712,000
Transfer from Coast Guard			60,000,000
Total funding	4,600,000,000	4,550,000,000	4,705,712,000

Contract tower streamlining program.—The conferees agree to restore the reduction of $6,520,000 proposed by the House for this program, but agree with the House's observation that in past years, funds for this important program have not been spent as intended, but reprogrammed to other activities. The conferees believe these delays have been at least partly due to wage determinations required administratively by the Department of Labor. Since the conferees agree with the Senate language amending and streamlining the wage determination process, it is hoped the contract tower program will move forward without further delay and achieve the promised budgetary savings. The FAA is directed not to reprogram any of the $6,520,000 appropriated for this program.

''Quality through partnership'' program.—The conference agreement deletes the $1,790,000 budgeted for this program, as proposed by the House. The conferees direct that no funds be reprogrammed for this activity during fiscal year 1996.

Accelerated promotion.—Since completion of House and Senate action on this bill, program savings of $4,300,000 have been found resulting from discontinuation of the accelerated promotion program for air traffic controllers. When the Training Agreement for Accelerated Promotions expired on July 15, 1995 and the administration made a decision not to renew the program, these funds became excess to budgetary requirements. This program allowed controllers to receive grade-to-grade promotions without fulfilling the time-in-grade requirements applicable to other federal employees. The conferees have used these savings to restore funding for additional FAA safety and certification inspectors, in order to provide the highest level of aviation safety possible.

Aviation safety inspectors.—The conference agreement fully funds the administration's request for 233 additional aviation safety inspectors, including an additional 117 general aviation inspectors. This is in addition to the increase in staffing provided for fiscal year 1995. Between fiscal year 1994 and 1996, end-of-year staffing in this area has risen from 4,051 to a funded level of 4,606, a two-year increase of almost 14 percent. Despite difficult budget constraints, the conferees believe this is a high priority safety area worthy of additional funding.

Flight service stations.—The conferees do not intend for FAA to close flight service stations not in the currently-approved plan, and believe funding in the conference agreement is sufficient for the FAA to continue to operate and maintain its existing network of flight service stations around the country.

Allocation of budget reductions.—The conferees reiterate to FAA and departmental officials that the funding allocations and reductions specified in the bill, as detailed and explained in this joint explanatory statement of the committee of conference, are the best expressions of Congressional intentions regarding the proper uses of appropriated funds. Should the department decide to reduce activities below the levels specified or implied herein, and in particular if activities are to be substantially reduced or terminated by agency action which is not specifically addressed in this statement, the department shall receive prior Congressional approval through the reprogramming process.

Mid America Aviation Resource Consortium.—The conferees agree to provide $250,000 for continued support of the Mid-America Aviation Resource Consortium, as proposed by the House, but intend that this be the final year of federal support for this facility unless requested in the President's budget.

Loran-C automatic blink system.—The conferees agree with the House's direction to expedite implementation of the automatic blink system for the Loran-C navigation system.

Aurora, IL en route center.—The conferees recognize the urgency of solving the problems causing computer outages at the FAA's air traffic control center in Aurora, Illinois. The Aurora center is one of the busiest in the world and a critical link in our nation's air traffic control system. Years of delay in updating the present equipment have resulted in an obsolete, aged, and failure-prone system in the Aurora center. FAA has worked diligently to develop an interim solution to this problem as quickly as is technologically feasible, pending installation of a new air traffic control system for the nation. The conferees deem maintenance of reliable operational capability at the Aurora center to be in the national interest of maintaining an efficient and viable national air transportation system, and deem the implementation of interim solutions to the problems causing computer outages to be an urgent national priority. FAA should simplify and expedite its procurement process to the maximum extent feasible, and should allocate all necessary personnel resources to assure that the existing system remains in reliable working order. If FAA determines that additional technological or personnel resources are necessary to develop and implement interim solutions to these problems, then the Congress would give serious consideration to providing such additional resources. The conference agreement includes $20,000,000, as proposed by the Senate, for the display channel complex rehost program, which will upgrade the computers at Aurora and similar centers.

Amendment No. 41: Provides that $2,222,859,100 shall be derived from the airport and airway trust fund instead of $1,871,500,000 as proposed by the House and $1,865,000,000 as proposed by the Senate.

Amendment No. 42: Allows funds for any ''agency'' services to be credited to this appropriation, as proposed by the Senate. The House bill specified that only receipts for ''aviation'' services be credited to the appropriation.

Amendment No. 43: Requires that funds credited to the appropriation be ''receipts

for'' certain services, as proposed by the Senate. The House bill contained no similar language.

Amendment No. 44: Deletes Senate language allowing $10,000,000 in additional safety and security fees to be credited to this appropriation. The conferees have not yet seen adequate details from the administration demonstrating the unequivocal need for new fees, and explanation and justification of the specific fees to be imposed, or a convincing argument that the FAA's cost structure is of such efficiency that new fees or taxes are necessary. In addition, the conferees believe there will be substantial savings achieved through the FAA reform provisions enacted in this bill and the broader revisions currently under consideration in the authorization process. Such cost savings, combined with further review of the agency's cost structure, could obviate or minimize the need for additional fees.

Amendment No. 45: The conference agreement deletes language proposed by the Senate which would have begun a three year phaseout of the ''five percent bonus pay'' for air traffic controllers and technicians, and inserts new language allowing the Secretary of Transportation permissive transfer authority of up to $60,000,000 from Coast Guard ''Operating expenses'' to augment funding for air traffic control operations and maintenance to enhance safety and security.

FAA operations funding and transfer flexibility.—Since consideration of the fiscal year 1996 transportation appropriations bill by the House and Senate, the administration has raised the priority of funding for FAA operations and maintenance. For example, in a September 13, 1995 letter to the House and Senate Appropriations Committees, the director of the Office of Management and Budget advised ''the administration has serious concerns that the funding level for Federal Aviation Administration (FAA) Operations would make it difficult to continue today's high levels of aviation safety. The administration's highest priority is that FAA operations be funded at the requested level.''

The conferees have given the utmost consideration to the administration's priorities. The conference agreement includes an appropriation for FAA operations above the levels proposed in either the House or Senate bill. In addition, the agreement includes the authority for the Secretary of Transportation to transfer up to $60,000,000 from Coast Guard ''Operating expenses'' to augment the FAA's operating budget for air traffic control operations and maintenance activities which enhance aviation safety and security. It is not clear at this time how much of this authority might be required, but the conferees wish to provide maximum flexibility in the event of a critical shortfall. With the transfer, total funding for FAA operations in this bill is $4,705,712,000, slightly above the administration's request.

In addition, the conference agreement fully restores the requested increase for aviation safety inspectors and implements significant FAA personnel and procurement reforms. The first action addresses a high administration priority and provides the maximum resources possible for an important safety initiative. Personnel and procurement reforms are expected to free up significant operating funds or air traffic control and safety-related activities. Overall, the conferees are confident that the increased funding level, combined with transfer flexibility and these additional actions, will be sufficient to maintain aviation safety over the coming year despite the difficult budget environment and the necessity for government-wide downsizing.

Five percent bonus pay.—The conference agreement restores the reduction of $45,000,000 to begin a three year phaseout of this pay proposed by the Senate. However, in order to accommodate the $88,600,000 estimated for this program, the conferees were required to hold funding for the airport improvement program to the fiscal year 1995 level of $1,450,000,000. Given the high priority placed on the five percent bonus by the administration and the desire to maintain morale in the air traffic controller workforce, the conferees believe it prudent and necessary to delay some airport construction projects to finance continuation of this important activity.

Aviation security.—The conference agreement fully funds the administration's request of $65,769,000 for aviation security activities due to the high priority of this activity given recent threat assessments.

Amendment No. 46: Provides for the transfer of unexpended balances from prior appropriations for the office of commercial space transportation to this appropriation, and prohibits airport and airway trust fund resources from being used to support the office of commercial space transportation, as proposed by the Senate. The House bill contained no similar provisions. The conference agreement transfers this office from the office of the secretary of transportation to the FAA.

FACILITIES AND EQUIPMENT

(AIRPORT AND AIRWAY TRUST FUND)

Amendment No. 47: Appropriates $1,934,883,000 for facilities and equipment instead of $2,000,000,000 as proposed by the House and $1,890,377,000 as proposed by the Senate.

The following table summarizes the fiscal year 1996 budget estimate, House and Senate recommended levels, and the conference agreement by program, project, and activity:

FACILITIES AND EQUIPMENT
Conference Agreement
(In thousands of dollars)

FY96 LINE	TITLE	FY 1996 Estimate	FY 1996 House	FY 1996 Senate	Conference Agreement
BA1	ENGINEERING DEVELOPMENT, TEST AND EVALUATION:				
1A01	AVIATION WEATHER SERVICES IMPROVEMENTS	13,700.0	26,100.0	13,700.0	19,700.0
1A02	EN ROUTE AUTOMATION	317,400.0	256,700.0	256,700.0	256,700.0
	AERONAUTICAL DATA LINK (ADL)	0.0	27,400.0	27,400.0	27,400.0
1A04	VOICE SWITCHING AND CONTROL SYSTEM (VSCS) - EDT&E	11,000.0	11,000.0	11,000.0	11,000.0
1A03	OCEANIC AUTOMATION SYSTEM	47,100.0	47,100.0	47,100.0	47,100.0
	AERONAUTICAL DATA LINK (ADL) APPLICATIONS				
	SUBTOTAL - EN ROUTE PROGRAMS	389,200.0	368,300.0	355,900.0	361,900.0
1B01	AIRPORT SURVEILLANCE RADAR (ASR)	14,300.0	14,300.0	14,300.0	14,300.0
1B02	REMOTE MAINTENANCE MONITORING SYSTEM	3,000.0	3,000.0	0.0	0.0
1B03	TERMINAL AUTOMATION	31,600.0	31,600.0	24,400.0	31,600.0
1B04	TOWER AUTOMATION	29,500.0	29,500.0	29,500.0	29,500.0
	TERMINAL AREA SURVEILLANCE SENSOR (TASS)	0.0	5,800.0	5,000.0	5,000.0
	LOW-COST ASDE	0.0	8,000.0	0.0	5,000.0
	LOOP TECHNOLOGY FOR SURFACE DETECTION	0.0	2,000.0	0.0	2,000.0
	SUBTOTAL - TERMINAL PROGRAMS	78,400.0	94,200.0	73,200.0	87,400.0
1EO2	FAA TECHNICAL CENTER FACILITY - BUILDING LEASE	5,290.0	.0	5,290.0	5,290.0
1EO3	UTILITY PLANT MODIFICATIONS	1,560.0	.0	1,560.0	1,560.0
1EO5	NAS IMPROVEMENT OF SYSTEM SUPPORT LABORATORY	2,000.0	.0	2,000.0	2,000.0
1EO6	TECHNICAL CENTER FACILITIES	9,600.0	20,600.0	9,600.0	9,600.0
1EO8	CAMI INFRASTRUCTURE - MODERNIZATION	600.0	600.0	600.0	600.0
1EO1	INDEPENDENT OPERATIONAL TEST SUPPORT	1,500.0	1,500.0	1,500.0	1,500.0
1EO4	GENERAL AIRPORT IMPROVEMENTS	150.0	.0	150.0	150.0
1EO7	TECHNICAL CENTER FIBER DATA DISTRIBUTION INTERFACE	2,000.0	.0	2,000.0	2,000.0
1EO9	CABIN RESEARCH FACILITY CONSTRUCTION	500.0	500.0	500.0	500.0
	SUBTOTAL, RDT&E EQUIPMENT AND FACILITIES	23,200.0	23,200.0	23,200.0	23,200.0
	TOTAL ACTIVITY 1	*490,800.0*	*485,700.0*	*452,300.0*	*472,500.0*
BA2	AIR TRAFFIC CONTROL FACILITIES AND EQUIPMENT:				
	DISPLAY COMPLEX CHANNEL REHOST	0.0	.0	20,000.0	20,000.0
2AO1	LONG RANGE RADAR (LRR) PROGRAM - REPLACE/ESTABLISH	12,800.0	12,800.0	12,800.0	12,800.0
2A02	RML SYSTEM REPLACEMENT/EXPANSION	1,000.0	1,000.0	1,000.0	1,000.0
2AO3	NEXT GENERATION WEATHER RADAR (NEXRAD) - PROVIDE	10,800.0	10,800.0	10,800.0	10,800.0
2AO4	ATC EN ROUTE RADAR FACILITIES IMPROVEMENTS	17,700.0	11,800.0	11,800.0	11,800.0
2AO5	EN ROUTE AUTOMATION	17,700.0	17,700.0	17,700.0	17,700.0
2AO6	AIR TRAFFIC OPERATIONS MANAGEMENT	1,000.0	1,000.0	1,000.0	1,000.0
2AO7	WEATHER AND RADAR PROCESSOR (WARP)	7,800.0	7,800.0	7,800.0	7,800.0
2A08	AERONAUTICAL DATA LINK (ADL) APPLICATIONS	15,000.0	.0	0.0	0.0
2A09	ARTCC BUILDING IMPROVEMENTS/PLANT IMPROVEMENTS	42,100.0	59,100.0	59,100.0	59,100.0
2A10	VOICE SWITCHING AND CONTROL SYSTEM (VSCS)	112,700.0	106,100.0	106,100.0	106,100.0
2A11	RCF - EXPAND/RELOCATE	1,000.0	1,000.0	1,000.0	1,000.0
2A12	TRAFFIC FLOW MANAGEMENT	28,500.0	40,300.0	34,000.0	40,300.0
2A13	DATA MULTIPLEXING NETWORK (DMN)	7,900.0	7,900.0	7,900.0	7,900.0
2A14	CRITICAL COMMUNICATIONS SUPPORT	3,000.0	.0	2,000.0	2,000.0
2A15	EN ROUTE COMMS AND CONTROL FACILITIES IMPROVEMENT	3,181.0	3,181.0	3,181.0	3,181.0
2A16	SATELLITE COMMUNICATIONS CIRCUIT BACK-UP	4,000.0	4,000.0	4,000.0	4,000.0
2A17	DOD BASE CLOSURE - FACILITY TRANSFER	5,000.0	5,000.0	5,000.0	5,000.0
2A18	BACK-UP EMERGENCY COMMUNICATIONS (BUEC)	2,000.0	2,000.0	2,000.0	2,000.0
	VOLCANO MONITOR	0.0	0.0	2,000.0	2,000.0
	SUBTOTAL - EN ROUTE PROGRAMS	293,181.0	291,481.0	309,181.0	316,481.0
2B01	TERMINAL DOPPLER WEATHER RADAR (TDWR) - PROVIDE	4,900.0	47,400.0	7,400.0	7,400.0
2B02	MODE S - PROVIDE	12,700.0	12,700.0	12,700.0	12,700.0
2B03	TERMINAL AUTOMATION	22,600.0	17,300.0	17,300.0	17,300.0
2B05	REMOTE MAINTENANCE MONITORING SYSTEM (RMMS)	27,500.0	15,000.0	24,500.0	24,500.0
2B06	TERMINAL AIR TRAFFIC CONTROL FACILITIES - REPLACE	60,400.0	60,400.0	60,400.0	60,400.0
2B07	CONTROL TOWER/TRACON FACILITIES - IMPROVE	25,684.0	22,800.0	25,600.0	25,600.0
2B09	EMERGENCY TRANSCEIVERS - REPLACEMENT	2,000.0	2,000.0	2,000.0	2,000.0
2B10	TERMINAL VOICE SWITCH REPLACEMENT (TVSR)	7,000.0	14,000.0	7,000.0	14,000.0

FACILITIES AND EQUIPMENT
Conference Agreement
(In thousands of dollars)

FY96 LINE	TITLE	FY 1996 Estimate	FY 1996 House	FY 1996 Senate	Conference Agreement
2B11	RADIO CONTROL EQUIPMENT (RCE) - PROVIDE	1,100.0	1,100.0	1,100.0	1,100.0
2B13	AIRPORT SURFACE DETECTION EQUIPMENT (ASDE-3)	8,800.0	8,800.0	8,800.0	8,800.0
2B12	TERMINAL RADAR (ASR) - IMPROVE	3,506.0	3,506.0	2,700.0	3,506.0
2B08	METROPLEX CONTROL FACILITIES -ADVANCED PLANNING	2,000.0	2,000.0	2,000.0	2,000.0
2B18	DALLAS/FORT WORTH METROPLEX PROGRAM	13,000.0	13,000.0	13,000.0	13,000.0
2B14	POTOMAC METROPLEX	12,600.0	12,600.0	10,400.0	10,400.0
	NORTHERN CALIFORNIA METROPLEX	0.0	10,000.0	2,000.0	3,800.0
	ATLANTA METROPLEX	0.0	10,000.0	3,800.0	3,800.0
2B17	CHICAGO METROPLEX	1,000.0	1,000.0	1,000.0	1,000.0
2B21	SOUTHERN CALIFORNIA METROPLEX	2,000.0	2,000.0	2,000.0	2,000.0
2B15	EMPLOYEE SAFETY/OSHA AND ENVIRONMENTAL COMPLIANCE STDS	23,000.0	23,000.0	23,000.0	21,000.0
2B19	PRECISION RUNWAY MONITORS	1,200.0	1,200.0	0.0	0.0
2B20	NEW AUSTIN AIRPORT AT BERGSTROM	14,800.0	14,800.0	12,000.0	14,000.0
2B04	AIRPORT MOVEMENT AREA SAFETY SYSTEM (AMASS)	11,300.0	31,300.0	0.0	11,300.0
2B23	TERMINAL COMMUNICATIONS IMPROVEMENTS	3,495.0	3,495.0	3,495.0	3,495.0
2B16	ARTS IIIA DATA ENTRY DISPLAY	1,000.0	1,000.0	1,000.0	1,000.0
2B22	INTEGRATED NETWORK MANAGEMENT SYSTEM	300.0	.0	0.0	0.0
	SUBTOTAL - TERMINAL PROGRAMS	**262,065.0**	**330,401.0**	**243,195.0**	**264,101.0**
2C01	FLIGHT SERVICE STATION (FSS) AUTOMATION	1,000.0	1,000.0	1,000.0	1,000.0
2C02	AUTOMATED SURFACE OBSERVING SYSTEM (ASOS)	24,500.0	24,500.0	24,500.0	24,500.0
2C03	OASIS	18,700.0	18,700.0	16,700.0	16,700.0
2C04	FLIGHT SERVICE FACILITIES IMPROVEMENT	805.0	805.0	805.0	805.0
	SUBTOTAL - FLIGHT SERVICE PROGRAMS	**45,005.0**	**45,005.0**	**43,005.0**	**43,005.0**
2D01	VOR/DME/TACAN NETWORK PLAN	1,000.0	1,000.0	1,000.0	1,000.0
2D02	ILS - REPLACE MARK 1A, 1B, AND 1C	6,900.0	6,900.0	6,900.0	6,900.0
2D03	INSTRUMENT LANDING SYSTEM (ILS) - ESTABLISH/UPGRADE	30,000.0	33,500.0	35,000.0	35,000.0
2D04	VISUAL NAVAIDS - ESTABLISH/EXPAND	2,000.0	2,000.0	2,000.0	2,000.0
2D06	RUNWAY VISUAL RANGE (RVR)	2,000.0	9,000.0	2,000.0	9,000.0
2D07	INSTRUMENT APPROACH PROCEDURES AUTOMATION (IAPA)	900.0	900.0	900.0	900.0
2D08	GULF OF MEXICO OFFSHORE PROGRAM	4,900.0	4,900.0	4,900.0	4,900.0
2D11	NAVIGATIONAL AND LANDING AIDS - IMPROVE	3,864.0	3,864.0	3,864.0	3,864.0
2D05	LOW LEVEL WINDSHEAR ALERT SYSTEM (LLWAS)	1,000.0	15,000.0	15,000.0	15,000.0
2D09	ILS - REPLACE GRN-27	6,900.0	6,900.0	6,900.0	6,900.0
2D10	WIDE AREA AUGMENTATION SYSTEM FOR GPS (WAAS)	86,900.0	86,900.0	86,900.0	86,900.0
	SUBTOTAL - LANDING AND NAVIGATIONAL AIDS	**146,364.0**	**170,864.0**	**165,364.0**	**172,364.0**
2EO1	ALASKAN NAS INTERFACILITY COMM SYSTEM (ANICS)	5,900.0	5,900.0	5,900.0	5,900.0
2EO2	FUEL STORAGE TANK REPLACEMENT AND MONITORING	25,000.0	9,400.0	23,800.0	16,000.0
2EO3	FAA BUILDINGS AND EQUIPMENT - IMPROVE/MODERNIZE	7,232.0	7,232.0	7,232.0	7,232.0
2EO4	ELECTRICAL POWER SYSTEMS - SUSTAIN/SUPPORT	5,400.0	5,400.0	5,400.0	5,400.0
2EO5	AIR NAVAIDS AND ATC FACILITIES (LOCAL PROJECTS)	2,500.0	.0	1,000.0	1,000.0
2EO6	AIR NAVIGATION FACILITY/ATC SYSTEM SUPPORT	4,500.0	.0	2,500.0	2,500.0
2EO7	PURCHASE LAND OR EASEMENT FOR EXISTING FACILITIES	1,500.0	1,500.0	1,500.0	1,500.0
2EO8	AIRCRAFT RELATED EQUIPMENT PROGRAM	4,900.0	4,900.0	3,900.0	3,900.0
2EO9	AIRCRAFT FLEET MODERNIZATION	55,000.0	55,000.0	55,000.0	54,000.0
2EO11	AIRPORT CABLE LOOP SYSTEMS - SUSTAINED SUPPORT	2,000.0	2,000.0	2,000.0	2,000.0
2EO12	COMPUTER AIDED ENG GRAPHICS (CAEG) REPLACEMENT	1,500.0	1,500.0	1,500.0	1,500.0
	SUBTOTAL - OTHER ATC FACILITIES	**115,432.0**	**92,832.0**	**109,732.0**	**100,932.0**
	TOTAL ACTIVITY 2	***862,047.0***	***930,583.0***	***870,477.0***	***895,883.0***
BA3	**NON-ATC FACILITIES AND EQUIPMENT:**				
3AO1	NAS MANAGEMENT AUTOMATION PROGRAM (NASMAP)	2,000.0	.0	1,500.0	0.0
3AO2	HAZARDOUS MATERIALS MANAGEMENT	22,100.0	21,000.0	22,100.0	18,000.0
3A04	AVIATION SAFETY ANALYSIS SYSTEM (ASAS)	19,400.0	19,400.0	19,400.0	19,400.0
3AO5	OPERATIONAL DATA MANAGEMENT SYSTEM (ODMS)	4,900.0	4,900.0	4,900.0	4,900.0
3AO6	CHILD CARE FACILITIES	2,600.0	5,200.0	2,600.0	2,600.0
3AO7	FAA EMPLOYEE HOUSING - PROVIDE	4,900.0	4,900.0	4,900.0	4,900.0
3AØ8	LOGISTICS SUPPORT SYSTEM AND FACILITIES	2,000.0	2,000.0	2,000.0	2,000.0
3AO9	TEST EQUIPMENT - MAINTENANCE SUPPORT	1,000.0	1,000.0	1,000.0	1,000.0
3A10	INTEGRATED FLIGHT QUALITY ASSURANCE	1,000.0	1,000.0	1,000.0	1,000.0
3A11	SAFETY PERFORMANCE ANALYSIS SUBSYSTEM (SPAS)	3,200.0	3,200.0	3,200.0	3,200.0

FACILITIES AND EQUIPMENT
Conference Agreement
(In thousands of dollars)

FY96 LINE	TITLE	FY 1996 Estimate	FY 1996 House	FY 1996 Senate	Conference Agreement
	PORTABLE PERFORMANCE SUPPORT SYS - PEN-BASED	0.0	.0	2,100.0	2,100.0
3A13	NATIONAL AVIATION SAFETY DATA CENTER	2,000.0	2,000.0	2,000.0	2,000.0
3AO3	NAS RECOVERY COMMUNICATIONS (RCOM)	2,000.0	2,000.0	2,000.0	2,000.0
3A12	PERFORMANCE ENHANCEMENT SYSTEM	2,100.0	2,100.0	0.0	0.0
	AIRPORT/AIRCRAFT SECURITY EQUIPMENT	0.0	10,000.0	10,000.0	10,000.0
	SUBTOTAL - SUIPPORT EQUIPMENT	**69,200.0**	**78,700.0**	**78,700.0**	**73,100.0**
3B01	COMPUTER BASED INSTRUCTION (CBI) - EXPAND/IMPROVE	8,800.0	8,800.0	8,800.0	8,800.0
3BO2	AERONAUTICAL CENTER TRAINING AND SUPPORT FACILITIES	6,900.0	6,900.0	6,900.0	6,900.0
3B03	NATIONAL AIRSPACE SYSTEM (NAS) TRAINING FACILITIES	3,000.0	3,000.0	3,000.0	3,000.0
	SUBTOTAL - TRAINING EQUIPMENT & FACILITIES	**18,700.0**	**18,700.0**	**18,700.0**	**18,700.0**
	TOTAL ACTIVITY 3	***87,900.0***	***97,400.0***	***97,400.0***	***91,800.0***
BA4	**MISSION SUPPORT:**				
4AO1	SYSTEM ENGINEERING AND DEVELOPMENT SUPPORT	72,400.0	72,400.0	69,400.0	69,400.0
4AO3	LOGISTICS SUPPORT SERVICES	7,000.0	7,000.0	7,000.0	7,000.0
4AO4	MIKE MONRONEY AERONAUTICAL CENTER - LEASE	15,000.0	15,000.0	15,000.0	15,000.0
4AO5	IN-PLANT NAS CONTRACT SUPPORT SERVICES	4,900.0	4,900.0	4,900.0	4,900.0
4AO6	TRANSITION ENGINEERING SUPPORT	50,000.0	60,000.0	50,000.0	53,000.0
4AO7	FREQUENCY AND SPECTRUM ENGINEERING - PROVIDE	1,300.0	1,300.0	1,300.0	1,300.0
4AO8	ACQUISITION OVERSIGHT	400.0	400.0	400.0	400.0
4AO9	FAA SYSTEM ARCHITECTURE	4,900.0	2,000.0	4,000.0	3,000.0
4A1O	TECHNICAL SERVICES SUPPORT CONTRACT (TSSC)	62,200.0	61,200.0	60,200.0	60,200.0
4A02	PROGRAM SUPPORT LEASES	27,000.0	31,117.0	27,000.0	29,500.0
4A11	PERMANENT CHANGE OF STATION MOVES	15,000.0	15,000.0	15,000.0	15,000.0
	TOTAL ACTIVITY 4	***260,100.0***	***270,317.0***	***254,200.0***	***258,700.0***
BA5	**PERSONNEL AND RELATED EXPENSES:**				
5AO1	PERSONNEL AND RELATED EXPENSES	207,000.0	216,000.0	216,000.0	216,000.0
	TOTAL ACTIVITY 5	***207,000.0***	***216,000.0***	***216,000.0***	***216,000.0***
	TOTAL	***1,907,847.0***	***2,000,000.0***	***1,890,377.0***	***1,934,883.0***

Automated surface observing system.—In its July 30, 1992 report on the fiscal year 1993 DOT Appropriations Bill, the Senate Appropriations Committee noted that certain critical requirements for the automated surface observing system (ASOS) appeared to be unfunded and not included in the original ASOS contract. In a report to Congress dated July 26, 1993, the Acting Administrator of the FAA noted that ground-to-air radios, freezing rain sensors, and improved tower displays were ''considered urgent to achieve successful completion of the ASOS program''. According to the FAA, additional funding was not required for the radios, the rain sensors would be funded over fiscal years 1994 and 1995, and the display upgrade only awaited a cost estimate from the National Oceanic and Atmospheric Administration. Given these statements, the conferees were surprised to learn that a recent ASOS program review revealed unfunded costs of approximately $25,000,000 for these items, as well as unfunded maintenance costs. The FAA is now developing a plan to use a large portion of the fiscal year 1996 funds—appropriated to procure 106 additional systems—to address this shortfall instead. The conferees emphatically direct the FAA to use the fiscal year 1996 funding to procure the additional ASOS systems, as was justified to the Congress in the President's budget request.

The conferees are disappointed to learn that the FAA did not resolve these problems in 1993, as it led Congress to believe, and are concerned that this is one more example of an FAA acquisition culture in great need of the reforms contained in this bill. If the FAA's estimates of a shortfall are correct, then a reprogramming of non-ASOS funds should be submitted for consideration through the normal process, in an expedited manner as would be suggested by the agency's past statements regarding the urgency of these improvements. In addition, the conferees direct the FAA to report to the House and Senate Committees on Appropriations by December 1, 1995 on the agency's plans to close the gap of installed versus commissioned sites, without interrupting the scheduled procurement of ASOS units.

The conferees direct the FAA to expedite installation of the long line connection providing ASOS data between the Ames Airport, Iowa and the national weather net.

Terminal area surveillance system.—The conference agreement provides $5,000,000 for the terminal area surveillance system (TASS) as proposed by the Senate instead of $5,800,000 as proposed by the House. In its appeal to the conferees, the FAA stated ''the TASS program has been restructured from a single, multi-function system acquisition program to a program focused on research into subsystem performance enhancements.'' The conferees have no information on this restructured program, and believe the TASS development and acquisition program should proceed as scheduled and planned prior to any restructuring. Fiscal year 1996 funding is provided specifically for the TASS system acquisition program and not for any subsystem enhancements.

Low-cost ASDE and non-radar runway incursion technologies.—The conferees agree that the FAA should explore lower cost surface detection technology solutions for airports not scheduled to receive ASDE–3 equipment. The conferees agree to provide $5,000,000 for the development and demonstration of lower cost phased array surface detection technology, instead of $8,000,000 as proposed by the House. Funds should be used for purchase and installation of one such system and for administrative costs related to demonstration and evaluation of the system.

Terminal doppler weather radar.—The conference agreement does not include additional funding for the acquisition of five new terminal doppler weather radars proposed by the House. The conferees, however, are not convinced that the ASR/windshear alert program, now in the research phase, will be a cost-effective alternative to terminal doppler weather radar in meeting future windshear requirements. The FAA has not provided sufficient data regarding the performance of the ASR/windshear alert program in dry regions of the country. Moreover, under current projects, the ASR/windshear alert program will not be commissioned until the year 2002. During the fiscal year 1997 hearing cycle, the conferees expect to further explore the efficacy of the ASR/windshear alert program. In the interim, the conferees expect the FAA to move forward with site surveys for the next five sites for which TDWR systems are indicated, and to report on its progress no later than sixty days following enactment of this Act. In addition, the conferees direct the FAA to update the needs requirement analysis for the terminal doppler weather program that was first done in 1986 no later than sixty days following enactment of this Act. The update should include a review of the 47 sites included in the existing contract and the 53 sites not scheduled under the current contract. The conferees direct the FAA to review those sites experiencing significant delays in the installation of TDWRs in the existing contract and certify that each is likely to be commissioned. With that review, and based upon the site selection review for the next five sites, the FAA is urged to request reprogramming permission, if necessary to continue the TDWR program in fiscal year 1996.

The conferees want to reiterate that funding for any TDWR environmental impact statement (EIS) shall not prejudge the outcome of the EIS for any particular site in New York except as previously cited (North Belmore and Roslyn, New York).

Instrument landing systems-establishment.—The conference agreement provides $35,000,000 as proposed by the Senate instead of $33,500,000 as proposed by the House. Of the amount provided, $3,500,000 is for a category II ILS on runway 7/25 in Rockford, Illinois, and $1,500,000 is for benefit-cost analysis, environmental assessment, site survey, and other activities necessary to determine the requirements for an ILS (category I, II, or III) at Lanai Airport, Hawaii. The conference agreement includes funding for a category III ILS on runway 12L/30R at Lambert-St. Louis International Airport, not runway 14R as specified in the House report.

St. Paul, MN downtown airport tower.—In fiscal year 1995, Congress provided $3,476,000 for the St. Paul, Minnesota Downtown Airport to build a replacement air traffic control tower. The FAA, however, used the airport's money to finance cost overruns on another project. Given that the FAA requested and Congress provided funds for the St. Paul tower in fiscal year 1995, the conferees urge the FAA to honor their prior agreement and make available the funds necessary to build the replacement tower at the St. Paul Downtown Airport.

Financial baseline control notices.—The conferees reiterate the House's direction that all financial baseline control notices are to be submitted to the Congress at the time they are approved by the agency. The documents themselves should be submitted. The Appropriations Committees will review this practice at the end of the fiscal year to determine whether it should be continued.

Support contracts.—A recent FAA study concluded that the agency uses far too many support contractors, that agency personnel could be much more cost conscious in their contracting and oversight methods, and that in many cases, contract employees are collated with FAA staff and virtually indistinguishable from government employees. While the conferees have high regard for the work of FAA's support contractors, the study nevertheless raises questions about the extensive nature of such contracts within the FAA. Therefore, the conferees direct the FAA to report to the House and Senate Committees on Appropriations by March 30, 1996 on its plan for resolving the findings and implementing the recommendations of this study. This report should include a discussion of the extent to which the procurement reforms in this bill lessen the need for support contracts to meet the current requirements of the procurement process.

Amendment No. 48: Provides that, of the total amount appropriated, $1,718,883,000 is available for three years, instead of $1,784,000,000 in the House bill and $1,674,377,000 in the Senate bill. This is the amount provided for budget activities one through four.

Amendment No. 49: Includes technical change proposed by the Senate, deleting the word ''and'' to allow inclusion of language contained in amendment numbered 50.

Amendment No. 50: Provides that, of the total amount appropriated, $10,000,000 is for noncompetitive cooperative agreements with air carriers for acquisition, installation, and evaluation of certain specified airport security equipment, as proposed by the Senate. The House bill contained no similar provision, although $10,000,000 was provided for such equipment in the overall appropriation.

FACILITIES AND EQUIPMENT

(AIRPORT AND AIRWAY TRUST FUND)

(RESCISSION)

Amendment No. 51: Rescinds $60,000,000 as proposed by the House instead of $70,000,000 as proposed by the Senate.

RESEARCH, ENGINEERING, AND DEVELOPMENT

(AIRPORT AND AIRWAY TRUST FUND)

Amendment No. 52: Appropriates $185,698,000 for research, engineering, and development instead of $143,000,000 as proposed by the House and $215,886,000 as proposed by the Senate.

The following table summarizes the fiscal year 1996 estimate, House and Senate recommendations, and the conference agreement, by program, project, and activity:

Program name	Fiscal year 1996 estimate	House bill	Senate bill	Conference agreement
System development and infrastructure	$13,551,000	$8,800,000	$12,500,000	$10,000,000
System planning and resource management	3,953,000	3,000,000	3,700,000	2,000,000
Technical laboratory facility	9,598,000	5,800,000	8,800,000	8,000,000
Capacity and air traffic management technology	79,205,000	25,129,000	50,800,000	37,200,000
Air traffic management technology	9,875,000	0	8,000,000	3,500,000
Oceanic automation program	10,470,000	8,000,000	8,000,000	8,000,000
Terminal air traffic control automation (TATCA)	15,624,000	0	0	0
Runway incursion reduction	8,177,000	0	8,000,000	4,000,000
System capacity, planning and improvements	12,256,000	6,000,000	12,000,000	9,000,000

Program name	Fiscal year 1996 estimate	House bill	Senate bill	Conference agreement
Cockpit technology	8,266,000	6,500,000	8,200,000	6,700,000
General aviation/vertical flight technology	3,327,000	2,629,000	2,600,000	2,600,000
Modeling, analysis, and simulation	7,807,000	2,000,000	4,000,000	3,400,000
Future airway facilities technology	3,403,000	0	0	0
Communications, navigation and surveillance	31,330,000	20,000,000	25,963,000	23,000,000
Communications	15,367,000	10,000,000	10,000,000	10,000,000
Navigation	15,963,000	10,000,000	15,963,000	13,000,000
Surveillance	0	0	0	0
Weather	6,493,000	6,493,000	6,493,000	6,493,000
Airport technology	9,278,000	1,000,000	8,000,000	6,000,000
Aircraft safety technology	47,547,000	29,578,000	40,548,000	37,978,000
Aircraft systems fire safety	3,906,000	0	0	0
Advanced materials/structural safety	2,973,000	2,000,000	2,500,000	2,000,000
Propulsion and fuel systems	4,059,000	0	4,055,000	3,400,000
Flight safety/atmospheric hazards research	4,173,000	4,173,000	4,173,000	4,173,000
Aging aircraft	21,415,000	15,000,000	21,415,000	20,000,000
Aircraft catastrophic failure prevention research	4,357,000	2,705,000	2,705,000	2,705,000
Fire research	4,604,000	0	0	0
Fire research and safety	0	5,700,000	5,700,000	5,700,000
General aviation renaissance	1,005,000	0	0	0
Cabin safety	1,055,000	0	0	0
System security technology	43,808,000	23,000,000	37,900,000	36,045,000
Explosives and weapons detection	33,179,000	23,000,000	30,000,000	29,000,000
Airport security technology integration	2,530,000	0	1,500,000	1,000,000
Aviation security human factors	4,603,000	0	3,000,000	2,549,000
Aircraft hardening	3,496,000	0	3,400,000	3,496,000
Human factors and aviation medicine	25,860,000	28,000,000	25,182,000	23,682,000
Flight deck/maintenance/system integration human factors	11,182,000	15,500,000	11,182,000	11,182,000
Air traffic control/airway facilities human factors	10,193,000	10,000,000	10,000,000	10,000,000
Aeromedical research	4,485,000	2,500,000	4,000,000	2,500,000
Environment and energy	5,429,000	1,000,000	4,500,000	3,800,000
Innovative/cooperative research	5,160,000	0	4,000,000	1,500,000
Total appropriation	267,661,000	143,000,000	215,886,000	185,698,000

Innovative deicing technology.—In order to evaluate the effectiveness of enclosed deicing techniques at smaller regional airports, the conferees urge the FAA to consider the application of Rhinelander-Oneida County Airport to develop a test site for the evaluation of innovative deicing technology. The conferees believe that this technology warrants further exploration, and direct the FAA to provide a full report to the House and Senate Committees on Appropriations by March 15, 1996 on the results of testing and the agency's plans to authorize airport grant funding or passenger facility charges to enable airports to procure such a system.

Runway incursion reduction.—The conference agreement includes $4,000,000 instead of no funds as proposed by the House and $8,000,000 as proposed by the Senate. With the funds provided, the conferees direct FAA to give immediate priority and attention to the surface movement advisor project. The conferees believe that reducing runway incursions is a high priority for further research and rapid prototyping. While funds in this long-term research activity are being reduced below the administration's request, the conference agreement includes an additional $7,000,000 in the ''facilities and equipment'' account for non-radar technologies and development of low-cost ASDE radar systems. Total funding, over all accounts, for addressing this safety problem in the conference agreement is approximately $3,000,000 above the administration's request.

GRANTS-IN-AID FOR AIRPORTS

(LIQUIDATION OF CONTRACT AUTHORIZATION)

(AIRPORT AND AIRWAY TRUST FUND)

Amendment No. 53: Deletes heading ''including rescission of contract authorization'' proposed by the Senate. This is a technical amendment referring to a proposed rescission of contract authority discussed under amendment numbered 56.

Amendment No. 54: Limits obligations for the grants-in-aid for airports program to $1,450,000,000 instead of $1,600,000,000 as proposed by the House and $1,250,000,000 as proposed by the Senate.

Letters of intent.—The conferees agree with the Senate direction that new letters of intent (LOIs) be awarded only after (1) scheduled LOI payments fall to less than fifty percent of AIP discretionary funds, and (2) FAA has improved its ability to estimate airport development projects' impact on systemwide capacity. Regarding the Senate's language on possible letters of intent for the Northwest Arkansas Regional Airport and the Philadelphia International Airport, the conferees agree that the FAA should fairly consider LOI applications from these airports, and base a final decision on technical requirements at these sites and projections of long term AIP funding, consistent with other directions in this report.

Regarding the Senate's language on a possible letter of intent for the Seattle-Tacoma International Airport, the conferees agree that the FAA should also fairly consider an LOI application from this airport subject to: (1) completion of the required FAA/federal environmental review process; (2) resolution of the concerns brought forward in the report RO–FA–5–015 by the Office of Inspector General; and (3) approval of the runway project from the Regional Transportation Planning Organization for the central Puget Sound region by amending the Regional Air System Plan. Finally, the FAA shall fairly consider any information brought out at Congressional field hearings on this matter, but not sign an LOI prior to March 31, 1996.

Amendment No. 55: Limits obligations for the military airports program to $26,000,000 and the reliever airports program to $48,000,000. The Senate bill proposed obligation limitations of $20,000,000 and $50,000,000, respectively. The House bill contained no similar limitations. The conference agreement reflects the Senate's concerns over the effectiveness of these programs, and frees up financial resources for discretionary grants in other parts of the overall AIP program.

Huntsville, AL runway/taxiway rehabilitation project.—The conferees understand that a specific allocation of fiscal year 1996 funds for this project is not necessary, and that sufficient fiscal year 1995 funding has been provided for this project.

State of Missouri flood-damaged airports.—The conferees understand that a specific allocation of fiscal year 1996 funds for this project is not necessary, and that sufficient fiscal year 1995 funding has been provided for this project.

Amendment No. 56: Deletes rescission of contract authority of $5,000,000 proposed by the Senate. The House bill contained no similar rescission.

FEDERAL HIGHWAY ADMINISTRATION

LIMITATION ON GENERAL OPERATING EXPENSES

Amendment No. 57: Limits general operating expenses of the Federal Highway Administration to $509,660,000, instead of $495,381,000 as proposed by the House and $548,434,000 as proposed by the Senate.

Amendment No. 58: Provides $208,946,000 for contract programs of the Federal Highway Administration, instead of $190,667,000 as proposed by the House and $248,909,000 as proposed by the Senate.

Recommended funding distribution by program and activity of the administrative expenses and the research and development programs of the Federal Highway Administration is as follows:

Program/Activity	*Conference*
Administrative expenses	$254,714,000
Motor carrier safety administrative expenses	46,000,000
Contract programs:	
Research and technology:	
Highway R&D	56,772,000
Intelligent transportation systems	109,779,000
Technology deployment	12,622,000
Long term pavement performance	8,739,000
Local technical assistance	3,015,000
National Highway Institute	4,369,000
Disadvantaged business enterprises	10,000,000
International transportation	500,000
OJT/supportive services	
Technical assistance to Russia	400,000
Truck dynamic test facility	750,000
Transportation investment analysis	
Cost allocation study	2,000,000
Total	509,660,000

The highway research and development and intelligent transportation systems programs by activity are as follows:

Highway research and development:	
Safety	8,768,000
Pavements	9,247,000
Structures	13,211,000
Environment	5,593,000
Right-of-way	429,000

Policy	5,681,000
Planning	6,069,000
Motor carrier	7,774,000
Total	56,772,000
Intelligent transportation systems:	
Research and development	24,479,000
Operational tests	32,500,000
Commercial vehicle operations	14,500,000
Automated highway system	14,000,000
Advanced technology applications	
Program and systems support	11,300,000
Priority corridors	
Crash avoidance research	13,000,000
Total	109,779,000

Office of motor carriers.—The conference agreement provides a specific designation of funds for the Office of motor carriers' administrative expenses within the Federal Highway Administration's limitation on general operating expenses. The House had included funding for the Office of motor carrier's administrative expenses within the limitation on general operating expenses.

Fatigue-related issues.—The conferees direct the Federal Highway Administration to issue an advanced notice of proposed rulemaking (ANPRM) dealing with a variety of fatigue-related issues no later than March 1, 1996. This ANPRM is to be followed by a notice of proposed rulemaking within one year, and a final rule or decision thereafter.

Highway safety research.—Congress has long been active in the advancement of highway safety and has recognized the invaluable contributions which short-term, applied research can make to improve safety. Given its concern for safety, the Congress has, since the early 1990s, vigorously supported this research by encouraging the Federal Highway Administration to work closely with the Trucking Research Institute (TRI) in the study of such issues as fatigue, sleep disorders, brake maintenance, and rest stop access—all investigations which may directly affect safety.

In fiscal year 1994, the Congress continued its participation in the development of an aggressive research agenda by directing the FHWA to undertake three projects totaling $1,750,000: Truck loading and unloading as a possible contributor to driver fatigue; technology to automate commercial vehicle roadside inspections; and guidelines for the inspection and maintenance of wheels and bearings. In fiscal year 1995, the Congress identified three additional studies, totaling $2,500,000, for the implementation in the same fashion with TRI: The use of ''smart cards'' to facilitate compliance with motor carrier safety rules; medical requirements associated with commercial vehicle operation; and electronic truck and intermodel information systems.

Highway safety research and related activities continue to be a priority of the Congress and the conferees. In fact, a recent National Transportation Safety Board study on driver fatigue and fatal truck accidents further highlights their importance and currency. However, despite directions to the contrary, the FHWA has been negligent in its efforts to undertake any of the aforementioned research projects designated by the Congress in either fiscal years 1994 to 1995.

The conferees therefore reiterate the direction to FHWA to use unobligated balances to make grants to, enter into cooperative agreements or contracts with, or use any existing technical support services agreements with TRI, in amounts totaling not less than $4,000,000 to conduct the six studies referenced above. The conferees further direct FHWA to complete this process within 90 days from the date of enactment of this Act and to advise the House and Senate Committees on Appropriations when such actions have been completed.

Highway research and development.—The conference agreement provides $8,768,000 for safety-related research and development. The conferees direct that safety be funded at a level of at least $12,768,000, including both ISTEA and appropriations authority.

Pavement research and development.—The conference agreement provides $9,247,000 for pavement research and development but does not include $1,000,000 as proposed by the Senate for a joint university/industry grant.

The conferees agree that expanded cost-effective use of benign waste materials in infrastructure construction, based on appropriate tests and standards to ensure long-term environmental and physical performance, represents a priority technology that is intended to be funded within the funds available for Section 6005.

National Center for Physical Acoustics.—The conferees urge the Federal Highway Administration to work with the National Center for Physical Acoustics in its effort to apply acoustics to monitor traffic and/or pipeline maintenance.

Motor carrier research.—The conference agreement provides $7,774,000 for motor carrier research and includes funds for two studies to (1) identify and test technological interventions to offset driver fatigue and (2) determine the extent of scheduling practices and their influences on truck driver fatigue. No funds are provided for outreach and technical assistance to regulated entities, to help complete program uniformity activities, or to eliminate barriers to effective intermodal freight transportation.

Intelligent transportation systems.—The conference agreement provides a total of $109,779,000 for intelligent transportation systems (ITS). Within the funds provided for operational tests, $10,000,000 shall be allocated to initiate at least two different operational tests that evaluate various elements of the systems architecture and integrate the core infrastructure features, including advance traffic management systems.

ITS/commercial vehicle operations.—The conference agreement provides $14,500,000 for commercial vehicle operations (CVO). Within these funds, the conferees have included $6,000,000 for development and initial pilot testing of the CVO communications architecture and the purchase of transponders.

ITS program and systems support.—The conferees direct that no more than $2,500,000 of the $11,300,000 provided for program and systems support shall be spent on institutional studies.

The conferees are concerned that the joint program office and the FHWA administrator have failed to submit several reports pertaining to the national ITS program. These reports include: the annual report on the ITS program (due in December 1994); a report on the future of the CVO components of the ITS program (due in May 1995); and the interim report on the automated highway system program (due in April 1995). These reports were intended to provide essential information useful in evaluating the department's activities and plans. The conferees direct the Secretary to ensure more timely delivery of all reports relevant to the ITS program, as well as other reports on departmental programs and activities.

HIGHWAY-RELATED SAFETY GRANTS

(LIQUIDATION OF CONTRACT AUTHORIZATION)

(HIGHWAY TRUST FUND)

(INCLUDING TRANSFER OF FUNDS)

Amendment No. 59: Appropriates $11,000,000 to liquidate contract authority obligations for highway-related safety grants instead of $10,000,000 as proposed by the House and $13,000,000 as proposed by the Senate.

Amendment No. 60: Limits obligations to $11,000,000 for highway-related safety grants instead of $10,000,000 as proposed by the House and $13,000,000 as proposed by the Senate.

The conferees agree that not less than $1,000,000 shall be allocated to the Office of Highway Safety to support the red light running campaign and to increase compliance with yield right-of-way or grade crossing signs.

FEDERAL-AID HIGHWAYS

(LIMITATION ON OBLIGATIONS)

(HIGHWAY TRUST FUND)

Amendment No. 61: Limits obligations for the Federal-aid highways program to $17,550,000,000 instead of $18,000,000,000 as proposed by the House and $17,000,000,000 as proposed by the Senate.

The conference agreement deletes the Senate's references of priority designations within the Federal Highway Administration's discretionary grant programs.

The conferees direct that within the total provided for the intelligent transportation systems program, funding shall be available for the following projects in the amounts specified below:

Project	*Amount*
I–10 Mobile, Alabama	$3,000,000
Hazardous materials fleet management and monitoring system (NIER)	2,500,000
Green light CVO project, Oregon	7,000,000
Capital beltway	4,000,000
Houston, Texas	2,200,000
Syracuse, New York congestion management	1,500,000
I–95 Corridor	3,500,000
Johnson City, Tennessee	1,500,000
Texas Transportation Institute	600,000
University of North Dakota	1,000,000
I–675/SR 844/Col. Glenn, Fairborn, Ohio	1,000,000
Paralympiad	1,000,000
Santa Teresa border crossing, New Mexico	900,000
Western Transportation Institute, Montana	1,000,000
TRANSCOM, New York/New Jersey	1,500,000
New York State Thruway	1,500,000
National Transportation Center, Oakdale, New York	2,000,000
Advanced railroad/highway crossings	1,250,000
Minnesota GuideStar	2,000,000
Salt Lake City	2,000,000

In fiscal year 1996, the conference agreement earmarks a total of $40,950,000 for intelligent transportation systems, a reduction of over $35,000,000 compared with fiscal year 1995 levels. The conferees will give serious consideration to discontinuing the practice of earmarking the intelligent transportation systems program in fiscal year 1997.

The conferees direct that any funding provided for intelligent transportation systems be used only in support of, or research on, intelligent transportation systems and not for construction of buildings.

Paralympiad.—The conferees direct the Federal Highway Administration to pursue

vigorously the deployment and demonstration of an individualized routing system to assist people with disabilities in moving about independently during the Tenth Paralympiad. The conferees expect that the funds provided will be expended and that a system will be delivered and fully implemented in time of the Tenth Paralympiad.

National Transportation Center, Oakdale, New York.—The conference agreement includes $2,000,000 for the National Transportation Center in Oakdale, New York, of which $1,000,000 shall be available only for a NAFTA intermodal transportation center.

Minnesota GuideStar.—The State of Minnesota has established a major laboratory for intelligent transportation system activities in the Twin Cities metropolitan area. The GuideStar network emphasizes transit systems in addition to highways and has been recognized by the Federal Highway Administration as a leader in the development and implementation of ITS technologies. The conferees have included $2,000,000 for this project. Up to 25 percent of this amount may be made available to the University of Minnesota's Center for Transportation Studies to support education, research and training aspects of the project.

World wide web site on the Internet.—The conferees urge the FHWA to establish a world wide web site to permit commuters in major metropolitan areas to retrieve through the Internet video feeds from traffic cameras, average speeds as determined by traffic monitoring systems, and traffic messages that appear on variable message signs employed in the area. To the extent possible, the Department should make the data available in a standard format on a dial-in network server that provides text-only access, and a standard protocol for a touch-tone driven phone system.

MOTOR CARRIER SAFETY GRANTS

(LIQUIDATION OF CONTRACT AUTHORIZATION)

(HIGHWAY TRUST FUND)

Amendment No. 62: Limits obligations for motor carrier safety grants to $77,225,000 instead of $79,150,000 as proposed by the House and $75,000,000 as proposed by the Senate.

The conferees agree to the following program allocations:

Basic grants to states	$58,000,000
Traffic enforcement	6,900,000
Hazardous materials training	1,500,000
Research and development	500,000
Public education	850,000
CDL enforcement	1,000,000
Truck and bus accidents	1,750,000
Uniformity grants	3,450,000
Uniformity working groups	450,000
Commercial vehicle information system	1,500,000
Drug interdiction assistance program	500,000
Administrative expenses	825,000

Covert verification activities.—The conferees agree that, within the basic grant program, $1,500,000 shall be used to conduct covert operations in addition to those funds originally intended under each state's enforcement plan. Of the $1,500,000, $400,000 shall be allocated to develop a model out-of-service prototype system that states can use to assure that commercial vehicle drivers comply with those orders.

In addition to covert operations, the conferees believe that the office of motor carriers should develop cost effective rules to improve safety, educate motor carriers so that they know how to comply with these rules, and promote voluntary compliance.

Assistance to border states.—The conferees agree that, within the basic grant program, $750,000 shall be provided to states along the Mexican border to ensure the safety of increased traffic. These states face special problems associated with a projected concentration of trade-related commercial vehicle traffic once restrictions along the U.S.-Mexican border are significantly reduced on December 17, 1995.

Truck and bus accidents.—The conferees have provided $200,000 to conduct a model accident investigation and reconstruction program. These funds shall be available to train motor carrier safety officers on investigative techniques at accident sites.

SURFACE TRANSPORTATION PROJECTS

Amendment No. 63: Deletes appropriation of $39,500,000 for surface transportation projects proposed by the Senate. The House provided no similar appropriation.

NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION

OPERATIONS AND RESEARCH

Amendment No. 64: Appropriates $73,316,570 for the general fund portion of the operations and research activities of the National Highway Traffic Safety Administration as proposed by the House instead of $71,261,000 as proposed by the Senate.

Amendment No. 65: Provides that of the general funds made available for operations and research, $37,825,850 shall remain available until September 30, 1998 as proposed by the House instead of $36,770,676 as proposed by the Senate.

Amendment No. 66: Includes language proposed by the House which prohibits the National Highway Traffic Safety Administration from obligating or expending funds to plan, finalize, or implement any rulemaking that would alter the tire grading standards currently in effect. The Senate bill contained no similar provision.

OPERATIONS AND RESEARCH

(HIGHWAY TRUST FUND)

Amendment No. 67: Appropriates $51,884,430 from the highway trust fund for operations and research activities of the National Highway Traffic Safety Administration instead of $52,011,930 as proposed by the House and $50,344,000 as proposed by the Senate.

Amendment No. 68: Provides that of the funds made available for operations and research, $32,247,000 shall remain available until September 30, 1998, instead of $32,770,670 as proposed by the House and $31,716,720 as proposed by the Senate.

The conference agreement for operations and research (general fund and highway trust fund combined) includes the following adjustments to the budget request

Rulemaking:	
Vehicle safety standards	−$200,000
New car assessment program	−1,057,000
Fuel economy program	−2,165,000
Theft program pilot project	+890,000
Enforcement:	
Vehicle safety compliance	−500,000
Auto safety hotline	−1,000,000
Odometer fraud	−40,000
Highway safety program:	
Safe communities injury control	−5,225,000
Alcohol program	−548,000
Pedestrian and bicycle	−224,000
National occupant protection	−392,000
Child safety seat program	−600,000
Police traffic system	−300,000
Driver education	−75,000
Older driver research	+100,000
Driver fatigue	+1,000,000
Research and analysis:	
Biomechanics	−1,500,000
Fatal accident reporting system	−300,000
National accident sampling system	−300,000
Data analysis program	−500,000
State data programs	−400,000
Partnership for new generation vehicles	−5,000,000
General administration:	
Strategic planning	−200,000
Accountwide adjustments:	
Computer support	−245,000
Administrative	−250,000
Travel	−50,000
Overtime	−60,000
Net reduction	−19,141,000

Theft program.—The conference agreement provides $890,000 to establish pilot National Motor Vehicle Title Information System programs. The conferees not that the Anti-Car Theft Act of 1992 directed the Department of Transportation to establish an information system for instant and reliable access to titling information. The American Association of Motor Vehicle Administrators, the Customs Service, and others have stated that such a system is essential to prevent thieves from obtaining legal ownership of stolen vehicles.

Older drivers.—The conferees have provided $100,000 for older driver research to improve and test referral systems and develop performance assessment techniques. These additional funds will advance NHTSA's goal of improving driving performance and licensing of older drivers.

Driver fatigue.—The conference agreement includes $1,000,000 to analyze the role of river fatigue, sleep disorders, and inattention in highway crashes and shall be available to develop and test public education strategies and countermeasures that make drivers aware of the dangers of driving while fatigued.

Section 403 programs.—The purposes of the section 403 programs is to research and test new highway safety ideas that may be successfully implemented throughout the United States. In recent years, some of these programs have received ''seed money'' far longer than expected. The conferees agree with the Senate direction that requires NHTSA to prepare a report highlighting how much money section 403 programs have received, what future financial support is expected for these programs, and when such support can be terminated. The conferees urge NHTSA to complete this report as soon as possible and provide it to the House and Senate Committees on appropriations by May 1, 1996.

National advanced driving simulator.—the conferees have provided $2,000,000 for the national advanced driving simulator. The conferees direct the Department of Transportation to allocate the costs of the simulator among the participating modal administrations, including the Federal Highway Administration, Federal Transit Administration, Federal Railroad Administration, and the Intelligent transportation systems joint program office, as part of the department's 1997 budget request. Also, the conferees urge the department to discuss additional cost sharing commitments with the departments of Defense and Health and Human Services.

OPERATIONS AND RESEARCH

(RESCISSIONS)

Amendment No. 69: Deletes rescissions of $4,547,185 in unobligated balances previously made available for the national advanced driving simulator as proposed by the Senate.

HIGHWAY TRAFFIC SAFETY GRANTS

(LIQUIDATION OF CONTRACT AUTHORIZATION)

(HIGHWAY TRUST FUND)

Amendment No. 70: Appropriates $155,100,000 to liquidate contract authority obligations for highway traffic safety grants as proposed by the Senate instead of $153,400,000 as proposed by the House.

Amendment No. 71: Limits obligations for highway traffic safety grants to $155,100,000 as proposed by the Senate instead of $153,400,000 as proposed by the House.

Amendment No. 72: Provides $127,700,000 for state and community highway safety grants instead of $126,000,000 as proposed by the House and $128,000,000 as proposed by the Senate. Of the total, the conferees agree that $4,700,000 shall be available to local communities to implement safe communities initiatives and $9,200,000 for youth traffic safety programs.

Amendment No. 73: Provides $2,400,000 for the National Driver Register as proposed by the House instead of $2,100,000 as proposed by the Senate.

Amendment No. 74: Provides that funding for the national Driver Register shall be subject to authorization as proposed by the Senate instead of subject to passage by the House of a bill authorizing appropriations and for only the amounts provided therein as proposed by the House.

Amendment No. 75: Includes language proposed by the House which prohibits any funding for highway traffic safety grants to be used for construction, rehabilitation, or remodeling costs, or for office furnishings and fixtures for state, local, or private buildings or structures. Deletes language proposed by the House which prohibits funds to be used to purchase automobiles or motorcycles for state, local, or private usage. The Senate bill contained no similar provisions.

Amendment No. 76: provides $5,211,000 for the administration of state and community highway safety grants as proposed by the Senate instead of $5,153,000 as proposed by the House. The conferees agree that $300,000 of the administrative takedown shall be expended to evaluate the costs and benefits of the section 403 safe communities injury control initiative. The evaluation shall be provided to the House and Senate Committees on Appropriations by March 1, 1997.

Amendment No. 77: Requires up to $500,000 shall be used for technical assistance to states as proposed by the Senate instead of allowing flexibility to use up to that amount, as proposed by the House.

Amendment No. 78: Provides $890,000 for administrative expenses under the national Driver Register program as proposed by the House instead of $777,000 as proposed by the Senate.

FEDERAL RAILROAD ADMINISTRATION

OFFICE OF THE ADMINISTRATOR

Amendment No. 79: Appropriates $14,018,000 for the Office of the Administrator as proposed by the Senate instead of $14,000,000 as proposed by the House. The conference agreement includes the following reductions to the budget request:

Technical assistance program	−$130,000
Operation respond	−10,000
Nonpay inflation	−500,000
Other services	−91,000
Offset for high unobligated balances	−2,621,000

The conference agreement allows the Office of the administrator to spend down its prior years' unobligated balance.

RAILROAD SAFETY

Amendment No. 80: Appropriates $49,919,000 for railroad safety instead of $49,940,660 as proposed by the House and $49,105,000 as proposed by the Senate. The conference agreement includes the following reductions to the budget request:

Other services	−$105,000
New partnership program	−400,000
Nonpay inflation	−230,000
Salaries and expenses	−200,000
Inspector trainee program	−50,000
Automated track inspection program	−100,000
Permanent change of station moves	−100,000

Federal Railroad Administration offices.—The conferees generally agree that the Federal Railroad Administration should limit its railroad safety offices to two per state, but recognize that large states with significant rail activities may require an exception. The Federal Railroad Administration shall submit to the House and Senate Committees on Appropriations prior to October 1, 1996, a written justification for any state(s) where it may be necessary to provide more than two offices due to volume of rail activity and/or geographic coverage.

New computers for railroad safety inspectors.—The conferees have provided $800,000 to procure laptop computers for railroad inspectors in one region, anticipating that productivity enhancements and reduced program costs will occur as inspectors compile their work from remote locations. The conferees direct the Federal Railroad Administration (FRA) to prepare a study detailing the cost savings resulting from the investment in laptop computers for railroad safety inspectors. The study shall be completed prior to FRA requesting further funding to procure additional laptop computers for its railroad safety inspectors in other regions.

Accident reporting.—The conferees direct the Federal Railroad Administration to complete necessary changes to its accident report by June 1, 1996.

RAILROAD RESEARCH AND DEVELOPMENT

Amendment No. 81: Appropriates $24,550,000 for railroad research and development instead of $21,000,000 as proposed by the House and $25,775,000 as proposed by the Senate. The conference agreement includes the following adjustments to the budget request:

Increase Operation Lifesaver	+$150,000
Increase human factors work	+400,000
Reduce track, structures, and train control	−1,000,000
Reduce growth in high speed activities	−27,922,000
Delete maglev initiative	−825,000
Reduce grade crossing notification system	−100,000
Postive train separation	+5,000,000
Reduce administration	−100,000

Operation Lifesaver.—The conference agreement provides a total of $300,000 for Operation Lifesaver, $150,000 more than the budget request. The conferees agree that the increase shall be expended to address grade crossing safety.

Human factors.—The conferees have provided $400,000 for human factors research to implement FRA's five-year human factors strategic research plan as rapidly as possible and to address fundamental problems that cause railroad accidents, such as fatigue and stress.

Positive train separation.—The conferees have provided $5,000,000 for the state of Oregon for positive train separation (PTS) activities. As part of this work, funding can be used for an extension into Union Station and for additional track and signal work. In addition, the Federal Railroad Administration (FRA) shall research and develop PTS, implement a high speed rail mitigation path, evaluate the compatibility of PTS and corridor passenger service on the Portland, Oregon to Seattle, Washington corridor, and purchase necessary wayside sensors and radios so that the PTS system can verify train locations and switch positions. This will allow PTS equipped trains to operate on either track in either direction at full track speed. Finally, FRA shall assess the communications reliability of this system in a dense urban area, such as Portland, Oregon. FRA believes that the Pacific Northwest Corridor is the ideal testbed for such a system. No matching funds are required for this project.

In connection with this project, the conferees strongly encourage the Federal Railroad Administration, the U.S. Coast Guard, and the U.S. Army Corps of Engineers to work together to establish differential global positioning system coverage for the territory between Portland and Hinkle, Oregon. Such coverage is vital to test and validate the PTS automatic location capability in an area where radio propagation may be limited by the rugged terrain.

National Academy of Sciences study of high speed rail.—The conferees direct the FRA to contract with the National Academy of Sciences to assemble a panel of experts to issue periodic reports on FRA's high speed rail research and development and next generation high speed rail activities. The first of these reports should assess the content, inter-relationship of individual projects, management structure, and direction of FRA's activities. The intent of this assessment is to determine whether these activities make up a coherent, well-managed whole, and whether the proposed fiscal year 1997 projects are logical extensions of these efforts. This first assessment should be completed by April 1, 1996, to meet the deadline established in the House report. The second report should assess whether specific projects in FRA's program are likely to yield useful research results, and the prospect of state and/or private deployment. Thereafter, the panel should consider and report on, in sequence, the other elements as stated in the Senate report.

Advanced train control study.—The conferees agree not to require FRA to submit an advanced train control plan for evaluation prior to further corridor development work occurring outside of the Northeast Corridor as proposed by the House.

NORTHEAST CORRIDOR IMPROVEMENT PROGRAM

Amendment No. 82: Appropriates $115,000,000 for the northeast corridor improvement program instead of $100,000,000 as proposed by the House and $130,000,000 as proposed by the Senate. Of this amount, the conferees agree to distribute $65,000,000 to the southern portion of the corridor for repair and $50,000,000 to the northern portion of the corridor for track work, maintenance facilities, and electrification. The conferees have not provided any additional funding for high-speed transets because prior year appropriations remain available for this procurement. This should be interpreted as a deferral of additional funding and not Congressional desire to terminate the project. The conferees direct Amtrak to notify the House and Senate Committees on Appropriations of its final detailed allocation of these funds.

Cash flow analysis.—The conferees agree that Amtrak is to provide a detailed cash flow analysis, which identifies the funding required to complete the high-speed rail trainset procurement and options for public and private financing of the procurement. This cash flow analysis should include information from Amtrak's ongoing market and ridership survey that validates the estimates

being made for the electrified New Haven to Boston service. A preliminary report shall be provided to the House and Senate Committees by December 1, 1995 and a final report shall be issued no later than March 1, 1996.

Joint transportation plan.—The conferees direct the Federal Railroad Administration and Amtrak to provide by March 1, 1996 to the House and Senate Committees on Appropriations a joint and comprehensive transportation plan for the Washington, DC to New York, N.Y. segment of the corridor that details (1) the state of the rail line, (2) all required capital improvements, (3) necessary investments for recapitalization, and (4) a projected timeline for these expenditures over the next two decades. This plan should include information on how the costs for upgrading and maintaining the railroad will be shared by all users of the rail line.

NEXT GENERATION HIGH SPEED RAIL

Amendment No. 83: Appropriates $19,205,000 for next generation high speed rail studies, corridor planning, development, demonstration, and implementation instead of $10,000,000 as proposed by the House and $20,000,000 as proposed by the Senate. The House bill provided funding only for high speed rail technology development and demonstrations.

The conference agreement provides total funding (appropriation plus limitation on obligations) of $24,205,000 for the next generation high speed rail program to be allocated as follows:

Advanced train control:	
Detroit to Chicago corridor	$3,000,000
Chicago to St. Louis corridor	6,000,000
Nonelectric locomotives:	
New York nonelectric locomotives demonstration	6,000,000
Transportation technology center	3,000,000
Grade crossing hazards:	
Complete state grade crossing work	1,000,000
Innovative techniques	3,500,000
Corridor planning technology	1,250,000
Administrative costs	455,000

Nonelectric locomotives.—The conferees have provided $6,000,000 to continue the development, testing, and demonstration of turbine powered nonelectric locomotives in the state of New York as proposed by the Senate. This funding shall be matched on a dollar-for-dollar basis. The House did not provide funding for this project. Since then, the House has received significant information on the project and now believes that a more comprehensive demonstration of this technology is necessary. Therefore, the conferees have agreed to fund the retrofit of a second nonelectric trainset so that additional data can be gathered on the capacity, reliability, maintainability, and fuel consumption of a turbine powered nonelectric fleet. Also, this funding should be used to further develop ways to improve the acceleration capabilities of nonelectric locomotives so that their performance is more comparable to that of electric locomotives. FRA, in conjunction with Amtrak and the State of New York, should submit information on the retrofitted locomotives as compared to the Genesis P–40 and other high speed locomotives, to the House and Senate Committees on Appropriations no later than August 15, 1996 so that the results can be evaluated prior to finalization of the fiscal year 1997 Department of Transportation appropriations bill. While this is ongoing, FRA, Amtrak, and the State of New York should work to resolve the liability concerns along the Empire Corridor and close highway-rail grade crossings so that these trains can operate at 125 miles per hour.

In addition, the conference agreement raises the liquidating cash appropriation from the highway trust fund to $7,118,000, based on updated estimates from FRA. The House and Senate bills included $5,000,000 for this purpose.

Amendment No. 84: Provides that next generation high speed rail funds may be made available for grants to states for high speed rail corridor design, feasibility studies, environmental analyses, and track and signal improvements as proposed by the Senate. The House bill included no similar provision.

ALASKA RAILROAD REHABILITATION

Amendment No. 85: Appropriates $10,000,000 for Alaska Railroad rehabilitation as proposed by the Senate. The House contained no similar appropriation.

PENNSYLVANIA STATION REDEVELOPMENT PROJECT

Amendment No. 86: Deletes $25,000,000 for the Pennsylvania Station Redevelopment project proposed by the Senate. The House bill contained no similar appropriation. The conferees have provided funding for related activities under the National Railroad Passenger Corporation's capital grants program, rather than new development of the James A. Farley post office building.

RHODE ISLAND RAIL DEVELOPMENT

Amendment No. 87: Appropriates $1,000,000 for Rhode Island rail development instead of $2,000,000 as proposed by the Senate. The House bill contained no similar appropriation. As proposed by the Senate, the conference agreement specifies that the federal contribution shall be matched on a dollar-for-dollar basis. Further, the Providence and Worcester Railroad shall reimburse Amtrak and/or the Federal Railroad Administration up to the first $6,000,000 in legal damages if damages occur resulting from provision of vertical clearances in excess of those required for present freight operations.

GRANTS TO THE NATIONAL RAILROAD PASSENGER CORPORATION

Amendment No. 88: Provides $635,000,000 for the National Railroad Passenger Corporation (Amtrak) instead of $628,000,000 as proposed by the House and $605,000,000 as proposed by the Senate. Over the past year, Amtrak has undergone significant changes to improve its service quality and productivity and to eliminate its dependence on federal operating assistance by the year 2001. Amtrak has made strides in reaching these goals; however, legislative reforms, including labor reforms, must be enacted if Amtrak is to reach its operating cost goals. Current authorization bills contain a number of these legislative reforms. As such, the significant level of funding provided is predicated on the belief that vital legislative reforms will occur in the near term, which will reduce Amtrak's costs.

Amendment No. 89: Provides $305,000,000 for operating losses and mandatory passenger rail service payments as proposed by the Senate instead of $336,000,000 as proposed by the House.

Amendment No. 90: Provides $100,000,000 for Amtrak's transition costs as proposed by the Senate instead of $62,000,000 as proposed by the House.

Amendment No. 91: Provides $230,000,000 for capital improvements to Amtrak as proposed by the House instead of $200,000,000 as proposed by the Senate. The conference agreement provides up to $20,000,000 for emergency life safety repairs to be completed at the existing Pennsylvania Station, as allowed during fiscal year 1995, as well as for the reconstruction of the station's service building to provide the support services necessary for the safe operation of the station.

Amendment No. 92: Deletes language proposed by the House which would have made the availability of funds contingent upon enactment of significant reforms in authorizing legislation to restructure the National Railroad Passenger Corporation. The Senate bill contained no similar provision. In lieu of this language, the conference agreement provides Amtrak with the ability to transfer not more than $15,000,000 from the capital improvements account to the Northeast Corridor Improvement Program.

FEDERAL TRANSIT ADMINISTRATION

ADMINISTRATIVE EXPENSES

Amendment No. 93: Appropriates $42,000,000 for administrative expenses of the Federal Transit Administration (FTA) as proposed by the Senate instead of $39,260,000 as proposed by the House. The conference agreement provides two full-time equivalent staff year positions in the FTA's Washington, DC offices to conduct management and oversight of the Washington Metropolitan Area Transit Authority (WMATA). The conference agreement also includes a provision under amendment numbered 165 that requires the FTA to conduct its oversight of WMATA from FTA's Washington metropolitan area offices.

FORMULA GRANTS

Amendment No. 94: Appropriates $942,925,000 from the general fund for formula grants of the Federal Transit Administration instead of $890,000,000 as proposed by the House and $985,000,000 as proposed by the Senate.

Amendment No. 95: Provides for a total program level of $2,052,925,000, including appropriations and limitations on obligations, for transit formula grants, instead of $2,000,000,000 as proposed by the House and $2,105,850,000 as proposed by the Senate.

Amendment No. 96: Limits reductions in transit operating assistance to urbanized areas of less than 200,000 in population to no less than seventy-five percent of the amount of operating assistance such areas are eligible to receive under Public Law 103–331, instead of eighty percent as proposed by the Senate. The House bill contained no similar provision.

Amendment No. 97: Deleted language proposed by the Senate that would apportion $29,325,031 to areas of 200,000 or greater in population before apportionment of transit formula funds. The conference agreement includes language that, in the distribution of the limitation on transit operating assistance to urbanized areas that had a population under the 1990 decennial census of 1,000,000 or more, the Secretary shall direct each area to give priority consideration to the impact of reductions in operating assistance on smaller transit authorities operating within the area, and to consider the needs and resources of such transit authorities when the limitation is distributed among all transit authorities operating in the area.

TRANSIT PLANNING AND RESEARCH

Amendment No. 98: Appropriates $85,500,000 for transit planning and research instead of $82,250,000 as proposed by the House and $90,000,000 as proposed by the Senate. The conferees agree to specify in the bill that $39,500,000 shall be provided for the metropolitan planning program (49 U.S.C. 5303); $4,500,000 for the rural transit assistance program (49 U.S.C. 5311(b)(2)); $8,250,000 for the transit cooperative research program (49 U.S.C. 5313(b)); $22,000,000 for the national program (49 U.S.C. 5314); $8,250,000 for the state program (49 U.S.C. 5313(a)); and $3,000,000 for the National transit institute (49 U.S.C. 5315). The House bill contained similar funding allocations, but at different levels than in the conference agreement. The Senate bill contained no allocations by program in the bill.

The conferees direct that within the total funding level provided for transit planning and research, the Federal Transit Administration shall make available the following amounts for the programs and activities listed below:

Team transit program of the Minnesota Metropolitan Commission	$500,000
Project ACTION (Accessible Community Transportation in our Nation)	2,000,000
Advanced technology transit bus	5,000,000
Fuel cell bus technology	5,000,000
Research on large circuit breakers and switch gears	2,500,000
Dulles corridor studies	500,000
Hennepin County, Minnesota, public works program	500,000
Intermodal positioning system (inertial navigational technology)	500,000
Advanced lead acid battery consortium	500,000
Ridership enhancement strategies	500,000

The conferees agree that federal transit assistance should contribute to the improvement of the entire community which transit systems serve, rather than support just the transit service itself. This is the goal of the livable communities initiative. By assisting a broad range of activities, communities may be improved; and by better linking the communities to the transit system, transit service may be made more effective. The conferees, therefore, urge the Department of Transportation to endeavor in these types of community initiatives.

Advanced transportation systems program.—Section 6071 of title V of the Intermodal Surface Transportation Efficiency Act established the advanced transportation systems and electric vehicle technology program. The conferees are aware of the significant contributions that participating consortia have made to this program and direct the FTA to continue its heavy duty transit buses, the development of energy storage technologies, flywheel and hybrid vehicle development and demonstration, and the continued charging infrastructure programs.

Within available funds, the department is urged to consider support of monobeam transit system development.

TRUST FUND SHARE OF EXPENSES

(LIQUIDATION OF CONTRACT AUTHORIZATION)

(HIGHWAY TRUST FUND)

Amendment No. 99: Provides $1,120,850,000 in liquidating cash for the trust fund share of expenses of the formula grants program as proposed by the Senate instead of $1,110,000,000 as proposed by the House.

DISCRETIONARY GRANTS

(LIMITATION ON OBLIGATIONS)

(HIGHWAY TRUST FUND)

Bus and bus-related facilities.—The conference agreement provides $333,000,000 for the replacement, rehabilitation, and purchase of buses and related equipment and the construction of bus-related facilities. The conferees agree that the recommended funding should be distributed as follows:

Project location and purpose	House	Senate	Conference
Arkansas:			
Little Rock, central Arkansas transit transfer facility	$0	$1,000,000	$0
Fayetteville, intermodal transfer facility	0	5,400,000	0
State of Arkansas; buses	6,000,000	0	6,200,000
California:			
Coachella Valley; SunLine bus facility	1,000,000	0	500,000
Long Beach, bus replacement and parts	0	3,000,000	1,500,000
Los Angeles; Gateway intermodal center	8,000,000	15,000,000	8,000,000
San Diego, San Ysidro intermodal center	0	10,000,000	5,000,000
San Francisco; buses	13,480,000	0	6,740,000
San Francisco, BART ADA compliance/paratransit	0	4,460,000	2,230,000
San Gabriel Valley; Foothill bus facilities	12,500,000	0	9,750,000
San Joaquin, RTD bus replacement	0	10,560,000	5,280,000
Santa Cruz; bus facility	3,000,000	0	1,500,000
Sonoma County; park and ride facilities	2,500,000	0	1,250,000
Ventura County; bus facility	1,200,000	0	600,000
Yolo County; buses	3,000,000	0	1,500,000
Colorado: Fort Collins and Greeley; buses	2,500,000	0	1,250,000
Connecticut: Norwich; intermodal center	3,000,000	0	1,500,000
Delaware: State of Delaware; buses	2,700,000	0	1,350,000
Florida:			
Metropolitan Dade County; buses	4,000,000	16,000,000	10,000,000
Orlando; Lynx buses and bus operating facility	8,500,000	0	4,250,000
Palm Beach County; bus facilities	4,000,000	0	2,000,000
Volusia County; buses and park and ride facility	2,500,000	0	1,250,000
Georgia: Atlanta; buses	7,500,000	0	3,750,000
Hawaii: Honolulu, Oahu; Kuakini medical center parking facility	0	8,000,000	4,000,000
Iowa:			
Ames, Marshalltown, Ottumwa, Regions 6, 14, 15, 16; buses and bus facilities	4,000,000	0	2,350,000
Cedar Rapids; hybrid electric bus consortium	0	2,960,000	1,200,000
Ottumwa; global positioning equipment	0	700,000	0
Waterloo; intermodal bus facility	0	1,340,000	670,000
State of Iowa; buses, equipment, and facilities	0	8,000,000	4,280,000
Illinois:			
Chicago replacement buses/communications system	0	13,700,000	0
State of Illinois; buses	20,000,000	0	16,850,000
Indiana:			
Gary and Hammond; buses	520,000	0	260,000
South Bend; intermodal facility	5,000,000	0	2,500,000
State of Indiana; buses and bus facilities	13,000,000	0	6,500,000
Kentucky: Lexington; buses	2,000,000	0	1,000,000
Louisiana:			
New Orleans; bus facility	6,000,000	0	3,000,000
New Orleans; buses	12,000,000	0	6,000,000
Saint Barnard Parish; intermodal facility	3,000,000	0	1,500,000
Massachusetts: Worcester; intermodal center	4,000,000	0	2,000,000
Maryland: Maryland Transit Authority, Maryland; buses	10,000,000	16,000,000	13,000,000
Michigan:			
Lansing intermodal transportation center	0	4,180,000	2,090,000
State of Michigan; ISTEA set-aside requirement	10,000,000	10,000,000	10,000,000
Minnesota: Metropolitan Council, Minnesota; articulated buses	15,000,000	0	7,500,000
Missouri:			
Kansas City; Union Station intermodal	0	13,000,000	6,500,000
St. Louis; Metrolink bus purchase	0	10,000,000	3,500,000
State of Missouri; buses and bus facilities	0	11,000,000	7,000,000
North Carolina: State of North Carolina; buses and bus facilities	10,000,000	0	5,000,000
New Jersey:			
Garden State Parkway; park-n-ride at interchange 165	0	2,300,000	1,150,000
Hamilton Township; intermodal facility/bus maintenance	0	25,000,000	12,500,000
Nevada: Clark County, Nevada; buses and bus facility	14,000,000	20,000,000	17,000,000
New York:			
Albany; buses	0	10,000,000	5,000,000
Buffalo; Crossroads intermodal station	1,000,000	0	500,000
Long Island; buses	0	3,000,000	1,500,000
New Rochelle; intermodal facility	1,500,000	0	750,000
New York City; natural gas buses/fueling station	0	10,000,000	5,000,000
Rensselaer; intermodal station	7,500,000	7,500,000	7,500,000
Rochester-Genessee; buses	0	1,400,000	700,000
Syracuse; buses	2,000,000	0	1,000,000
Syracuse; intermodal station	2,000,000	0	1,000,000
Utica; buses	0	6,000,000	3,000,000
Westchester, bus facility	4,500,000	0	2,250,000
Ohio:			
Cleveland; Triskett bus facility	2,500,000	0	1,250,000
Columbus; buses	0	10,000,000	0
State of Ohio; buses and bus facilities	20,000,000	0	15,000,000
Oregon:			
Wilsonville; transit vehicles	0	500,000	250,000

Project location and purpose	House	Senate	Conference
Eugene Lane transit district; radio system	0	1,300,000	650,000
Pennsylvania:			
Allegheny County; busway system	8,000,000	10,000,000	9,000,000
Altoona; ISTEA set-aside requirement	2,000,000	0	1,000,000
Beaver County; bus facility	1,600,000	3,300,000	2,450,000
Erie; intermodal complex	0	8,000,000	4,000,000
North Philadelphia; intermodal center	6,000,000	0	3,000,000
Philadelphia; buses	3,000,000	0	1,500,000
Philadelphia: Chestnut Street/alternative fueled vehicles	0	2,000,000	1,000,000
Philadelphia; lift-equipped buses	15,000,000	0	7,500,000
Tennessee: Nashville, Tennessee; electric buses	600,000	0	300,000
Texas:			
Corpus Christi; buses, dispatching system, and facilities	0	1,600,000	2,450,000
Corpus Christi; bus facilities	2,500,000	0	0
El Paso; buses, equipment and facilities	6,000,000	0	5,200,000
El Paso; bus equipment	2,900,000	0	0
El Paso; satellite transit terminal	1,500,000	0	0
Robstown/Corpus Christi bus shelters/curb cuts/transit center	0	800,000	0
Utah: Utah Transit Authority, Utah; buses	3,500,000	0	1,750,000
Virginia: Richmond; downtown intermodal station	0	10,000,000	5,000,000
Vermont:			
State of Vermont, buses and bus facilities	0	6,000,000	3,000,000
Marble Valley; bus upgrades	0	2,000,000	1,000,000
Washington:			
Everett; intermodal center	0	7,000,000	3,500,000
Pierce County; Tacoma Dome station	3,000,000	5,000,000	5,000,000
Seattle; Metro/King County multimodal	0	4,000,000	2,000,000
Seattle/King County; Seattle metro bus purchase	2,500,000	10,000,000	6,250,000
Wenatchee; Chelan-Douglas multimodal	0	2,000,000	0
Wisconsin: State of Wisconsin; buses	20,000,000	0	10,000,000
Total	333,000,000	333,000,000	333,000,000

Within available balances, the conferees direct the Federal Transit Administration to support the following applications: the Santa Barbara Metropolitan Transit District for state-of-the-art, electric battery-powered buses for initial use at the 1996 Summer Olympic Games; Taos, New Mexico and Kansas City, Kansas for buses and bus-related purchases; and the Pennsylvania consolidated bus purchase.

State of Arkansas.—The conference agreement includes $6,200,000 for buses and intermodal and bus-related facilities to be made available to the Arkansas Highway and Transportation Department to be distributed as follows: $200,000 for Pine Bluff Transit; $3,200,000 for the University of Arkansas; $400,000 for Hot Springs Transit; $300,000 for South Central Arkansas; $800,000 for Central Arkansas Transit; and $800,000 for Southeast Arkansas Transit. The remaining balances may be retained by the Arkansas Highway and Transportation Department for other state bus and bus-related projects.

Ames, Marshalltown, Ottumwa, Regions 6, 14, 15 and 16, Iowa; bus and bus facilities.—The conference agreement includes $2,350,000 for buses and bus facilities for Ames, Marshalltown, Ottumwa, and Regions 6, 14, 15 and 16, Iowa to be distributed as follows: $1,069,000 for Ames; $704,300 for Ottumwa; $189,500 for Marshalltown; $17,600 for Region 6; $121,100 for Region 14; $159,400 for Region 15; and $89,100 for Region 16.

State of Michigan.—The conference agreement includes $10,000,000 for the State of Michigan to fulfill the requirements of section 3035(ll) the Intermodal Surface Transportation Efficiency Act of 1991. Of the $10,000,000 for the State of Michigan, the conferees have included: $3,022,500 for buses and bus facilities for Grand Rapids; $3,022,500 for buses and bus facilities in Flint; $3,022,500 for the Suburban Mobility Authority for Regional Transportation (SMART); and $932,500 for an intermodal facility in Lansing. The conference agreement includes a total of $3,022,500 for the intermodal transportation center in Lansing. The conferees recognize that $1,200,000 more is required to complete this project and encourage the project sponsors to submit a future request for the remaining funds.

State of New York.—The conferees direct those transit systems in the State of New York receiving section 3 bus discretionary allocations in areas over 200,000 population for the express purpose of providing fixed-route transit services, to purchase alternative fueled buses. Vehicles purchased for use in urbanized areas under 200,000 population and for use in rural areas and/or for ADA mandated paratransit services are exempt.

State of Illinois.—The conference agreement provides $16,850,000 for the Illinois Department of Transportation for replacement buses and transit facilities. This amount includes funds for replacement buses for the following transit agencies: $1,585,000 for Champaign-Urbana; $528,000 for Decatur; $2,290,000 for Madison County; $528,000 for Quincy; $528,000 for Rockford; $880,000 for Rock Island; $1,073,000 for Springfield; and $1,665,000 for Pace. The amount also includes $720,000 for a transfer facility in Peoria and $800,000 for bus facilities for the South Central MTD. In addition, $6,000,000 is provided for a new bus communications system for the Chicago Transit Authority.

Bus overhauls.—The conferees direct the FTA to study and report to the appropriate Congressional committees by July 15, 1996 on the data associated with requests for funding under the periodic bus overhaul funding provision, including, but not limited to, the number, size, and geographic type of transit systems that seek to capitalize such expenses, and the amounts requested under this section.

Amendment No. 100: Includes language that reprograms $21,631,250 of funds previously made available in Public Law 102–388 and provides $666,000,000 for new fixed guideway systems. The House bill included $666,000,000 and the Senate bill included a total of $688,840,000, of which $22,840,000 was proposed to be reprogrammed.

The conferees recommend that $21,631,250 of funds that were originally provided in the fiscal year 1993 Department of Transportation and Related Agencies Appropriations Act, Public Law 102–388, that have not been obligated by October 1, 1995 be reprogrammed. Should additional funds from Public Law 103–388 remain unobligated, the conferees direct the Administrator to reprogram these funds 15 days after notification to the House and Senate Committees on Appropriations only to those projects that have existing full funding grant agreements on the date of enactment of this Act, to the extent that those projects are likely to be capable of obligating these funds in the course of this fiscal year.

The conference agreement provides for the following distribution of the recommended funding for new fixed guideway systems as follows:

Project	*Amount*
Atlanta-North Springs project	$42,410,000
South Boston Piers (MOS–2) project	20,060,000
Canton-Akron-Cleveland commuter rail project	4,250,000
Cincinnati Northeast/Northern Kentucky rail line project	1,000,000
Dallas South Oak Cliff LRT project	16,941,000
DART North Central light rail extension project	3,000,000
Dallas-Fort Worth RAILTRAN project	6,000,000
Florida Tri-County commuter rail project	10,000,000
Houston Regional Bus project	22,630,000
Jacksonville ASE extension project	9,720,625
Los Angeles Metro Rail (MOS–3)	85,000,000
Los Angeles-San Diego commuter rail project	8,500,000
MARC commuter rail project	10,000,000
Maryland Central Corridor LRT project	15,315,000
Miami-North 27th Avenue project	2,000,000
Memphis, Tennessee Regional Rail Plan	1,250,000
New Jersey Urban Core-Secaucus project	80,250,000
New Orleans Canal Street Corridor project	5,000,000
New York Queens Connection project	126,725,125
Pittsburg Airport Phase 1 project	22,630,000
Portland-Westside LRT project	130,140,000
Sacramento LRT extension project	2,000,000
St. Louis Metro/Link LRT project	12,500,000
Salt Lake City light rail project	9,759,500
San Francisco BART extension project	10,000,000
San Juan, Puerto Rico Tren Urbano project	7,500,000
Tampa to Lakeland commuter rail project	500,000
Whitehall ferry terminal, New York, New York	2,500,000

Wisconsin central commuter project	14,400,000
Burlington-Charlotte, Vermont commuter rail project	5,650,000

South-North corridor project.—The conferees note that the Oregon legislature and Portland area voters have approved $850 million in local and state funds for the South-North corridor project. The conferees support the inclusion of the South-North corridor in the Portland area program of interrelated projects and note that a project financing plan, based on a discretionary (section 3) share of fifty percent of the total project costs, will be considered should the Portland region seek funding for this project.

Orange County, California.—The conferees are concerned with the delay of the Federal Transit Administration in obligating the funds previously provided in fiscal years 1994 and 1995 for the Orange County Transitway project. The conferees are concerned that the FTA may fail to recognize that the Anaheim Intermodal Transportation Center is not an element of the Transitway project. The conferees, therefore, direct the FTA to work expeditiously to obligate these funds once all pending planning and financial issues are addressed adequately.

Kansas City.—Although no funds have been provided for the Kansas City, Missouri light rail project, the conferees believe that based on the results of the recently completed major investment study, the project may have merit and therefor encourage project sponsors to continue to seek federal support in the future.

Seattle-Tacoma.—The conferees agree that sums available from funds appropriated in fiscal year 1992 for the Seattle-Tacoma commuter rail project may be used for intermodal access and facilities in Seattle and/or commuter track and signal projects in and between Seattle and Tacoma, only to the extent to which such projects are consistent with existing federal transportation laws and regulations.

Amendment No. 101: Provides $20,060,000 for the South Boston Piers (MOS–2) project instead of $17,500,000 as proposed by the House and $22,620,000 as proposed by the Senate.

Amendment No. 102: Provides $4,250,000 for the Canton-Akron-Cleveland commuter rail project instead of $6,500,000 as proposed by the House and no funding as proposed by the Senate; and deletes House language that would have made funding for this project contingent upon passage by the House of a bill authorizing appropriations therefor, and only in amounts provided therein. The conferees have agreed to delete this language because on September 20, 1995, the House passed H.R. 2274, the National Highway Systems Designation Act of 1995, which contained the authorization for this and the several other new start projects that follow below.

Amendment No. 103: Provides $1,000,000 for the Cincinnati Northeast/Northern Kentucky rail line project instead of $2,000,000 as proposed by the House and no funding as proposed by the Senate; and deletes House language that would have made funding for this project contingent upon passage by the House of a bill authorizing appropriations therefor, and only in amounts provided therein.

Amendment No. 104: Provides $3,000,000 for the DART North Central light rail extension project instead of $2,500,000 as proposed by the House and $3,500,000 as proposed by the Senate.

Amendment No. 105: Deletes House language that would have made funding for the DART North Central rail extension project contingent upon passage by the House of a bill authorizing appropriations therefor, and only in amounts provided therein.

Amendment No. 106: Provides $6,000,000 for the Dallas-Fort Worth RAILTRAN project instead of $5,000,000 as proposed by the House and $7,000,000 as proposed by the Senate.

Amendment No. 107: Deletes House language that would have made funding for the Dallas-Fort Worth RAILTRAN project contingent upon passage by the House of a bill authorizing appropriations therefor, and only in amounts provided therein.

Amendment No. 108: Deletes House language that would have made funding for the Florida Tri-County commuter rail project contingent upon passage by the House of a bill authorizing appropriations therefor, and only in amounts provided therein.

Amendment No. 109: Provides $9,720,625 for the Jacksonville ASE extension project instead of $12,500,000 as proposed by the House, The Senate bill contained no similar provision.

Amendment No. 110: Provides $85,000,000 for the Los Angeles Metro Rail (MOS–3) instead of $125,000,000 as proposed by the House and $45,000,000 as proposed by the Senate.

The conference agreement provides $85,000,000 for the Los Angeles Metro Rail Line project. The conferees, however, reiterate the safety concerns and the need for quality assurances outlined in the Senate report.

The conferees are aware that after the Senate's consideration of the Act, the Los Angeles Metropolitan Transportation Authority (MTA) has made significant progress in the areas of concern as expressed by the Senate. The MTA has hired a new head of Metro construction to whom quality assurance and safety personnel now must directly report. In addition, the MTA has submitted the updated Metro Rail Red Line Project Management plan, which demonstrates the commitment to safety and quality assurance, to the Federal Transit Administration for review, prior to FTA's October 1, 1995 deadline.

While this progress is encouraging, the conferees direct the Federal Transit Administration to continue diligent oversight and to ensure that these commitments to greater safety and quality assurance staffing are finalized before these or any other federal funds are obligated to the Metro Red Line Project.

Amendment No. 111: Provides $8,500,000 for the Los Angeles-San Diego commuter rail project instead of $10,000,000 as proposed by the House and no funding as proposed by the Senate.

Amendment No. 112: Provides $10,000,000 for the MARC commuter rail project as proposed by the House instead of $15,000,000 as proposed by the Senate.

Amendment No. 113: Provides $15,315,000 for the Maryland Central Corridor LRT project instead of $3,000,000 as proposed by the House and $22,630,000 as proposed by the Senate.

Amendment No. 114: Deletes House language that would have made funding for the Miami-North 27th Avenue project contingent upon passage by the House of a bill authorizing appropriations therefor, and only in amounts provided therein.

Amendment No. 115: Provides $1,250,000 for the Memphis, Tennessee Regional Rail Plan instead of $2,500,000 as proposed by the House and no funding as proposed by the Senate; and deletes House language that would have made funding for this project contingent upon passage by the House of a bill authorizing appropriations therefore, and only in amounts provided therein.

Amendment No. 116: Provides $80,250,000 for the New Jersey Urban Core-Secaucus project instead of $75,000,000 as proposed by the House and $85,500,000 as proposed by the Senate.

Amendment No. 117: Provides $5,000,000 for the New Orleans Canal Street Corridor project instead of $10,000,000 as proposed by the House and no funding as proposed by the Senate, and deletes House language that would have made funding for this project contingent upon passage by the House of a bill authorizing appropriations therefore, and only in amounts provided therein.

Amendment No. 118: Provides $126,725,125 for the New York Queens Connection project instead of $114,989,000 as proposed by the House and $160,000,000 as proposed by the Senate.

Amendment No. 119: Deletes funding for the Orange County Transitway project as proposed by the Senate instead of $5,000,000 as proposed by the House.

Amendment No. 120: Provides $130,140,000 for the Portland Westside LRT project as proposed by the Senate instead of $85,500,000 as proposed by the House.

Amendment No. 121: Provides $2,000,000 for the Sacramento LRT extension project as proposed by the House instead of no funding as proposed by the Senate.

Amendment No. 122: Provides $12,500,000 for the St. Louis Metro Link LRT project instead of $10,000,000 as proposed by the House and $13,000,000 as proposed by the Senate. Within the funds provided, the conferees have included up to $2,000,000 for the St. Claire extension.

Amendment No. 123: Provides $9,759,500 for the Salt Lake City light rail project instead of $5,000,000 as proposed by the House and $14,519,000 as proposed by the Senate.

Amendment No. 124: Retains, with modification, House language which provides that $5,000,000 of the funds made available for the Salt Lake City light rail project may be available for related high occupancy vehicle lane and intermodal corridor design costs.

Amendment No. 125: Provides $10,000,000 for the San Francisco BART extension project as proposed by the House instead of $22,620,000 for the San Francisco BART extension to the airport/Tasman corridor projects as proposed by the Senate.

The conferees have agreed to provide $10,000,000 to continue the BART proposed extension to the San Francisco International Airport. BART and the San Francisco Airport Commission recently reached an agreement in principle on an airport station alignment that reduces project costs and that is compatible with the airport's extension plan. However, significant unresolved issues must be resolved before a long-term financial commitment can be made to this project. For example, despite planned cost reductions, a complete cost analysis and financial plan are not yet available and there is no assurance that the federal share of this project will be reduced. Further, neither supplemental draft nor analyses have yet been concluded, and four transportation agencies on the San Francisco peninsula, including one of the project sponsors (the San Mateo County Transit District), have voted to study a direct CalTrain link with the airport. Lastly, the conferees believe that the proposed local share costs to be borne by the airport and its users should be consistent with federal transportation policy and regulation. Given these many concerns, the conferees believe that sufficient time to complete and review adequately the supplemental draft environmental impact statement and the subsequent engineering and financial plans, and final environmental impact statements is not available in fiscal year 1996. Sixty days prior to action to execute a full funding grant agreement, the conferees direct the FTA to report back to both the House and Senate Committees on Appropriations and certify in writing that the aforementioned concerns are fully

addressed. This action shall not be interpreted as a Congressional desire to terminate this project.

The conference agreement provides no new funding for the Tasman corridor project. Measure A, a Santa Clara County local sales tax proposition which constitutes the Tasman project's local match, was invalidated by a California appeals court and later upheld by the California Supreme Court on September 28, 1995. Therefore under the terms of the Bay Area's Metropolitan Transportation Commission's new rail starts program, the conferees expect that the $33,320,000 of federal funds originally made available in fiscal years 1994 and 1995 shall be allocated by the Metropolitan Transportation Commission to the San Francisco BART extension to the airport.

Amendment No. 126: Restores language proposed by the House which provides funds for the San Francisco BART extension to the airport only instead of the San Francisco BART extension/Tasman corridor project as proposed by the Senate.

Amendment No. 127: Provides $7,500,000 for the San Juan, Puerto Rico Tren Urbano project instead of $15,000,000 as proposed by the House and no funding as proposed by the Senate; and deletes House language that would have made funding for this project contingent upon passage by the House of a bill authorizing appropriations therefor, and only in amounts provided therein.

Amendment No. 128: Provides $500,000 for the Tampa to Lakeland commuter rail project instead of $1,000,000 as proposed by the House and no funding as proposed by the Senate; and deletes House language that would have made funding for this project contingent upon passage of the House of a bill authorizing appropriations therefor, and only in amounts provided therein.

Amendment No. 129: Provides $2,500,000 for the Whitefall ferry terminal, New York, New York instead of $5,000,000 as proposed by the House and no funding as proposed by the Senate; and deletes House language that would have made funding for this project contingent upon passage by the House of a bill authorizing appropriations therefor, and only in amounts provided therein.

Amendment No. 130: Deletes House language that would have made funding for the Wisconsin central commuter project to passage by the House of a bill authorizing appropriations therefor, and only in amounts provided therein.

Amendment No. 131: Provides $5,650,000 for the Burlington-Charlotte, Vermont commuter rail project instead of $11,300,000 as proposed by the Senate. The House bill contained no similar appropriation.

Amendment No. 132: Deletes $5,000,000 for the Chicago central area circulator proposed by the Senate. The House bill contained no similar provision.

Due to the failure of the State of Illinois to appropriate funding for its share of the Chicago central area circulator project this year and the uncertainty of the design and construction of the system, the conferees have not allocated any new fiscal year 1996 funding for this project. Should the state appropriate its share of the costs of the project or should the Federal Transit Administration approve the core system phasing approach into an amended full funding grant agreement, the conferees will then make every effort to provide funding according to a full funding grant agreement funding schedule.

MASS TRANSIT CAPITAL FUND

(LIQUIDATION OF CONTRACT AUTHORIZATION)

(HIGHWAY TRUST FUND)

Amendment No. 133: Appropriates $2,000,000,000 to liquidate contract authority obligations for mass transit capital programs as proposed by the House instead of $1,700,000,000 as proposed by the Senate.

WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY

Amendment No. 134: Appropriates $200,000,000 for construction of the Washington, DC metrorail system as proposed by the House instead of $170,000,000 as proposed by the Senate.

SAINT LAWRENCE SEAWAY DEVELOPMENT CORPORATION

Amendment No. 135: Deletes language proposed by the Senate that prohibits expenditure of funds in the Corporation's financial reserve or from the Harbor Maintenance Trust Fund for the design, development, or procurement of a global positioning system vessel traffic services system during fiscal year 1996. The House bill contained no similar provision.

Vessel traffic services system.—The conferees have expanded the scope of a study on the options for privatizing procurement and operation of vessel traffic services on the American portion of the Saint Lawrence Seaway, which the Senate report directed the Corporation to submit by May 1, 1996. The study shall focus on division of responsibility and cost-sharing issues in the development, procurement, installation, and operation of a GPS vessel traffic services system among the Saint Lawrence Seaway Development Corporation, the St. Lawrence Seaway Authority of Canada, the U.S. Coast Guard, the Canadian Coast Guard, and the carrier industry.

OPERATIONS AND MAINTENANCE

(HARBOR MAINTENANCE TRUST FUND)

Amendment No. 136: Appropriates $10,150,000 for operations and maintenance of the Saint Lawrence Seaway Development Corporation as proposed by the Senate instead of $10,190,500 as proposed by the House. The conferee agreement includes the following adjustments to the budget request:

Travel and transportation of things	−$6,000
Other miscellaneous services	−5,500
Nonpay inflation	−41,000
Unspecified reduction	−40,500

RESEARCH AND SPECIAL PROGRAMS ADMINISTRATION

RESEARCH AND SPECIAL PROGRAMS

Amendment No. 137: Appropriates $23,937,000 for research and special programs instead of $26,030,000 as proposed by the House and $24,281,000 as proposed by the Senate.

The conference agreement distributes the research and special programs appropriation and 176 full-time equivalent staff as follows:

	In dollars	Positions
Hazardous materials safety	12,650,000	111
Research and technology	3,288,000	13
Emergency transportation	1,022,000	7
Program support	7,388,000	45
Accountwide adjustments	−411,000	.....

The conferees have made the following adjustments to the budget request:

	In dollars
Hazardous materials safety:	
Information systems	−50,000
Training	+100,000
Registration program	−182,000
Aviation information management	−2,282,000
Research and technology:	
Personnel compensation and benefits	−91,000
Technology development	−2,951,000
Technology promotion	−874,000
Technology deployment	−400,000
Emergency transportation:	
Crisis management	−279,000
Program administration:	
Operating expenses	−42,000
Policy and program support	−50,000
Civil rights and special programs	−25,000
Program management and administration	−95,000
Contract program	−53,000
Working capital fund	−40,000
Accountwide adjustments:	
Training	−109,000
Equipment	−302,000
Net reduction	−7,725,000

Amendment No. 138: Deletes House language as proposed by the Senate and transfers $2,200,000 and 22 full-time equivalent employees from the Research and Special Programs Administration's aviation information management program to the Bureau of Transportation Statistics under amendment numbered 144.

PIPELINE SAFETY

(PIPELINE SAFETY FUND)

Amendment No. 139: Appropriates $31,448,000 for pipeline safety instead of $29,941,000 as proposed by the House and $32,973,000 as proposed by the Senate.

Amendment No. 140: Provides $28,750,000 from the Pipeline Safety Fund instead of $27,243,000 as proposed by the House and $30,275,000 as proposed by the Senate. The conference agreement includes the following reductions from the budget request:

	In dollars
Personnel compensation and benefits	−22,000
Operating expenses	−306,000
Information systems	−552,000
Risk assessment and technology studies	−500,000
Compliance	−4,146,000
Training and information dissemination	−21,000
Research and development	−2,423,000
Grants	−3,000,000
Net reduction	−10,970,000

Amendment No. 141: Provides that not to exceed $1,000,000 shall be available from the pipeline safety fund for grants to states for the development and establishment of one-call notification systems, as proposed by the House instead of $1,500,000 as proposed by the Senate.

EMERGENCY PREPAREDNESS GRANTS

(EMERGENCY PREPAREDNESS FUND)

Amendment No. 142: Limits obligations for emergency preparedness grants to $8,890,000 as proposed by the House instead of $9,200,000 as proposed by the Senate.

OFFICE OF INSPECTOR GENERAL

SALARIES AND EXPENSES

Amendment No. 143: Appropriates $40,238,000 for salaries and expenses of the Office of inspector general as proposed by the House instead of $39,891,200 as proposed by the Senate.

BUREAU OF TRANSPORTATION STATISTICS

Amendment No. 144: Appropriates $2,200,000 for the Bureau of Transportation Statistics as proposed by the Senate. The House bill contained no similar provision.

TITLE II—RELATED AGENCIES

ARCHITECTURAL AND TRANSPORTATION BARRIERS COMPLIANCE BOARD

SALARIES AND EXPENSES

Amendment No. 145: Appropriates $3,500,000 for salaries and expenses of the Architectural and Transportation Barriers Compliance Board as proposed by the Senate instead of $3,656,000 as proposed by the House. The conferees agree that, although no funding is provided in fiscal year 1996 for the acquisition of a new financial accounting system, this reduction is made without prejudice to the system receiving funding in future appropriations acts.

NATIONAL TRANSPORTATION SAFETY BOARD

SALARIES AND EXPENSES

Amendment No. 146: Appropriates $38,774,000 for salaries and expenses of the National Transportation Safety Board as proposed by the House instead of $37,500,000 as proposed by the Senate.

The conference agreement distributes the salaries and expenses of the National Transportation Safety Board and 350 full-time equivalent staff years as follows:

Office	Budget authority	Staff years
Policy and direction	$5,662,000	45
Aviation safety	13,334,000	122
Surface transportation	10,473,000	94
Research and engineering	5,281,000	48
Administration	2,692,000	31
Administrative law judges	1,332,000	10

EMERGENCY FUND

Amendment No. 147: Appropriates $360,802 for the emergency fund as proposed by the Senate instead of $160,802 as proposed by the House.

INTERSTATE COMMERCE COMMISSION

SALARIES AND EXPENSES

Amendment No. 148: Appropriates $13,379,000 for one quarter year of salaries and expenses as well as severance and closing costs of the Interstate Commerce Commission as proposed by the House. The Senate bill provided the same amount, but only for severance and closing costs. The conferees agree that collected fees shall be made available for the time the Commission remains in existence during fiscal year 1996 and that once the Commission ceases to exist, any unobligated balances from these collections shall be used to pay termination and severance costs.

TITLE III—GENERAL PROVISIONS

(INCLUDING TRANSFERS OF FUNDS)

Amendment No. 149: Makes technical change in the citation to the authorization statute regarding primary and secondary schooling of dependents of FAA personnel stationed outside of the continental United States, as proposed by the Senate.

Amendment No. 150: Deletes ''pursuant to paragraph (d)'' as proposed by the Senate.

Amendment No. 151: Prohibits the use of funds for salaries and expenses of more than one hundred political and Presidential appointees in the Department of Transportation as proposed by the Senate instead of one hundred and ten appointees as proposed by the House.

Amendment No. 152: Restores House language deleted by the Senate that prohibits funds to be used to implement section 404 of title 23, United States Code.

Amendment No. 153: Reduces the working capital fund for the Department of Transportation programs funded in this Act by $7,500,000 instead of $10,000,000 as proposed by the House and $5,000,000 as proposed by the Senate.

Amendment No. 154: Limits working capital fund obligational authority for the Department of Transportation programs funded in this Act to no more than $95,649,000 instead of $92,231,000 as proposed by the House and $99,364,000 as proposed by the Senate.

Amendment No. 155: Restores House language deleted by the Senate that prohibits the use of funds to prepare, propose or promulgate any regulations that prescribe changes in the corporate average fuel economy standards for automobiles.

Amendment No. 156: Cancels $25,000,000 of the budgetary resources provided to the Department of Transportation, excluding the Maritime Administration, as proposed by the House, instead of canceling $25,000,000 of the budgetary resources provided to the Department of Transportation, including the Maritime Administration, as proposed by the Senate.

Amendment No. 157: Restores House language deleted by the Senate and includes language proposed by the Senate which requires the Secretary of Transportation to collocate and consolidate the Department of Transportation's office structure.

Amendment No. 158: Restores House language deleted by the Senate and includes language proposed by the Senate which requires the Secretary of Transportation to collocate and consolidate the Department of Transportation's surface transportation field offices and activities.

Amendment No. 159: Includes Senate language that permits the Secretary of Transportation to submit a reorganization plan of the surface transportation activities of the Department of Transportation and the relationship of the Saint Lawrence Seaway Development Corporation to the Department. The House bill included no similar provision.

Amendment No. 160: Permits the Secretary of Transportation to transfer funds appropriated in this Act to ''Rental Payments'' as proposed by the Senate. The House bill would have permitted the Secretary of Transportation to transfer funds appropriated for any office of the Office of the Secretary.

Amendment No. 161: Prohibits funds for certain specified types of employee training activities, as proposed by the House. The Senate bill required that training be consistent with current law.

Amendment No. 162: Prohibits funds for enforcing the existing airport revenue diversion laws, and which require airports to be as self-sustaining as possible, as they relate to specified facilities on Hot Springs Memorial Field in Hot Springs, Arkansas, as proposed by the House. The Senate bill contained no similar provision.

Amendment No. 163: Deletes language in the Senate bill requiring that time an individual has spent on the workers' compensation rolls be counted as regular employment time for the purpose of calculating retirement benefits. In addition, the conference agreement deletes lines 1 through 13 on page 53 of the House engrossed bill, H.R. 2002. The effect of this and the preceding disposition is to delete all language in the House and Senate bills requiring changes in the eligibility of employees to receive workers' compensation payments after becoming eligible for regular federal retirement benefits. Both the House and Senate bills required a cessation of workers' compensation benefits six months after retirement eligibility is reached.

The conferees are concerned, however, that for many individuals, workers' compensation has become a more lucrative alternative to regular retirement. For example, in the FAA alone, almost 500 people on the workers' compensation rolls are at least 70 years of age, and over 1,200 are over 60. The current system allows these people to remain on the workers' compensation rolls even when disability retirement is available to them and even when there is little or no chance they will be returned to work in the agency. These cases create a drain on the annual discretionary budget of agencies like the FAA, which are forced to use those scarce funds to finance what is essentially a retirement program—and one with excessive and unnecessary costs. To address this issue on a government-wide basis, the conferees direct the General Accounting Office to study this issue and report with recommendations for reform to the House and Senate Committees on Appropriations no later than May 31, 1996.

The conference agreement also includes a limitation against using funds in this Act for activities designed to influence Congress on legislation or appropriations pending before the Congress except on the request of Members of Congress through the proper official channels. The effect of this provision is to restate, for emphasis, existing law codified in 18 U.S.C. 1813 regarding limitations on lobbying activities.

Amendment No. 164: Modifies House language deleted by the Senate that prohibits the use of funds for technical training, tours, research fellowships with citizens of the People's Republic of China to exempt the Federal Aviation Administration and the joint Federal Aviation Administration, Department of Defense and Department of Commerce initiative designed to modernize the air traffic control system of the People's Republic of China.

Amendment No. 165: Restores House language deleted by the Senate which prohibits the use of funds in the Act to support Federal Transit Administration's field operations and oversight of the Washington Metropolitan Area Transit Authority in any location other than from the Washington, DC metropolitan area.

Amendment No. 166: Restores House language deleted by the Senate which appropriates $8,421,000 to the successor of the Interstate Commerce Commission and permits the collection of fees collected pursuant to 31 U.S.C. 9701. The conferees expect that the current level of user fees will continue to be collected throughout the fiscal year unless changed by authorization.

Amendment No. 167: Deletes language proposed by the Senate that provides for the redistribution of funds originally provided for a project in West Calcasieu Parish, Louisiana to be available for a project in Lake Charles, Louisiana, and inserts language that limits the use of funds for improvements to the Miller Highway in New York City, New York. The House bill addressed this issue in amendment numbered 191.

Amendment No. 168: Includes language proposed by the Senate that would require improvements identified by section 1069(t) of Public Law 102–240 and funded pursuant to section 118(c)(2) of title 23, U.S.C. shall not be treated as an allocation for interstate maintenance. The House bill contained no similar provision.

Amendment No. 169: Includes Senate language which requires the Secretary of Transportation to carry out research to identify successful telecommuting programs. The House bill contained no similar provision.

Amendment No. 170: Includes Senate language which would exempt Indian Reservation Roads from any reductions required pursuant to section 1003 of Public Law 102–240. The House bill contained no similar provision.

Amendment No. 171: Deletes Senate provision that would have allowed states to trade in unobligated balances of their federal-aid highway program, except for the congestion mitigation and air quality improvement program, to mitigate reductions pursuant to

section 1003 of the Intermodal Surface Transportation Efficiency Act. The House bill contained no similar provision.

Amendment No. 172: Deletes Senate provision that would have allowed states to trade in unobligated balances of funds authorized or appropriated for highway demonstration projects to mitigate reductions pursuant to section 1003 of the Intermodal Surface Transportation Efficiency Act. The House bill contained no similar provision.

Amendment No. 173: Deletes Senate provision that would have established interstate compact infrastructure banks. The House bill contained no similar provision.

Amendment No. 174: Retains, with amendment, language in the Senate bill requiring development of a new personnel management system for the Federal Aviation Administration. The House bill contained no similar provisions. The conference agreement includes the following changes to the Senate bill: (a) the official responsible for development and implementation of the new personnel system is the FAA administrator, not the Secretary; and (b) the new system shall not waive current law relating to veterans' preference and unemployment compensation. The provision takes effect on April 1, 1996, as proposed by the Senate.

Management-labor relationship.—The conferees believe that a harmonious management-labor relationship within the FAA is important to the effectiveness and efficiency of the national airspace system. The conferees do not intend that the personnel management reforms included in this bill force the disestablishment of any existing management-labor agreement or lead to the dissolution of any union currently representing FAA employees. Instead, the conference agreement provides the administrator of the FAA flexibility to redefine the management-labor relationship to the benefit of the agency and all of its employees.

Administrator's working group.—The conferees have included bill language which requires the FAA to develop new personnel and procurement reform plans, with the goal of accelerating the modernization of the FAA in the most efficient and cost-effective manner. The conferees believe the success of this plan will, in part, depend upon the assistance of the entire aviation community. The conferees would like to see high level input from the aviation community. The conferees therefore strongly recommend that the administrator consult with the widest array of interested parties in developing the new personnel and procurement systems. The administrator should consider establishing a working group to assist his efforts. The working group could include, but not be limited to, representatives from the air carriers, general and business aviation, airports, aircraft manufacturers, airline and FAA employees, and the Office of the Secretary of Defense.

Amendment No. 175: Retains, with amendment, language in the Senate bill requiring development of a new acquisition management system for the Federal Aviation Administration. The House bill contained no similar provisions. The conference agreement changes the official responsibile for development and implementation of the new acquisition system to the FAA administrator, not the Secretary. The provision takes effect on April 1, 1996, as proposed by the Senate.

Amendment No. 176: Reduces bonuses and cash awards for Department of Transportation employees by $752,852 as proposed by the Senate. The House bill included no similar provision.

Amendment No. 177: Limits funds for Department of Transportation advisory committees to $850,000 as proposed by the Senate. The House bill contained no similar provision.

Amendment No. 178: Includes provision that enables the Secretary of Transportation to enforce and continue in effect the exemption provisions of the Motor Vehicle Information and Cost Savings Act. The House bill contains no similar provision.

Amendment No. 179: Provides that the FAA Technical Center in Pomona, New Jersey be designated as the ''William J. Hughes Technical Center'', as proposed by the Senate. The House bill contained no similar provision.

Amendment No. 180: Provides that no funds may be used to close Coast Guard small boat stations or subunits, and allows flexibility for the Secretary to implement system-wide management efficiencies, as proposed by the Senate. The House bill contained no similar provision. The conferees support Coast Guard downsizing and streamlining efforts in general, but find that in this instance the Coast Guard's methodology failed to fairly consider distinctions between small boat stations, such as water temperature and survival time, leading ultimately to a proposal which lacked critical justification.

Amendment No. 181: Deletes Senate language that would redistribute funds made available for obligation authorized by item 21 of the table in section 1105(f) of Public Law 102–240 to carry out additional surface transportation projects in Louisiana. The House bill contained no similar provision.

Amendment No. 182: Includes Senate language that provides for the transfer of certain federal property in Hoboken, New Jersey. The House bill contained no similar provision.

Amendment No. 183: Deletes Senate language which requires a five percent reduction from fiscal year 1995 levels in the energy costs of federal facilities used by agencies funded in this Act. The conferees are aware that this issue will be addressed government-wide by the Treasury, Postal Service and General Government Appropriations Act, 1996.

Amendment No. 184: Deletes language proposed by the Senate requiring the Secretary of Transportation to conduct a study of competition and air fares in rural aviation markets in the United States.

Amendment No. 185: Includes Senate language that would provide $1,000,000 to establish and operate the Railroad Safety Institute. The House bill contained no similar provision. The conference agreement also addresses this issue under amendment numbered 6.

Amendment No. 186: Retains language proposed by the Senate expressing the sense of the Senate regarding a dispute between the United States and Japan over implementation of the current U.S./Japan bilateral aviation agreement. The House bill contained no similar provision.

Amendment No. 187: Includes Senate language which modifies provisions of section 339 of the Department of Transportation and Related Agencies Appropriations Act, 1993 (Public Law 102–388). The House bill included no similar provision.

Amendment No. 188: Deletes Senate provision that repeals section 404 of 23 U.S.C. and inserts language that waives the freight tonnage limit for rail lines benefiting from the Local Rail Freight Assistance (LRFA) program for a project near Wahpeton, North Dakota. The funds are proceeds from LRFA loans that have been repaid to the State. Approximately $2,300,000 may be used for the partial cost of a privately owned rail spur, siding, and loading facility.

Amendment No. 189: Includes Senate language that would have delayed the restriction on the availability of certain highway funds and designated the National Highway System. The House bill contained no similar provision.

TITLE IV

Amendment No. 190: Restores House language deleted by the Senate which provides for mandatory standards and procedures governing arbitrators and arbitration of labor disputes in the Washington, DC area.

TITLE V

Amendment No. 191: Deletes title V of the House bill which restricts the use of funds for improvements to the Miller Highway in New York City, New York. This prohibition is included under amendment numbered 167.

CONFERENCE TOTAL—WITH COMPARISONS

The total new budget (obligational) authority for the fiscal year 1996 recommended by the Committee of Conference, with comparisons to the fiscal year 1995 amount, the 1996 budget estimates, and the House and Senate bills for 1996 follow:

New budget (obligational) authority, fiscal year 1995	$14,214,401,000
Budget estimates of new (obligational) authority, fiscal year 1996	35,468,964,831
House bill, fiscal year 1996	12,810,725,806
Senate bill, fiscal year 1996	12,613,811,567
Conference agreement, fiscal year 1996	12,680,532,831
Conference agreement compared with:	
New budget (obligational) authority, fiscal year 1995	−1,533,868,169
Budget estimates of new (obligational) authority, fiscal year 1996	−22,788,432,000
House bill, fiscal year 1996	−130,192,975
Senate bill, fiscal year 1996	+66,721,264

	FY 1995 Enacted	FY 1996 Estimate	House	Senate	Conference	Conference compared with enacted
TITLE I - DEPARTMENT OF TRANSPORTATION						
Office of the Secretary						
Salaries and expenses	58,094,000	57,459,000	55,011,500	56,500,000	56,189,000	-1,905,000
Immediate Office of the Secretary	(1,220,000)					(-1,220,000)
Immediate Office of the Deputy Secretary	(583,000)					(-583,000)
Office of the General Counsel	(7,876,000)					(-7,876,000)
Office of the Assistant Secretary for Transportation Policy	(2,309,000)					(-2,309,000)
Office of the Assistant Secretary for Aviation and International Affairs	(7,887,000)					(-7,887,000)
Office of the Assistant Secretary for Budget and Programs	(4,400,000)					(-4,400,000)
Office of the Assistant Secretary for Governmental Affairs	(2,250,000)					(-2,250,000)
Office of the Assistant Secretary for Administration	(22,425,000)					(-22,425,000)
Office of Public Affairs	(1,380,000)					(-1,380,000)
Executive Secretariat	(932,000)					(-932,000)
Contract Appeals Board	(830,000)					(-830,000)
Office of Civil Rights	(1,779,000)					(-1,779,000)
Office of Small and Disadvantaged Business Utilization	(936,000)					(-936,000)
Minority Business Resource Center	(4,000,000)					(-4,000,000)
Office of Intelligence and Security	(800,000)					(-800,000)
Office of Intermodalism	(1,000,000)					(-1,000,000)
Undistributed	(-2,313,000)					(+2,313,000)
Office of civil rights		12,793,000	6,554,000	12,063,000	6,554,000	+6,554,000
Transportation planning, research, and development	8,293,000	15,710,000	3,309,000	9,710,000	8,220,000	-73,000
Office of Commercial Space Transportation: Operations and Research	6,060,000					-6,060,000
Working capital fund	(93,000,000)	(104,364,000)	(102,231,000)	(104,364,000)	(103,149,000)	(+10,149,000)
Payments to air carriers (Airport and Airway Trust Fund):						
(Liquidation of contract authorization)	(33,423,000)		(15,000,000)	(26,738,536)	(22,600,000)	(-10,823,000)
(Limitation on obligations)	(33,423,000)		(15,000,000)	(26,738,536)	(22,600,000)	(-10,823,000)
Rescission of contract authority	(-4,000,000)	(-38,600,000)	(-23,600,000)	(-11,861,464)	(-16,000,000)	(-12,000,000)
Rescission		(-6,786,971)	(-6,786,971)	(-6,786,971)	(-6,786,971)	(-6,786,971)
Rental payments	144,419,000	143,436,000	130,803,000	139,669,000	135,200,000	-9,219,000
Headquarters facilities		331,000,000				
Minority business resource center program	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	
(Limitation on direct loans)	(15,000,000)	(15,000,000)	(15,000,000)	(15,000,000)	(15,000,000)	
Minority business outreach		2,900,000	2,900,000	2,100,000	2,900,000	+2,900,000
ICC Sunset		4,705,000		4,705,000		
State Infrastructure Banks (sec. 349)				250,000,000		
Total, Office of the Secretary	218,766,000	569,903,000	200,477,500	476,667,000	210,963,000	-7,803,000
(Limitations on obligations)	(33,423,000)		(15,000,000)	(26,738,536)	(22,600,000)	(-10,823,000)
Total budgetary resources	(252,189,000)	(569,903,000)	(215,477,500)	(503,425,536)	(233,563,000)	(-18,626,000)
Coast Guard						
Operating expenses	2,596,000,000	2,618,316,000	2,586,607,000	2,286,000,000	2,276,991,000	-319,009,000
Acquisition, construction, and improvements:						
Vessels	187,900,000	203,700,000	191,200,000	178,000,000	167,600,000	-20,300,000
Aircraft	11,800,000	19,500,000	16,500,000	14,500,000	12,000,000	+200,000
Other equipment	29,700,000	56,300,000	42,200,000	47,600,000	49,200,000	+19,500,000
Shore facilities and aids to navigation	89,350,000	99,600,000	82,275,000	80,200,000	88,875,000	-475,000
Personnel and related support	44,200,000	48,900,000	43,000,000	46,500,000	44,700,000	+500,000
Subtotal, A C & I	362,950,000	428,200,000	375,175,000	366,800,000	362,375,000	-575,000
Environmental compliance and restoration	23,500,000	25,000,000	21,000,000	21,000,000	21,000,000	-2,500,000
Port Safety Development				15,000,000	15,000,000	+15,000,000
Alteration of bridges		2,000,000	16,000,000	2,000,000	16,000,000	+16,000,000
Retired pay	562,585,000	562,022,000	562,022,000	562,022,000	562,022,000	+19,437,000
Reserve training	64,961,000	64,859,000	61,859,000	62,000,000	62,000,000	-2,961,000
Research, development, test, and evaluation	20,310,000	22,500,000	18,500,000	20,000,000	18,000,000	-2,310,000
Boat safety (Aquatic Resources Trust Fund)	25,000,000		20,000,000		20,000,000	-5,000,000
Emergency Fund (Oil Spill Liability Trust Fund) (limitation of permanent appropriation)			(3,000,000)			
Total, Coast Guard	3,657,326,000	3,742,897,000	3,660,163,000	3,354,822,000	3,375,388,000	-281,938,000
Federal Aviation Administration						
Operations	4,595,394,000	4,704,000,000	4,600,000,000	4,550,000,000	4,645,712,000	+50,318,000
Facilities and equipment (Airport and Airway Trust Fund)	2,067,489,000	1,917,847,000	2,000,000,000	1,880,377,000	1,934,883,000	-132,606,000
Rescission	(-35,000,000)		(-60,000,000)	(-70,000,000)	(-80,000,000)	(-24,000,000)

	FY 1995 Enacted	FY 1996 Estimate	House	Senate	Conference	Conference compared with enacted
Research, engineering, and development (Airport and Airway Trust Fund)	259,192,000	267,661,000	143,000,000	215,886,000	185,698,000	-73,494,000
Grants-in-aid for airports (Airport and Airway Trust Fund):						
(Liquidation of contract authorization)	(1,500,000,000)	(1,500,000,000)	(1,500,000,000)	(1,500,000,000)	(1,500,000,000)	.....
(Limitation on obligations)	(1,450,000,000)	(1,500,000,000)	(1,800,000,000)	(1,250,000,000)	(1,450,000,000)	.....
Rescission of contract authority	.....	.....	.....	-5,000,000	.....	.....
Rescission of contract authority (sec. 349 j)	.....	.....	.....	-250,000,000	.....	.....
Aircraft purchase loan guarantee program	148,000	50,000	50,000	50,000	50,000	-98,000
(Limitation on borrowing authority)	(9,970,000)	(1,600,000)	(1,600,000)	(1,600,000)	(1,600,000)	(-8,370,000)
Total, Federal Aviation Administration	6,942,223,000	6,889,558,000	6,743,050,000	6,656,313,000	6,766,343,000	-175,880,000
(Limitations on obligations)	(1,450,000,000)	(1,500,000,000)	(1,800,000,000)	(1,250,000,000)	(1,450,000,000)	.....
Total budgetary resources	(8,392,223,000)	(8,389,558,000)	(8,343,050,000)	(7,906,313,000)	(8,216,343,000)	(-175,880,000)
Unified transportation infrastructure investment program (limitation on obligations)	.....	(-1,500,000,000)	.....	.....	.....	.....
Total budgetary resources	(8,392,223,000)	(6,889,558,000)	(8,343,050,000)	(7,906,313,000)	(8,216,343,000)	(-175,880,000)
Federal Highway Administration						
Limitation on general operating expenses	(525,341,000)	(669,486,000)	(495,361,000)	(548,434,000)	(509,860,000)	(-15,681,000)
Highway-related safety grants (Highway Trust Fund):						
(Liquidation of contract authorization)	(10,800,000)	(10,000,000)	(10,000,000)	(13,000,000)	(11,000,000)	(+200,000)
(Limitation on obligations)	(10,800,000)	(10,000,000)	(10,000,000)	(13,000,000)	(11,000,000)	(+200,000)
Rescission of contract authority	(-20,000,000)	.....	.....	.....	.....	(+20,000,000)
Federal-aid highways (Highway Trust Fund):						
(Limitation on obligations)	(17,160,000,000)	(20,254,255,000)	(18,000,000,000)	(17,000,000,000)	(17,550,000,000)	(+390,000,000)
(Exempt obligations)	(2,267,701,000)	(80,000,000)	(2,311,932,000)	(2,331,507,000)	(2,331,507,000)	(+63,806,000)
(Liquidation of contract authorization)	(17,000,000,000)	(19,200,000,000)	(19,200,000,000)	(19,200,000,000)	(19,200,000,000)	(+2,200,000,000)
Right-of-way revolving fund (Highway Trust Fund) (limitation on direct loans)	(42,500,000)	.....	.....	.....	.....	(-42,500,000)
Motor carrier safety grants (Highway Trust Fund):						
(Liquidation of contract authorization)	(73,000,000)	(68,000,000)	(68,000,000)	(68,000,000)	(68,000,000)	(-5,000,000)
(Limitation on obligations)	(74,000,000)	(85,000,000)	(79,150,000)	(75,000,000)	(77,225,000)	(+3,225,000)
Surface transportation projects	352,055,000	.....	.....	39,500,000	.....	-352,055,000
Rescission	(-12,004,000)	.....	.....	.....	.....	(+12,004,000)
High priority corridor (sec. 314A)	6,000,000	.....	.....	.....	.....	-6,000,000
Orange County, CA toll road project (sec. 336 a)	8,000,000	.....	.....	.....	.....	-8,000,000
Total, Federal Highway Administration	366,055,000	.....	.....	39,500,000	.....	-366,055,000
(Limitations on obligations)	(17,244,800,000)	(20,349,255,000)	(18,069,150,000)	(17,086,000,000)	(17,638,225,000)	(+393,425,000)
(Exempt obligations)	(2,267,701,000)	(80,000,000)	(2,311,932,000)	(2,331,507,000)	(2,331,507,000)	(+63,806,000)
Total budgetary resources	(19,878,556,000)	(20,429,255,000)	(20,401,082,000)	(19,459,007,000)	(19,969,732,000)	(+91,176,000)
Unified transportation infrastructure investment program (limitation on obligations)	.....	(-20,134,255,000)	.....	.....	.....	.....
Total budgetary resources	(19,878,556,000)	(295,000,000)	(20,401,082,000)	(19,459,007,000)	(19,969,732,000)	(+91,176,000)
National Highway Traffic Safety Administration						
Operations and research	79,556,000	84,596,000	79,316,570	71,261,000	73,316,570	-6,239,430
Rescissions	.....	.....	(-4,547,185)	.....	.....	.....
Operations and research (Highway Trust Fund)	46,997,000	59,744,000	52,011,930	50,344,000	51,884,430	+4,887,430
Subtotal, Operations and research	126,553,000	144,342,000	125,328,500	121,605,000	125,201,000	-1,352,000
Highway traffic safety grants (Highway Trust Fund):						
(Liquidation of contract authorization)	(151,000,000)	(180,000,000)	(153,400,000)	(155,100,000)	(155,100,000)	(+4,100,000)
State and community highway safety grants (Sec. 402) (limitation on obligations)	(123,000,000)	(166,600,000)	(126,000,000)	(128,000,000)	(127,700,000)	(+4,700,000)
National Driver Register (Sec. 402) (limitation on obligations)	(3,400,000)	(2,400,000)	(2,400,000)	(2,100,000)	(2,400,000)	(-1,000,000)
Alcohol-impaired driving countermeasures programs (Sec. 410) (limitation on obligations)	(25,000,000)	(25,000,000)	(25,000,000)	(25,000,000)	(25,000,000)	.....
Total, National Highway Traffic Safety Administration	126,553,000	144,342,000	125,328,500	121,605,000	125,201,000	-1,352,000
(Limitations on obligations)	(151,400,000)	(196,000,000)	(153,400,000)	(155,100,000)	(155,100,000)	(+3,700,000)
Total budgetary resources	(277,953,000)	(340,342,000)	(278,728,500)	(276,705,000)	(280,301,000)	(+2,348,000)

	FY 1995 Enacted	FY 1996 Estimate	House	Senate	Conference	Conference compared with enacted
Federal Railroad Administration						
Office of the Administrator	13,090,000	17,370,000	14,000,000	14,018,000	14,018,000	+928,000
(By transfer)	(611,950)	.....	.....	.....	.....	(-611,950)
Local rail freight assistance	17,000,000	.....	.....	.....	.....	-17,000,000
Rescission	(-6,563,000)	.....	.....	.....	.....	(+6,563,000)
Railroad safety	47,729,000	51,104,000	49,940,660	49,105,000	49,919,000	+2,190,000
Railroad research and development	20,500,000	48,947,000	21,000,000	25,775,000	24,550,000	+4,050,000
Northeast corridor improvement program	200,000,000	235,000,000	100,000,000	130,000,000	115,000,000	-85,000,000
Next generation high speed rail	20,000,000	30,000,000	10,000,000	20,000,000	19,205,000	-795,000
Trust fund share of next generation high speed rail (Highway Trust Fund):						
(Liquidation of contract authorization)	(3,400,000)	(7,118,000)	(5,000,000)	(5,000,000)	(7,118,000)	(+3,718,000)
(Limitation on obligations)	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)	.....
Alaska Railroad rehabilitation	.....	.....	.....	10,000,000	10,000,000	+10,000,000
Pennsylvania station redevelopment project	40,000,000	80,000,000	.....	85,000,000	.....	-40,000,000
Rescission	(-40,000,000)	.....	.....	.....	.....	(+40,000,000)
Rhode Island Rail Development	5,000,000	10,000,000	.....	2,000,000	1,000,000	-4,000,000
Grants to the National Railroad Passenger Corporation:						
Operations	542,000,000	420,000,000	338,000,000	305,000,000	305,000,000	-237,000,000
Transition costs	.....	.....	62,000,000	100,000,000	100,000,000	+100,000,000
Capital	251,500,000	230,000,000	230,000,000	200,000,000	230,000,000	-21,500,000
Long-term restructuring transition	.....	100,000,000	.....	.....	.....	.....
Total, Grants to the National Railroad Passenger Corporation	793,500,000	750,000,000	628,000,000	605,000,000	635,000,000	-158,500,000
Total, Federal Railroad Administration	1,156,819,000	1,192,421,000	922,940,660	880,898,000	868,692,000	-288,127,000
(Limitations on obligations)	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)	.....
Total budgetary resources	(1,161,819,000)	(1,197,421,000)	(927,940,660)	(885,898,000)	(873,692,000)	(-288,127,000)
Unified transportation infrastructure investment program	.....	-1,045,000,000	.....	.....	.....	.....
Total budgetary resources	(1,161,819,000)	(152,421,000)	(927,940,660)	(885,898,000)	(873,692,000)	(-288,127,000)
Federal Transit Administration						
Administrative expenses	43,060,000	44,202,000	39,260,000	42,000,000	42,000,000	-1,060,000
Formula grants	640,000,000	1,244,200,000	490,000,000	585,000,000	542,925,000	-97,075,000
Operating assistance grants	710,000,000	500,000,000	400,000,000	400,000,000	400,000,000	-310,000,000
Formula grants (Highway Trust Fund) (limitation on obligations)	(1,150,000,000)	(1,120,850,000)	(1,110,000,000)	(1,120,850,000)	(1,110,000,000)	(-40,000,000)
University transportation centers	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	.....
Transit planning and research	92,250,000	100,027,000	82,250,000	90,000,000	85,500,000	-6,750,000
Metropolitan planning program	.....	(41,512,500)	(39,436,250)	(40,500,000)	(39,500,000)	(+39,500,000)
Rural transit assistance program	.....	(4,612,500)	(4,381,250)	(4,500,000)	(4,500,000)	(+4,500,000)
Transit cooperative research program	.....	(8,475,000)	(8,051,250)	(8,250,000)	(8,250,000)	(+8,250,000)
National TPR program	.....	(33,962,000)	(19,480,000)	(25,500,000)	(22,000,000)	(+22,000,000)
State TPR program	.....	(8,475,000)	(8,051,250)	(8,250,000)	(8,250,000)	(+8,250,000)
National transit institute	.....	(3,000,000)	(2,850,000)	(3,000,000)	(3,000,000)	(+3,000,000)
Subtotal, Transit planning and research	(92,250,000)	(100,027,000)	(82,250,000)	(90,000,000)	(85,500,000)	(-6,750,000)
Trust fund share of expenses (Highway Trust Fund) (liquidation of contract authorization)	(1,150,000,000)	(1,120,850,000)	(1,120,850,000)	(1,120,850,000)	(1,120,850,000)	(-29,150,000)
Discretionary grants	.....	59,944,000	.....	.....	.....	.....
Discretionary grants (Highway Trust Fund) (limitation on oblig):						
Fixed guideway modernization	(725,000,000)	(724,976,000)	(666,000,000)	(666,000,000)	(666,000,000)	(-59,000,000)
Bus and bus-related facilities	(353,330,000)	(274,992,000)	(333,000,000)	(333,000,000)	(333,000,000)	(-20,330,000)
New starts	(646,670,000)	(724,976,000)	(666,000,000)	(666,000,000)	(666,000,000)	(+19,330,000)
Subtotal, Discretionary grants	(1,725,000,000)	(1,724,944,000)	(1,665,000,000)	(1,665,000,000)	(1,665,000,000)	(-60,000,000)
Mass transit capital fund (Highway Trust Fund) (liquidation of contract authorization)	(1,500,000,000)	(1,700,000,000)	(2,000,000,000)	(1,700,000,000)	(2,000,000,000)	(+500,000,000)
Interstate transfer grants - transit	48,030,000	.....	.....	.....	.....	-48,030,000
Washington Metropolitan Area Transit Authority	200,000,000	200,000,000	200,000,000	170,000,000	200,000,000	.....
Violent crime reduction program (Violent Crime Trust Fund)	.....	5,000,000	.....	.....	.....	.....
Total, Federal Transit Administration	1,739,340,000	2,159,373,000	1,217,510,000	1,293,000,000	1,276,425,000	-462,915,000
(Limitations on obligations)	(2,875,000,000)	(2,845,794,000)	(2,775,000,000)	(2,785,850,000)	(2,775,000,000)	(-100,000,000)
Total budgetary resources	(4,614,340,000)	(5,005,167,000)	(3,992,510,000)	(4,078,850,000)	(4,051,425,000)	(-562,915,000)

	FY 1995 Enacted	FY 1996 Estimate	House	Senate	Conference	Conference compared with enacted
Unified transportation infrastructure investment program		-2,154,373,000				
(Limitation on obligations)		(-2,785,850,000)				
Total budgetary resources	(4,614,340,000)	(64,944,000)	(3,992,510,000)	(4,078,850,000)	(4,051,425,000)	(-562,915,000)
Saint Lawrence Seaway Development Corporation						
Operations and maintenance (Harbor Maintenance Trust Fund)	10,251,000	10,243,000	10,190,500	10,150,000	10,150,000	-101,000
Research and Special Programs Administration						
Research and special programs	26,238,000	31,662,000	26,030,000	24,261,000	23,937,000	-2,301,000
Hazardous materials safety	(12,897,000)	(12,782,000)	(12,600,000)	(12,967,000)	(12,650,000)	(-247,000)
Aviation information management	(2,453,000)	(2,282,000)	(2,322,000)			(-2,453,000)
Emergency transportation	(1,326,000)	(1,301,000)	(1,086,000)	(992,000)	(1,022,000)	(-304,000)
Research and technology	(2,530,000)	(7,604,000)	(3,209,000)	(3,451,000)	(3,288,000)	(+758,000)
Program and administrative support	(7,032,000)	(7,693,000)	(7,394,000)	(7,292,000)	(7,388,000)	(+356,000)
Accountwide adjustment			(-561,000)	(-411,000)	(-411,000)	(-411,000)
Subtotal, research and special programs	(26,238,000)	(31,662,000)	(26,030,000)	(24,261,000)	(23,937,000)	(-2,301,000)
Pipeline safety (Pipeline Safety Fund)	34,991,500	39,720,000	27,243,000	30,275,000	28,750,000	-6 241,500
Pipeline safety (Oil Spill Liability Trust Fund)	2,432,500	2,698,000	2,698,000	2,698,000	2,698,000	+265,500
Subtotal, Pipeline safety	37,424,000	42,418,000	29,941,000	32,973,000	31,448,000	-5,976,000
Alaska Pipeline task Force (Oil Spill Liability Trust Fund) (rescission)	(-544,000)					(+544,000)
Emergency preparedness grants:						
(Emergency preparedness fund)	400,000	400,000	400,000	400,000	400,000	
(Limitation on obligations)	(10,800,000)	(11,338,000)	(8,890,000)	(9,200,000)	(8,890,000)	(-1,910,000)
Total, Research and Special Programs Administration	64,062,000	74,480,000	56,371,000	57,654,000	55,785,000	-8,277,000
(Limitations on obligations)	(10,800,000)	(11,338,000)	(8,890,000)	(9,200,000)	(8,890,000)	(-1,910,000)
Total budgetary resources	(74,862,000)	(85,818,000)	(65,261,000)	(66,854,000)	(64,675,000)	(-10,187,000)
Office of Inspector General						
Salaries and expenses	40,000,000	40,238,000	40,238,000	39,891,200	40,238,000	+238,000
Bureau of Transportation Statistics						
Salaries and expenses				2,200,000	2,200,000	+2,200,000
General Provisions						
Administrative provision: Procurement (sec. 323a)	-65,120,000					+65,120,000
Bureau of Transportation Statistics (transfer from Federal-aid Highways)	(15,000,000)	(20,000,000)	(20,000,000)	(20,000,000)	(20,000,000)	(+5,000,000)
Federal railroad transfer (sec. 341)	3,000,000					-3,000,000
Federal-aid highways (sec. 310 (e))		-574,341,000				
Working capital fund reduction (sec. 327)	-7,000,000		-10,000,000	-5,000,000	-7,500,000	-500,000
DOT field office consolidation (sec. 335)			-25,000,000	-25,000,000	-25,000,000	-25,000,000
ICC transition (sec. 342)			8,421,000		8,421,000	+8,421,000
Total, title I, Department of Transportation (net)	14,134,164,000	14,203,727,029	12,754,756,004	12,569,071,765	12,624,519,029	-1,509,644,971
Appropriations	(14,252,275,000)	(14,249,114,000)	(12,849,690,160)	(12,902,720,200)	(12,707,306,000)	(-1,544,969,000)
Rescissions	(-118,111,000)	(-45,386,971)	(-94,934,156)	(-343,648,435)	(-82,786,971)	(+35,324,029)
(Limitations on obligations)	(21,770,423,000)	(24,907,367,000)	(22,846,440,000)	(21,319,886,536)	(22,054,815,000)	(+284,392,000)
(Exempt obligations)	(2,267,701,000)	(60,000,000)	(2,311,932,000)	(2,331,507,000)	(2,331,507,000)	(+63,806,000)
Total budgetary resources including (limitations on obligations and (exempt obligations)	(38,172,288,000)	(39,191,114,029)	(37,713,128,004)	(36,210,467,301)	(37,010,841,029)	(-1,161,446,971)
Adjustments made for unified program		-3,199,373,000				
(Limitation on obligations)		(-24,420,105,000)				
Unified transportation infrastructure invest program		24,362,976,000				
Total budgetary resources	(38,172,288,000)	(39,163,985,029)	(37,713,128,004)	(36,210,467,301)	(37,010,841,029)	(-1,161,446,971)

	FY 1995 Enacted	FY 1996 Estimate	House	Senate	Conference	Conference compared with enacted
TITLE II - RELATED AGENCIES						
Architectural and Transportation Barriers Compliance Board						
Salaries and expenses	3,350,000	3,656,000	3,656,000	3,500,000	3,500,000	+150,000
National Transportation Safety Board						
Salaries and expenses	37,392,000	38,774,000	38,774,000	37,500,000	38,774,000	+1,382,000
Emergency fund	.....	360,802	160,802	360,802	360,802	+360,802
Total, National Transportation Safety Board	37,392,000	39,134,802	38,934,802	37,860,802	39,134,802	+1,742,802
Interstate Commerce Commission						
Salaries and expenses	30,302,000	28,844,000	13,379,000	13,379,000	13,379,000	-16,923,000
Payments for directed rail service (limitation on obligations)	(475,000)	(475,000)	(475,000)	(475,000)	(475,000)	.....
Total, Interstate Commerce Commission	(30,777,000)	(29,319,000)	(13,854,000)	(13,854,000)	(13,854,000)	(-16,923,000)
Panama Canal Commission						
Panama Canal Revolving Fund:						
(Administrative expenses)	(50,030,000)	(50,741,000)	(50,741,000)	(50,741,000)	(50,741,000)	(+711,000)
(Limitation on operating and capital expenses)	(540,000,000)	.....	.....	.....	.....	(-540,000,000)
Washington Metropolitan Area Transit Authority						
Interest payments and repayments of principal	9,193,000	.....	.....	.....	.....	-9,193,000
Total, title II, Related Agencies	80,237,000	71,634,802	55,969,802	54,739,802	56,013,802	-24,223,198
(Limitation on obligations)	(475,000)	(475,000)	(475,000)	(475,000)	(475,000)	.....
Total budgetary resources	(80,712,000)	(72,109,802)	(56,444,802)	(55,214,802)	(56,488,802)	(-24,223,198)
Total appropriations in this bill (net)	14,214,401,000	35,468,984,831	12,810,725,806	12,613,811,567	12,680,532,831	-1,533,868,169
Scorekeeping adjustments	-2,671,053,000	375,011,000	370,983,000	367,511,148	383,676,148	+3,054,729,148
Grand total (net)	11,543,348,000	35,843,975,831	13,181,708,806	12,981,322,715	13,064,208,979	+1,520,860,979
Appropriations	(11,661,459,000)	(35,889,362,802)	(13,276,642,962)	(13,324,971,150)	(13,146,995,950)	(+1,485,536,950)
Rescissions	(-118,111,000)	(-45,386,971)	(-94,934,156)	(-343,648,435)	(-82,786,971)	(+35,324,029)
(Limitations on obligations)	(21,770,898,000)	(487,757,000)	(22,646,915,000)	(21,320,363,536)	(22,055,290,000)	(+284,392,000)
(Exempt obligations)	(2,267,701,000)	(60,000,000)	(2,311,932,000)	(2,331,507,000)	(2,331,507,000)	(+63,806,000)
Grand total budgetary resources including (limitations on obligations) and (exempt obligations)	(35,581,947,000)	(36,411,732,831)	(36,140,555,806)	(36,633,193,251)	(37,451,005,979)	(+1,869,058,979)
CONNGRESSIONAL BUDGET RECAP						
Total mandatory and discretionary	11,543,348,000	35,843,975,831	13,181,708,806	12,981,322,715	13,064,208,979	+1,520,860,979
Mandatory	571,926,000	582,072,000	582,072,000	582,072,000	582,072,000	+10,146,000
Discretionary:						
Crime trust fund	.....	5,000,000	.....	.....	.....	.....
General purposes	10,971,422,000	35,256,903,831	12,599,636,806	12,399,250,715	12,482,136,979	+1,510,714,979
Total, Discretionary	10,971,422,000	35,261,903,831	12,599,636,806	12,399,250,715	12,482,136,979	+1,510,714,979

FRANK R. WOLF,
TOM DELAY,
RALPH REGULA,
HAROLD ROGERS,
JIM LIGHTFOOT,
RON PACKARD,
SONNY CALLAHAN,
JAY DICKEY,
BOB LIVINGSTON,
MARTIN OLAV SABO (except amendments 174 and 190),
RICHARD J. DURBIN (except amendments 132, 174, and 190),
RONALD D. COLEMAN (except amendment 174),
THOMAS M. FOGLIETTA (except amendment 174),
DAVID R. OBEY (except amendment 174)
Managers on the Part of the House.

MARK O. HATFIELD,
PETE V. DOMENICI,
ARLEN SPECTER,
CHRISTOPHER S. BOND,
SLADE GORTON,
RICHARD C. SHELBY,
FRANK R. LAUTENBERG,
TOM HARKIN,
BARBARA A. MIKULSKI,
Managers on the Part of the Senate.

ADJOURNMENT

The SPEAKER pro tempore. Without objection, pursuant to the previous order of the House, the House stands adjourned until 12:30 p.m. on Tuesday, October 24, for morning hour debates.

There was no objection.

Accordingly (at 6 o'clock and 36 minutes p.m.), under its previous order, the House adjourned until Tuesday, October 24, 1995, at 12:30 p.m. for morning hour debates.

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. ARCHER: Committee on Ways and Means. H.R. 2371. A bill to provide trade agreements authority to the President; with an amendment (Rept. 104–285, Pt. 1). Ordered to be printed.

Mr. WOLF: Committee of conference. Conference report on H.R. 2002. A bill making appropriations for the Department of Transportation and related agencies for the fiscal year ending September 30, 1996, and for other purposes (Rep. 104–286). Ordered to be printed.

Mr. YOUNG of Alaska: Committee on Resources. H.R. 1358. A bill to require the Secretary of Commerce to convey to the Commonwealth of Massachusetts the National Marine Fisheries Service laboratory located on Emerson Avenue in Gloucester, MA; with an amendment (Rept. 104–287). Referred to the Committee of the Whole House on the State of the Union.

Mr. YOUNG of Alaska: Committee on Resources. H.R. 2005. A bill to direct the Secretary of the Interior to make technical corrections in maps relating to the Coastal Barrier Resources System (Rept. 104–288). Referred to the Committee of the Whole House on the State of the Union.

TIME LIMITATION OF REFERRED BILL

Pursuant to clause 5 of rule X the following action was taken by the Speaker:

[The following occurred on October 16, 1995, and was omitted from the RECORD of October 17, 1995]

H.R. 1122. Referral to the Committee on Commerce extended for a period ending not later than November 24, 1995.

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. KASICH:

H.R. 2517. A bill to provide for reconciliation pursuant to section 105 of the concurrent resolution on the budget for fiscal year 1996; to the Committee on the Budget, and in addition to the Committees on Agriculture, Banking and Financial Services, Commerce, Economic and Educational Opportunities, Government Reform and Oversight, International Relations, the Judiciary, National Security, Resources, Rules, Science, Transportation and Infrastructure, Veterans' Affairs, and Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. HASTINGS of Washington:

H.R. 2518. A bill to authorize the Secretary of Agriculture to exchange certain lands in the Wenatachee National Forest, WA, for certain lands owned by Public Utility District No. 1 of Chelan County, WA, and for other purposes; to the Committee on Resources.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 43: Mr. OWENS.
H.R. 428: Ms. PELOSI.
H.R. 713: Mr. MORAN, Ms. MCKINNEY, and Mr. DAVIS.
H.R. 1073: Mr. CLEMENT and Mr. SENSENBRENNER.
H.R. 1074: Mr. CLEMENT.
H.R. 1083: Mr. GILCHREST.
H.R. 1595: Mr. PORTER.
H.R. 1982: Mr. RICHARDSON.
H.R. 2008: Mr. QUINN.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H.R. 2491

OFFERED BY: MR. ORTON

Amendment in the nature of a substitute

AMENDMENT NO. 7: Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE; TABLE OF CONTENTS

(a) SHORT TITLE.—This Act may be cited as the ''Common Sense Balanced Budget Act of 1995''.

(b) TABLE OF CONTENTS.—

TITLE I—ENERGY, NATURAL RESOURCES AND ENVIRONMENT

Subtitle A—Energy

Sec. 1101. Privatization of uranium enrichment charges.
Sec. 1103. Cogeneration.
Sec. 1104. FEMA radiological emergency preparedness fees.

Subtitle B—Central Utah

Sec. 1121. Prepayment of certain repayment contracts between the United States and the Central Utah Water Conservancy District.

Subtitle C—Army Corps of Engineers

Sec. 1131. Regulatory program fund.

Subtitle D—Helium Reserve

Sec. 1141. Sale of helium processing and storage facility.

Subtitle E—Territories

Sec. 1151. Termination of annual direct assistance to Northern Mariana Islands.

TITLE II—AGRICULTURAL PROGRAMS

Sec. 2001. Short title and table of contents.

Subtitle A—Extension and Modification of Various Commodity Programs

Sec. 2101. Extension of loans, payments, and acreage reduction programs for wheat through 2002.
Sec. 2102. Extension of loans, payments, and acreage reduction programs for feed grains through 2002.
Sec. 2103. Extension of loans, payments, and acreage reduction programs for cotton through 2002.
Sec. 2104. Extension of loans, payments, and acreage reduction programs for rice through 2002.
Sec. 2105. Extension of loans and payments for oilseeds through 2002.
Sec. 2106. Increase in flex acres.
Sec. 2107. Reduction in 50/85 and 0/85 programs.

Subtitle B—Sugar

Sec. 2201. Extension and modification of sugar program.

Subtitle C—Peanuts

Sec. 2301. Extension of price support program for peanuts and related programs.
Sec. 2302. National poundage quotas and acreage allotments.
Sec. 2303. Sale, lease, or transfer of farm poundage quota.
Sec. 2304. Penalty for reentry of exported peanut products.
Sec. 2305. Price support program for peanuts.
Sec. 2306. Referendum regarding poundage quotas.
Sec. 2307. Regulations.

Subtitle D—Tobacco

Sec. 2401. Elimination of Federal budgetary outlays for tobacco programs.
Sec. 2402. Establishment of farm yield for flue-cured tobacco based on individual farm production history.
Sec. 2403. Removal of farm reconstitution exception for burley tobacco.
Sec. 2404. Reduction in percentage threshold for transfer of flue-cured tobacco quota in cases of disaster.
Sec. 2405. Expansion of types of tobacco subject to no net cost assessment.
Sec. 2406. Repeal of reporting requirements relating to export of tobacco.
Sec. 2407. Repeal of limitation on reducing national marketing quota for flue-cured and burley tobacco.
Sec. 2408. Application of civil penalties under Tobacco Inspection Act.
Sec. 2409. Transfers of quota or allotment across county lines in a State.
Sec. 2410. Calculation of national marketing quota.
Sec. 2411. Clarification of authority to access civil money penalties.

Sec. 2412. Lease and transfer of farm marketing quotas for burley tobacco.
Sec. 2413. Limitation on transfer of acreage allotments of other tobacco.
Sec. 2414. Good faith reliance on actions or advice of department representatives.
Sec. 2415. Uniform forfeiture dates for flue-cured and burley tobacco.
Sec. 2416. Sale of burley and flue-cured tobacco marketing quotas for a farm by recent purchasers.

Subtitle E—Planting Flexibility

Sec. 2501. Definitions.
Sec. 2502. Crop and total acreage bases.
Sec. 2503. Planting flexibility.
Sec. 2504. Farm program payment yields.
Sec. 2505. Application of provisions.

Subtitle F—Miscellaneous Provisions

Sec. 2601. Limitations on amount of deficiency payments and land diversion payments.
Sec. 2602. Sense of Congress regarding certain Canadian trade practices.

TITLE III—COMMERCE

Sec. 3101. Spectrum auctions.
Sec. 3102. Federal Communications Commission fee collections
Sec. 3103. Auction of recaptured analog licenses.
Sec. 3104. Patent and trademark fees.
Sec. 3105. Repeal of authorization of transitional appropriations for the United States Postal Service.

TITLE IV—TRANSPORTATION

Sec. 4101. Extension of railroad safety fees.
Sec. 4102. Permanent extension of vessel tonnage duties.
Sec. 4103. Sale of Governors Island, New York.
Sec. 4104. Sale of air rights.

TITLE V—HOUSING PROVISIONS

Sec. 5101. Reduction of section 8 annual adjustment factors for units without tenant turnover.
Sec. 5102. Maximum mortgage amount floor for single family mortgage insurance.
Sec. 5103. Foreclosure avoidance and borrower assistance.

TITLE VI—INDEXATION AND MISCELLANEOUS ENTITLEMENT-RELATED PROVISIONS

Sec. 6101. Consumer Price Index.
Sec. 6102. Repeal of entitlement funding for family preservation and support services.
Sec. 6103. Matching rate requirement for title XX block grants to States for social services.
Sec. 6104. Denial of unemployment insurance to certain high-income individuals.
Sec. 6105. Denial of unemployment insurance to individuals who voluntarily leave military service.

TITLE VII—MEDICAID REFORM

Subtitle A—Per Capita Spending Limit

Sec. 7001. Limitation on expenditures recognized for purposes of Federal financial participation.
Sec. 7002. Transitional reduction in amount of Federal financial participation during the last 3 quarters of fiscal year 1996.

Subtitle B—Medicaid Managed Care

Sec. 7101. Permitting greater flexibility for States to enroll beneficiaries in managed care arrangements.
Sec. 7102. Removal of barriers to provision of medicaid services through managed care.
Sec. 7103. Additional requirements for medicaid managed care plans.
Sec. 7104. Preventing fraud in medicaid managed care.
Sec. 7105. Assuring adequacy of payments to medicaid managed care plans and providers.
Sec. 7106. Sanctions for noncompliance by eligible managed care providers.
Sec. 7107. Report on public health services.
Sec. 7108. Report on payments to hospitals.
Sec. 7109. Conforming amendments.
Sec. 7110. Effective date; status of waivers.

Subtitle C—Additional Reforms of Medicaid Acute Care Program

Sec. 7201. Permitting increased flexibility in medicaid cost-sharing.
Sec. 7202. Limits on required coverage of additional treatment services under EPSDT.
Sec. 7203. Delay in application of new requirements.
Sec. 7204. Deadline on action on waivers.

Subtitle D—National Commission on Medicaid Restructuring

Sec. 7301. Establishment of commission.
Sec. 7302. Duties of commission.
Sec. 7303. Administration.
Sec. 7304. Authorization of appropriations.
Sec. 7305. Termination.

Subtitle E—Restrictions on Disproportionate Share Payments

Sec. 7401. Reforming disproportionate share payments under State medicaid programs.

Subtitle F—Fraud Reduction

Sec. 7501. Monitoring payments for dual eligibles.
Sec. 7502. Improved identification systems.

TITLE VIII—MEDICARE

Sec. 8000. Short title; references in title; table of contents.

SUBTITLE A—MEDICARE CHOICE PROGRAM

PART 1—INCREASING CHOICE UNDER THE MEDICARE PROGRAM

Sec. 8001. Increasing choice under medicare.
Sec. 8002. Medicare Choice program.

''PART C—PROVISIONS RELATING TO MEDICARE CHOICE

''Sec. 1851. Requirements for Medicare Choice organizations.
''Sec. 1852. Requirements relating to benefits, provision of services, enrollment, and premiums.
''Sec. 1853. Patient protection standards.
''Sec. 1854. Provider-sponsored organizations.
''Sec. 1855. Payments to Medicare Choice organizations.
''Sec. 1856. Establishment of standards for Medicare Choice organizations and products.
''Sec. 1857. Medicare Choice certification.
''Sec. 1858. Contracts with Medicare Choice organizations.
''Sec. 1859. Demonstration project for high deductible/medisave products.
Sec. 8003. Reports.
Sec. 8004. Transitional rules for current medicare HMO program.

PART 2—SPECIAL RULES FOR MEDICARE CHOICE MEDICAL SAVINGS ACCOUNTS

Sec. 8011. Medicare choice MSA's.
Sec. 8012. Certain rebates excluded from gross income.

PART 3—SPECIAL ANTITRUST RULE FOR PROVIDER SERVICE NETWORKS

Sec. 8021. Application of antitrust rule of reason to provider service networks.

PART 4—COMMISSIONS

Sec. 8031. Medicare Payment Review Commission.
Sec. 8032. Commission on the Effect of the Baby Boom Generation on the Medicare Program.

PART 5—PREEMPTION OF STATE ANTI-MANAGED CARE LAWS

Sec. 8041. Preemption of State law restrictions on managed care arrangements.
Sec. 8042. Preemption of State laws restricting utilization review programs.

SUBTITLE B—PROVISIONS RELATING TO REGULATORY RELIEF

PART 1—PROVISIONS RELATING TO PHYSICIAN FINANCIAL RELATIONSHIPS

Sec. 8101. Repeal of prohibitions based on compensation arrangements.
Sec. 8102. Revision of designated health services subject to prohibition.
Sec. 8103. Delay in implementation until promulgation of regulations.
Sec. 8104. Exceptions to prohibition.
Sec. 8105. Repeal of reporting requirements.
Sec. 8106. Preemption of State law.
Sec. 8107. Effective date.

PART 2—ANTITRUST REFORM

Sec. 8111. Publication of antitrust guidelines on activities of health plans.
Sec. 8112. Issuance of health care certificates of public advantage.
Sec. 8113. Study of impact on competition.
Sec. 8114. Antitrust exemption.
Sec. 8115. Requirements.
Sec. 8116. Definition.

PART 3—MALPRACTICE REFORM

SUBPART A—UNIFORM STANDARDS FOR MALPRACTICE CLAIMS

Sec. 8121. Applicability.
Sec. 8122. Requirement for initial resolution of action through alternative dispute resolution.
Sec. 8123. Optional application of practice guidelines.
Sec. 8124. Treatment of noneconomic and punitive damages.
Sec. 8125. Periodic payments for future losses.
Sec. 8126. Treatment of attorney's fees and other costs.
Sec. 8127. Uniform statute of limitations.
Sec. 8128. Special provision for certain obstetric services.
Sec. 8129. Jurisdiction of Federal courts.
Sec. 8130. Preemption.

SUBPART B—REQUIREMENTS FOR STATE ALTERNATIVE DISPUTE RESOLUTION SYSTEMS (ADR)

Sec. 8131. Basic requirements.
Sec. 8132. Certification of State systems; applicability of alternative Federal system.
Sec. 8133. Reports on implementation and effectiveness of alternative dispute resolution systems.

SUBPART C—DEFINITIONS

Sec. 8141. Definitions.

PART 4—PAYMENT AREAS FOR PHYSICIANS' SERVICES UNDER MEDICARE

Sec. 8151. Modification of payment areas used to determine payments for physicians' services under medicare.

SUBTITLE C—MEDICARE PAYMENTS TO HEALTH CARE PROVIDERS

PART 1—PROVISIONS AFFECTING ALL PROVIDERS

Sec. 8201. One-year freeze in payments to providers.

PART 2—PROVISIONS AFFECTING DOCTORS

Sec. 8211. Updating fees for physicians' services.
Sec. 8212. Use of real GDP to adjust for volume and intensity.

PART 3—PROVISIONS AFFECTING HOSPITALS

Sec. 8221. Reduction in update for inpatient hospital services.
Sec. 8222. Elimination of formula-driven overpayments for certain outpatient hospital services.
Sec. 8223. Establishment of prospective payment system for outpatient services.
Sec. 8224. Reduction in medicare payments to hospitals for inpatient capital-related costs.
Sec. 8225. Moratorium on PPS exemption for long-term care hospitals.
Sec. 8226. Elimination of certain additional payments for outlier cases.

PART 4—PROVISIONS AFFECTING OTHER PROVIDERS

Sec. 8231. Revision of payment methodology for home health services.
Sec. 8232. Limitation of home health coverage under part A.
Sec. 8233. Reduction in fee schedule for durable medical equipment.
Sec. 8234. Nursing home billing.
Sec. 8235. Freeze in payments for clinical diagnostic laboratory tests.

PART 5—GRADUATE MEDICAL EDUCATION AND TEACHING HOSPITALS

Sec. 8241. Teaching hospital and graduate medical education trust fund.
Sec. 8242. Reduction in payment adjustments for indirect medical education.

SUBTITLE D—PROVISIONS RELATING TO MEDICARE BENEFICIARIES

Sec. 8301. Part B premium.
Sec. 8302. Full cost of medicare part B coverage payable by high-income individuals.
Sec. 8303. Expanded coverage of preventive benefits.

SUBTITLE E—MEDICARE FRAUD REDUCTION

Sec. 8401. Increasing beneficiary awareness of fraud and abuse.
Sec. 8402. Beneficiary incentives to report fraud and abuse.
Sec. 8403. Elimination of home health overpayments.
Sec. 8404. Skilled nursing facilities.
Sec. 8405. Direct spending for anti-fraud activities under medicare.
Sec. 8406. Fraud reduction demonstration project.
Sec. 8407. Report on competitive pricing.

SUBTITLE F—IMPROVING ACCESS TO HEALTH CARE

PART 1—ASSISTANCE FOR RURAL PROVIDERS

SUBPART A—RURAL HOSPITALS

Sec. 8501. Sole community hospitals.
Sec. 8502. Clarification of treatment of EAC and RPC hospitals.
Sec. 8503. Establishment of rural emergency access care hospitals.
Sec. 8504. Classification of rural referral centers.
Sec. 8505. Floor on area wage index.
Sec. 8506. Medical education.

SUBPART B—RURAL PHYSICIANS AND OTHER PROVIDERS

Sec. 8511. Provider incentives.
Sec. 8512. National Health Service Corps loan repayments excluded from gross income.
Sec. 8513. Telemedicine payment methodology.
Sec. 8514. Demonstration project to increase choice in rural areas.

PART 2—MEDICARE SUBVENTION

Sec. 8521. Medicare program payments for health care services provided in the military health services system.

SUBTITLE G—OTHER PROVISIONS

Sec. 8601. Extension and expansion of existing secondary payer requirements.
Sec. 8602. Repeal of medicare and medicaid coverage data bank.
Sec. 8603. Clarification of medicare coverage of items and services associated with certain medical devices approved for investigational use.
Sec. 8604. Additional exclusion from coverage.
Sec. 8605. Extending medicare coverage of, and application of hospital insurance tax to, all State and local government employees.

SUBTITLE H—MONITORING ACHIEVEMENT OF MEDICARE REFORM GOALS

Sec. 8701. Establishment of budgetary and program goals.
Sec. 8702. Medicare Reform Commission.

SUBTITLE I—LOCK-BOX PROVISIONS FOR MEDICARE PART B SAVINGS FROM GROWTH REDUCTIONS

Sec. 8801. Establishment of Medicare Growth Reduction Trust Fund for part B savings.

SUBTITLE J—CLINICAL LABORATORIES

Sec. 8901. Exemption of physician office laboratories.

TITLE IX—WELFARE REFORM

Sec. 9000. Amendment of the Social Security Act.

Subtitle A—Temporary Employment Assistance

Sec. 9101. State plan.

Subtitle B—Make Work Pay

Sec. 9201. Transitional medicaid benefits.
Sec. 9202. Notice of availability required to be provided to applicants and former recipients of temporary family assistance, food stamps, and medicaid.
Sec. 9203. Notice of availability of earned income tax credit and dependent care tax credit to be included on W–4 form.
Sec. 9204. Advance payment of earned income tax credit through State demonstration programs.
Sec. 9205. Funding of child care services.
Sec. 9206. Certain Federal assistance includible in gross income.
Sec. 9207. Dependent care credit to be refundable; high-income taxpayers ineligible for credit.

Subtitle C—Work First

Sec. 9301. Work first program.
Sec. 9302. Regulations.
Sec. 9303. Applicability to States.

Subtitle D—Family Responsibility And Improved Child Support Enforcement

CHAPTER 1—ELIGIBILITY AND OTHER MATTERS CONCERNING TITLE IV–D PROGRAM CLIENTS

Sec. 9401. State obligation to provide paternity establishment and child support enforcement services.
Sec. 9402. Distribution of payments.
Sec. 9403. Due process rights.
Sec. 9404. Privacy safeguards.

CHAPTER 2—PROGRAM ADMINISTRATION AND FUNDING

Sec. 9411. Federal matching payments.
Sec. 9412. Performance-based incentives and penalties.
Sec. 9413. Federal and State reviews and audits.
Sec. 9414. Required reporting procedures.
Sec. 9415. Automated data processing requirements.
Sec. 9416. Director of CSE program; staffing study.
Sec. 9417. Funding for secretarial assistance to State programs.
Sec. 9418. Reports and data collection by the Secretary.

CHAPTER 3—LOCATE AND CASE TRACKING

Sec. 9421. Central State and case registry.
Sec. 9422. Centralized collection and disbursement of support payments.
Sec. 9423. Amendments concerning income withholding.
Sec. 9424. Locator information from interstate networks.
Sec. 9425. Expanded Federal parent locator service.
Sec. 9426. Use of social security numbers.

CHAPTER 4—STREAMLINING AND UNIFORMITY OF PROCEDURES

Sec. 9431. Adoption of uniform State laws.
Sec. 9432. Improvements to full faith and credit for child support orders.
Sec. 9433. State laws providing expedited procedures.

CHAPTER 5—PATERNITY ESTABLISHMENT

Sec. 9441. Sense of the Congress.
Sec. 9442. Availability of parenting social services for new fathers.
Sec. 9443. Cooperation requirement and good cause exception.
Sec. 9444. Federal matching payments.
Sec. 9445. State laws concerning paternity establishment.
Sec. 9446. Outreach for voluntary paternity establishment.

CHAPTER 6—ESTABLISHMENT AND MODIFICATION OF SUPPORT ORDERS

Sec. 9451. National Child Support Guidelines Commission.
Sec. 9452. Simplified process for review and adjustment of child support orders.

CHAPTER 7—ENFORCEMENT OF SUPPORT ORDERS

Sec. 9461. Federal income tax refund offset.
Sec. 9462. Internal Revenue Service collection of arrears.
Sec. 9463. Authority to collect support from Federal employees.
Sec. 9464. Enforcement of child support obligations of members of the Armed Forces.
Sec. 9465. Motor vehicle liens.
Sec. 9466. Voiding of fraudulent transfers.
Sec. 9467. State law authorizing suspension of licenses.
Sec. 9468. Reporting arrearages to credit bureaus.
Sec. 9469. Extended statute of limitation for collection of arrearages.
Sec. 9470. Charges for arrearages.
Sec. 9471. Denial of passports for nonpayment of child support.
Sec. 9472. International child support enforcement.
Sec. 9473. Seizure of lottery winnings, settlements, payouts, awards, and bequests, and sale of forfeited property, to pay child support arrearages.
Sec. 9474. Liability of grandparents for financial support of children of their minor children.
Sec. 9475. Sense of the Congress regarding programs for noncustodial parents unable to meet child support obligations.

CHAPTER 8—MEDICAL SUPPORT
Sec. 9481. Technical correction to ERISA definition of medical child support order.
CHAPTER 9—FOOD STAMP PROGRAM REQUIREMENTS
Sec. 9491. Cooperation with child support agencies.
Sec. 9492. Disqualification for child support arrears.
CHAPTER 10—EFFECT OF ENACTMENT
Sec. 9498. Effective dates.
Sec. 9499. Severability.
Subtitle E—Teen Pregnancy And Family Stability
Sec. 9501. State option to deny temporary employment assistance for additional children.
Sec. 9502. Supervised living arrangements for minors.
Sec. 9503. National Clearinghouse on Adolescent Pregnancy.
Sec. 9504. Required completion of high school or other training for teenage parents.
Sec. 9505. Denial of Federal housing benefits to minors who bear children out-of-wedlock.
Sec. 9506. State option to deny temporary employment assistance to minor parents.
Subtitle F—SSI Reform
Sec. 9601. Definition and eligibility rules.
Sec. 9602. Eligibility redeterminations and continuing disability reviews.
Sec. 9603. Additional accountability requirements.
Sec. 9604. Denial of SSI benefits by reason of disability to drug addicts and alcoholics.
Sec. 9605. Denial of SSI benefits for 10 years to individuals found to have fraudulently misrepresented residence in order to obtain benefits simultaneously in 2 or more States.
Sec. 9606. Denial of SSI benefits for fugitive felons and probation and parole violators.
Sec. 9607. Reapplication requirements for adults receiving SSI benefits by reason of disability.
Sec. 9608. Narrowing of SSI eligibility on basis of mental impairments.
Sec. 9609. Reduction in unearned income exclusion.
Subtitle G—Food Assistance
CHAPTER 1—FOOD STAMP PROGRAM
Sec. 9701. Application of amendments.
Sec. 9702. Amendments to the Food Stamp Act of 1977.
Sec. 9703. Authority to establish authorization periods.
Sec. 9704. Specific period for prohibiting participation of stores based on lack of business integrity.
Sec. 9705. Information for verifying eligibility for authorization.
Sec. 9706. Waiting period for stores that initially fail to meet authorization criteria.
Sec. 9707. Bases for suspensions and disqualifications.
Sec. 9708. Authority to suspend stores violating program requirements pending administrative and judicial review.
Sec. 9709. Disqualification of retailers who are disqualified from the WIC program.
Sec. 9710. Permanent debarment of retailers who intentionally submit falsified applications.
Sec. 9711. Expanded civil and criminal forfeiture for violations of the Food Stamp Act.
Sec. 9712. Expanded authority for sharing information provided by retailers.
Sec. 9713. Expanded definition of ''coupon''.
Sec. 9714. Doubled penalties for violating food stamp program requirements.
Sec. 9715. Mandatory claims collection methods.
Sec. 9716. Promoting expansion of electronic benefits transfer.
Sec. 9717. Reduction of basic benefit level.
Sec. 9718. 2-year freeze of standard deduction.
Sec. 9719. Pro-rating benefits after interruptions in participation.
Sec. 9720. Disqualification for participating in 2 or more States.
Sec. 9721. Disqualification relating to child support arrears.
Sec. 9722. State authorization to assist law enforcement officers in locating fugitive felons.
Sec. 9723. Work requirement for able-bodied recipients.
Sec. 9724. Coordination of employment and training programs.
Sec. 9725. Extending current claims retention rates.
Sec. 9726. Nutrition assistance for Puerto Rico.
Sec. 9727. Treatment of children living at home.
CHAPTER 2—COMMODITY DISTRIBUTION
Sec. 9751. Short title.
Sec. 9752. Availability of commodities.
Sec. 9753. State, local and private supplementation of commodities.
Sec. 9754. State plan.
Sec. 9755. Allocation of commodities to States.
Sec. 9756. Priority system for State distribution of commodities.
Sec. 9757. Initial processing costs.
Sec. 9758. Assurances; anticipated use.
Sec. 9759. Authorization of appropriations.
Sec. 9760. Commodity supplemental food program.
Sec. 9761. Commodities not income.
Sec. 9762. Prohibition against certain State charges.
Sec. 9763. Definitions.
Sec. 9764. Regulations.
Sec. 9765. Finality of determinations.
Sec. 9766. Relationship to other programs.
Sec. 9767. Settlement and adjustment of claims.
Sec. 9768. Repealers; amendments.
CHAPTER 3—OTHER PROGRAMS
Sec. 9781. Child and Adult Care Food Program.
Sec. 9782. Resumption of discretionary funding for nutrition education and training program.
Subtitle H—Treatment of Aliens
CHAPTER 1—SPONSORSHIP, DEEMING, AND AFFIDAVITS OF SUPPORT
Sec. 9801. Extension of deeming of income and resources under tea, SSI, and food stamp programs.
Sec. 9802. Requirements for sponsor's affidavits of support.
Sec. 9803. Extending requirement for affidavits of support to family-related and diversity immigrants.
CHAPTER 2—INELIGIBILITY OF CERTAIN ALIENS FOR CERTAIN SOCIAL SERVICES
Sec. 9851. Certain aliens ineligible for temporary employment assistance.
Subtitle I—Earned Income Tax Credit
Sec. 9901. Earned income tax credit denied to individuals not authorized to be employed in the United States.
TITLE X—REDUCTIONS IN CORPORATE TAX SUBSIDIES AND OTHER REFORMS
Sec. 10001. Short title; table of contents.
Subtitle A—Tax Treatment of Expatriation
Sec. 10101. Revision of tax rules on expatriation.
Sec. 10102. Basis of assets of nonresident alien individuals becoming citizens or residents.
Subtitle B—Modification to Earned Income Credit
Sec. 10201. Earned income tax credit denied to individuals with substantial capital gain net income.
Subtitle C—Alternative Minimum Tax on Corporations Importing Products into the United States at Artificially Inflated Prices
Sec. 10301. Alternative minimum tax on corporations importing products into the United States at artificially inflated prices.
Subtitle D—Tax Treatment of Certain Extraordinary Dividends
Sec. 10401. Tax treatment of certain extraordinary dividends.
Subtitle E—Foreign Trust Tax Compliance
Sec. 10501. Improved information reporting on foreign trusts.
Sec. 10502. Modifications of rules relating to foreign trusts having one or more United States beneficiaries.
Sec. 10503. Foreign persons not to be treated as owners under grantor trust rules.
Sec. 10504. Information reporting regarding foreign gifts.
Sec. 10505. Modification of rules relating to foreign trusts which are not grantor trusts.
Sec. 10506. Residence of estates and trusts, etc.
Subtitle F—Limitation on Section 936 Credit
Sec. 10601. Limitation on section 936 credit.
TITLE XI—VETERANS' AFFAIRS
Sec. 11001. Short title; table of contents.
Subtitle A—Permanent Extension of Temporary Authorities
Sec. 11011. Authority to require that certain veterans agree to make copayments in exchange for receiving health-care benefits.
Sec. 11012. Medical care cost recovery authority.
Sec. 11013. Income verification authority.
Sec. 11014. Limitation on pension for certain recipients of medicaid-covered nursing home care.
Sec. 11015. Home loan fees.
Sec. 11016. Procedures applicable to liquidation sales on defaulted home loans guaranteed by the Department of Veterans Affairs.
Subtitle B—Other Matters
Sec. 11021. Revised standard for liability for injuries resulting from Department of Veterans Affairs treatment.
Sec. 11022. Enhanced loan asset sale authority.
Sec. 11023. Withholding of payments and benefits.
Subtitle C—Health Care Eligibility Reform
Sec. 11031. Hospital care and medical services.
Sec. 11032. Extension of authority to priority health care for Persian Gulf veterans.
Sec. 11033. Prosthetics.
Sec. 11034. Management of health care.
Sec. 11035. Improved efficiency in health care resource management.
Sec. 11036. Sharing agreements for specialized medical resources.
Sec. 11037. Personnel furnishing shared resources.

TITLE XII—LEGISLATIVE BRANCH

Sec. 12101. Requirement that excess funds provided for official allowances of Members of the House of Representatives be dedicated to deficit reduction.

TITLE XIII—MISCELLANEOUS PROVISIONS

Sec. 13101. Elimination of disparity between effective dates for military and civilian retiree cost-of-living adjustments for fiscal years 1996, 1997, and 1998.
Sec. 13102. Disposal of certain materials in National Defense Stockpile for deficit reduction.
Sec. 13103. Requirement that certain agencies prefund government health benefits contributions for their annuitants.
Sec. 13104. Application of OMB Circular a–129.
Sec. 13105. 7-year extension of Hazardous Substance Superfund Excise Taxes.

TITLE XIV—BUDGET PROCESS PROVISIONS

CHAPTER 1—SHORT TITLE; PURPOSE

Sec. 14001. Short title.
Sec. 14002. Purpose.

CHAPTER 2—BUDGET ESTIMATES

Sec. 14051. Board of Estimates.

Subtitle B—Discretionary Spending Limits

Sec. 14101. Discretionary spending limits.
Sec. 14102. Technical and conforming changes.
Sec. 14103. Elimination of certain adjustments to discretionary spending limits.

Subtitle C—Pay-As-You-Go Procedures

Sec. 14201. Permanent extension of pay-as-you-go procedures; ten-year scorekeeping.
Sec. 14202. Elimination of emergency exception.

Subtitle D—Miscellaneous

Sec. 14301. Reports and orders.
Sec. 14302. Technical correction.
Sec. 14303. Repeal of expiration date.

Subtitle E—Deficit Control

Sec. 14401. Deficit control.
Sec. 14402. Sequestration process.

Subtitle F—Line Item Veto

Sec. 14501. Line item veto authority.
Sec. 14502. Line item veto effective unless disapproved.
Sec. 14503. Definitions.
Sec. 14504. Congressional consideration of line item vetoes.
Sec. 14505. Report of the General Accounting Office.
Sec. 14506. Judicial review.

Subtitle G—Enforcing Points of Order

Sec. 14601. Points of order in the Senate.
Sec. 14602. Points of order in the House of Representatives.

Subtitle H—Deficit Reduction Lock-box

Sec. 14701. Deficit reduction lock-box provisions of appropriation measures.
Sec. 14702. Downward adjustments.
Sec. 14703. CBO tracking.

Subtitle I—Emergency Spending; Baseline Reform; Continuing Resolutions Reform

CHAPTER 1—EMERGENCY SPENDING

Sec. 14801. Establishment of budget reserve account.
Sec. 14802. Congressional budget process changes.
Sec. 14803. Reporting.

CHAPTER 2—BASELINE REFORM

Sec. 14851. The baseline.
Sec. 14852. The President's budget.
Sec. 14853. The congressional budget.
Sec. 14854. Congressional Budget Office reports to committees.

CHAPTER 3—RESTRICTED USES OF CONTINUING RESOLUTIONS

Sec. 14871. Restrictions respecting continuing resolutions.

Subtitle J—Technical and Conforming Amendments

Sec. 14901. Amendments to the Congressional Budget and Impoundment Control Act of 1974.
Sec. 14902. Technical and conforming amendments to the Rules of the House of Representatives.
Sec. 14903. President's budget.

Subtitle K—Truth in Legislating

Sec. 14951. Identity, sponsor, and cost of certain provisions required to be reported.

TITLE I—ENERGY, NATURAL RESOURCES AND ENVIRONMENT

Subtitle A—Energy

SEC. 1101. PRIVATIZATION OF URANIUM ENRICHMENT.

(a) REFERENCE.—Except as otherwise expressly provided, whenever in this section an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Atomic Energy Act of 1954 (42 U.S.C. 2011 et seq.).

(b) PRODUCTION FACILITY.—Paragraph v. of section 11 (42 U.S.C. 2014 v.) is amended by striking ''or the construction and operation of a uranium enrichment production facility using Atomic Vapor Laser Isotope Separation technology''.

(c) DEFINITIONS.—Section 1201 (42 U.S.C. 2297) is amended—

(1) in paragraph (4), by inserting before the period the following: ''and any successor corporation established through privatization of the Corporation'';

(2) by redesignating paragraphs (10) through (13) as paragraphs (14) through (17), respectively, and by inserting after paragraph (9) the following new paragraphs:

''(10) The term 'low-level radioactive waste' has the meaning given such term in section 102(9) of the Low-Level Radioactive Waste Policy Amendments Act of 1985 (42 U.S.C. 2021b(9)).

''(11) The term 'mixed waste' has the meaning given such term in section 1004(41) of the Solid Waste Disposal Act (42 U.S.C. 6903(41)).

''(12) The term 'privatization' means the transfer of ownership of the Corporation to private investors pursuant to chapter 25.

''(13) The term 'privatization date' means the date on which 100 percent of ownership of the Corporation has been transferred to private investors.'';

(3) by inserting after paragraph (17) (as redesignated) the following new paragraph:

''(18) The term 'transition date' means July 1, 1993.''; and

(4) by redesignating the unredesignated paragraph (14) as paragraph (19).

(d) EMPLOYEES OF THE CORPORATION.—

(1) PARAGRAPH (2).—Paragraphs (1) and (2) of section 1305(e) (42 U.S.C. 2297b–4(e)(1)(2)) are amended to read as follows:

''(A) IN GENERAL.—It is the purpose of this subsection to ensure that the privatization of the Corporation shall not result in any adverse effects on the pension benefits of employees at facilities that are operated, directly or under contract, in the performance of the functions vested in the Corporation.

''(B) APPLICABILITY OF EXISTING COLLECTIVE BARGAINING AGREEMENT.—The Corporation shall abide by the terms of the collective bargaining agreement in effect on the privatization date at each individual facility.''.

(2) PARAGRAPH (4).—Paragraph (4) of section 1305(e) (42 U.S.C. 2297b–4(e)(4)) is amended—

(A) by striking ''AND DETAILEES'' in the heading;

(B) by striking the first sentence;

(C) in the second sentence, by inserting ''from other Federal employment'' after ''transfer to the Corporation''; and

(D) by striking the last sentence.

(e) MARKETING AND CONTRACTING AUTHORITY.—

(1) MARKETING AUTHORITY.—Section 1401(a) (42 U.S.C. 2297c(a)) is amended effective on the privatization date (as defined in section 1201(13) of the Atomic Energy Act of 1954)—

(A) by amending the subsection heading to read ''MARKETING AUTHORITY.—''; and

(B) by striking the first sentence.

(2) TRANSFER OF CONTRACTS.—Section 1401(b) (42 U.S.C. 2297c(b)) is amended—

(A) in paragraph (2)(B), by adding at the end the following: ''The privatization of the Corporation shall not affect the terms of, or the rights or obligations of the parties to, any such power purchase contract.''; and

(B) by adding at the end the following:

''(3) EFFECT OF TRANSFER.—

''(A) As a result of the transfer pursuant to paragraph (1), all rights, privileges, and benefits under such contracts, agreements, and leases, including the right to amend, modify, extend, revise, or terminate any of such contracts, agreements, or leases were irrevocably assigned to the Corporation for its exclusive benefit.

''(B) Notwithstanding the transfer pursuant to paragraph (1), the United States shall remain obligated to the parties to the contracts, agreements, and leases transferred pursuant to paragraph (1) for the performance of the obligations of the United States thereunder during the term thereof. The Corporation shall reimburse the United States for any amount paid by the United States in respect of such obligations arising after the privatization date to the extent such amount is a legal and valid obligation of the Corporation then due.

''(C) After the privatization date, upon any material amendment, modification, extension, revision, replacement, or termination of any contract, agreement, or lease transferred under paragraph (1), the United States shall be released from further obligation under such contract, agreement, or lease, except that such action shall not release the United States from obligations arising under such contract, agreement, or lease prior to such time.''.

(3) PRICING.—Section 1402 (42 U.S.C. 2297c–1) is amended to read as follows:

''SEC. 1402. PRICING.

''The Corporation shall establish prices for its products, materials, and services provided to customers on a basis that will allow it to attain the normal business objectives of a profitmaking corporation.''.

(4) LEASING OF GASEOUS DIFFUSION FACILITIES OF DEPARTMENT.—Effective on the privatization date (as defined in section 1201(13) of the Atomic Energy Act of 1954), section 1403 (42 U.S.C. 2297c–2) is amended by adding at the end the following:

''(h) LOW-LEVEL RADIOACTIVE WASTE AND MIXED WASTE.—

''(1) RESPONSIBILITY OF THE DEPARTMENT; COSTS.—

''(A) With respect to low-level radioactive waste and mixed waste generated by the Corporation as a result of the operation of the facilities and related property leased by the Corporation pursuant to subsection (a) or as a result of treatment of such wastes at a location other than the facilities and related property leased by the Corporation pursuant

to subsection (a) the Department, at the request of the Corporation, shall—

''(i) accept for treatment or disposal of all such wastes for which treatment or disposal technologies and capacities exist, whether within the Department or elsewhere; and

''(ii) accept for storage (or ultimately treatment or disposal) all such wastes for which treatment and disposal technologies or capacities do not exist, pending development of such technologies or availability of such capacities for such wastes.

''(B) All low-level wastes and mixed wastes that the Department accepts for treatment, storage, or disposal pursuant to subparagraph (A) shall, for the purpose of any permits, licenses, authorizations, agreements, or orders involving the Department and other Federal agencies or State or local governments, be deemed to be generated by the Department and the Department shall handle such wastes in accordance with any such permits, licenses, authorizations, agreements, or orders. The Department shall obtain any additional permits, licenses, or authorizations necessary to handle such wastes, shall amend any such agreements or orders as necessary to handle such wastes, and shall handle such wastes in accordance therewith.

''(C) The Corporation shall reimburse the Department for the treatment, storage, or disposal of low-level radioactive waste or mixed waste pursuant to subparagraph (A) in an amount equal to the Department's costs but in no event greater than an amount equal to that which would be charged by commercial, State, regional, or interstate compact entities for treatment, storage, or disposal of such waste.

''(2) AGREEMENTS WITH OTHER PERSONS.—The Corporation may also enter into agreements for the treatment, storage, or disposal of low-level radioactive waste and mixed waste generated by the Corporation as a result of the operation of the facilities and related property leased by the Corporation pursuant to subsection (a) with any person other than the Department that is authorized by applicable laws and regulations to treat, store, or dispose of such wastes.''.

(5) LIABILITIES.—

(A) Subsection (a) of section 1406 (42 U.S.C. 2297c–5(a)) is amended—

(i) by inserting ''AND PRIVATIZATION'' after ''TRANSITION'' in the heading; and

(ii) by adding at the end the following: ''As of the privatization date, all liabilities attributable to the operation of the Corporation from the transition date to the privatization date shall be direct liabilities of the United States.''.

(B) Subsection (b) of section 1406 (42 U.S.C. 2297c–5(b)) is amended—

(i) by inserting ''AND PRIVATIZATION'' after ''TRANSITION'' in the heading; and

(ii) by adding at the end the following: ''As of the privatization date, any judgment entered against the Corporation imposing liability arising out of the operation of the Corporation from the transition date to the privatization date shall be considered a judgment against the United States.''.

(C) Subsection (d) of section 1406 (42 U.S.C. 2297c–5(d)) is amended—

(i) by inserting ''AND PRIVATIZATION'' after ''TRANSITION'' in the heading; and

(ii) by striking ''the transition date'' and inserting ''the privatization date (or, in the event the privatization date does not occur, the transition date)''.

(6) TRANSFER OF URANIUM.—Title II (42 U.S.C. 2297 et seq.) is amended by redesignating section 1408 as section 1409 and by inserting after section 1407 the following:

''SEC. 1408. TRANSFER OF URANIUM.

''The Secretary may, before the privatization date, transfer to the Corporation without charge raw uranium, low-enriched uranium, and highly enriched uranium.''.

(f) PRIVATIZATION OF THE CORPORATION.—

(1) ESTABLISHMENT OF PRIVATE CORPORATION.—Chapter 25 (42 U.S.C. 2297d et seq.) is amended by adding at the end the following new section:

''SEC. 1503. ESTABLISHMENT OF PRIVATE CORPORATION.

''(a) ESTABLISHMENT.—

''(1) IN GENERAL.—In order to facilitate privatization, the Corporation may provide for the establishment of a private corporation organized under the laws of any of the several States. Such corporation shall have among its purposes the following:

''(A) To help maintain a reliable and economical domestic source of uranium enrichment services.

''(B) To undertake any and all activities as provided in its corporate charter.

''(2) AUTHORITIES.—The corporation established pursuant to paragraph (1) shall be authorized to—

''(A) enrich uranium, provide for uranium to be enriched by others, or acquire enriched uranium (including low-enriched uranium derived from highly enriched uranium);

''(B) conduct, or provide for conducting, those research and development activities related to uranium enrichment and related processes and activities the corporation considers necessary or advisable to maintain itself as a commercial enterprise operating on a profitable and efficient basis;

''(C) enter into transactions regarding uranium, enriched uranium, or depleted uranium with—

''(i) persons licensed under section 53, 63, 103, or 104 in accordance with the licenses held by those persons;

''(ii) persons in accordance with, and within the period of, an agreement for cooperation arranged under section 123; or

''(iii) persons otherwise authorized by law to enter into such transactions;

''(D) enter into contracts with persons licensed under section 53, 63, 103, or 104, for as long as the corporation considers necessary or desirable, to provide uranium or uranium enrichment and related services;

''(E) enter into contracts to provide uranium or uranium enrichment and related services in accordance with, and within the period of, an agreement for cooperation arranged under section 123 or as otherwise authorized by law; and

''(F) take any and all such other actions as are permitted by the law of the jurisdiction of incorporation of the corporation.

''(3) TRANSFER OF ASSETS.—For purposes of implementing the privatization, the Corporation may transfer some or all of its assets and obligations to the corporation established pursuant to this section, including—

''(A) all of the Corporation's assets, including all contracts, agreements, and leases, including all uranium enrichment contracts and power purchase contracts;

''(B) all funds in accounts of the Corporation held by the Treasury or on deposit with any bank or other financial institution;

''(C) all of the Corporation's rights, duties, and obligations, accruing subsequent to the privatization date, under the power purchase contracts covered by section 1401(b)(2)(B); and

''(D) all of the Corporation's rights, duties, and obligations, accruing subsequent to the privatization date, under the lease agreement between the Department and the Corporation executed by the Department and the Corporation pursuant to section 1403.

''(4) MERGER OR CONSOLIDATION.—For purposes of implementing the privatization, the Corporation may merge or consolidate with the corporation established pursuant to subsection (a)(1) if such action is contemplated by the plan for privatization approved by the President under section 1502(b). The Board shall have exclusive authority to approve such merger or consolidation and to take all further actions necessary to consummate such merger or consolidation, and no action by or in respect of shareholders shall be required. The merger or consolidation shall be effected in accordance with, and have the effects of a merger or consolidation under, the laws of the jurisdiction of incorporation of the surviving corporation, and all rights and benefits provided under this title to the Corporation shall apply to the surviving corporation as if it were the Corporation.

''(5) TAX TREATMENT OF PRIVATIZATION.—

''(A) TRANSFER OF ASSETS OR MERGER.—No income, gain, or loss shall be recognized by any person by reason of the transfer of the Corporation's assets to, or the Corporation's merger with, the corporation established pursuant to subsection (a)(1) in connection with the privatization.

''(B) CANCELLATION OF DEBT AND COMMON STOCK.—No income, gain, or loss shall be recognized by any person by reason of any cancellation of any obligation or common stock of the Corporation in connection with the privatization.

''(b) OSHA REQUIREMENTS.—For purposes of the regulation of radiological and nonradiological hazards under the Occupational Safety and Health Act of 1970, the corporation established pursuant to subsection (a)(1) shall be treated in the same manner as other employers licensed by the Nuclear Regulatory Commission. Any interagency agreement entered into between the Nuclear Regulatory Commission and the Occupational Safety and Health Administration governing the scope of their respective regulatory authorities shall apply to the corporation as if the corporation were a Nuclear Regulatory Commission licensee.

''(c) LEGAL STATUS OF PRIVATE CORPORATION.—

''(1) NOT FEDERAL AGENCY.—The corporation established pursuant to subsection (a)(1) shall not be an agency, instrumentality, or establishment of the United States Government and shall not be a Government corporation or Government-controlled corporation.

''(2) NO RECOURSE AGAINST UNITED STATES.—Obligations of the corporation established pursuant to subsection (a)(1) shall not be obligations of, or guaranteed as to principal or interest by, the Corporation or the United States, and the obligations shall so plainly state.

''(3) NO CLAIMS COURT JURISDICTION.—No action under section 1491 of title 28, United States Code, shall be allowable against the United States based on the actions of the corporation established pursuant to subsection (a)(1).

''(d) BOARD OF DIRECTOR'S ELECTION AFTER PUBLIC OFFERING.—In the event that the privatization is implemented by means of a public offering, an election of the members of the board of directors of the Corporation by the shareholders shall be conducted before the end of the 1-year period beginning the date shares are first offered to the public pursuant to such public offering.

''(e) ADEQUATE PROCEEDS.—The Secretary of Energy shall not allow the privatization of the Corporation unless before the sale date the Secretary determines that the estimated sum of the gross proceeds from the sale of the Corporation will be an adequate amount.''.

(2) OWNERSHIP LIMITATIONS.—Chapter 25 (as amended by paragraph (1)) is amended by adding at the end the following new section:

"SEC. 1504. OWNERSHIP LIMITATIONS.

''(a) SECURITIES LIMITATION.—In the event that the privatization is implemented by means of a public offering, during a period of 3 years beginning on the privatization date, no person, directly or indirectly, may acquire or hold securities representing more than 10 percent of the total votes of all outstanding voting securities of the Corporation.

''(b) APPLICATION.—Subsection (a) shall not apply—

''(1) to any employee stock ownership plan of the Corporation,

''(2) to underwriting syndicates holding shares for resale, or

''(3) in the case of shares beneficially held for others, to commercial banks, broker-dealers, clearing corporations, or other nominees.

''(c) No director, officer, or employee of the Corporation may acquire any securities, or any right to acquire securities, of the Corporation—

''(1) in the public offering of securities of the Corporation in the implementation of the privatization,

''(2) pursuant to any agreement, arrangement, or understanding entered into before the privatization date, or

''(3) before the election of directors of the Corporation under section 1503(d) on any terms more favorable than those offered to the general public.''.

(3) EXEMPTION FROM LIABILITY.—Chapter 25 (as amended by paragraph (2)) is amended by adding at the end the following new section:

"SEC. 1505. EXEMPTION FROM LIABILITY.

''(a) IN GENERAL.—No director, officer, employee, or agent of the Corporation shall be liable, for money damages or otherwise, to any party if, with respect to the subject matter of the action, suit, or proceeding, such person was fulfilling a duty, in connection with any action taken in connection with the privatization, which such person in good faith reasonably believed to be required by law or vested in such person.

''(b) EXCEPTION.—The privatization shall be subject to the Securities Act of 1933 and the Securities Exchange Act of 1934. The exemption set forth in subsection (a) shall not apply to claims arising under such Acts or under the Constitution or laws of any State, territory, or possession of the United States relating to transactions in securities, which claims are in connection with a public offering implementing the privatization.''.

(4) RESOLUTION OF CERTAIN ISSUES.—Chapter 25 (as amended by paragraph (3)) is amended by adding at the end the following new section:

"SEC. 1506. RESOLUTION OF CERTAIN ISSUES.

''(a) CORPORATION ACTIONS.—Notwithstanding any provision of any agreement to which the Corporation is a party, the Corporation shall not be considered to be in breach, default, or violation of any such agreement because of any provision of this chapter or any action the Corporation is required to take under this chapter.

''(b) RIGHT TO SUE WITHDRAWN.—The United States hereby withdraws any stated or implied consent for the United States, or any agent or officer of the United States, to be sued by any person for any legal, equitable, or other relief with respect to any claim arising out of, or resulting from, acts or omissions under this chapter.''.

(5) APPLICATION OF PRIVATIZATION PROCEEDS.—Chapter 25 (as amended by paragraph (4)) is amended by adding at the end the following new section:

"SEC. 1507. APPLICATION OF PRIVATIZATION PROCEEDS.

''The proceeds from the privatization shall be included in the budget baseline required by the Balanced Budget and Emergency Deficit Control Act of 1985 and shall be counted as an offset to direct spending for purposes of section 252 of such Act, notwithstanding section 257(e) of such Act.''.

(6) CONFORMING AMENDMENT.—The table of contents for chapter 25 is amended by inserting after the item for section 1502 the following:

''Sec. 1503. Establishment of private corporation.
''Sec. 1504. Ownership limitations.
''Sec. 1505. Exemption from liability.
''Sec. 1506. Resolution of certain issues.
''Sec. 1507. Application of privatization proceeds.''.

(7) Section 193 (42 U.S.C. 2243) is amended by adding at the end the following:

''(f) LIMITATION.—If the privatization of the United States Enrichment Corporation results in the Corporation being—

''(1) owned, controlled, or dominated by a foreign corporation or a foreign government, or

''(2) otherwise inimical to the common defense or security of the United States,

any license held by the Corporation under sections 53 and 63 shall be terminated.''.

(8) PERIOD FOR CONGRESSIONAL REVIEW.—Section 1502(d) (42 U.S.C. 2297d–1(d)) is amended by striking ''less than 60 days after notification of the Congress'' and inserting ''less than 60 days after the date of the report to Congress by the Comptroller General under subsection (c)''.

(g) PERIODIC CERTIFICATION OF COMPLIANCE.—Section 1701(c)(2) (42 U.S.C. 2297f(c)(2)) is amended by striking ''ANNUAL APPLICATION FOR CERTIFICATE OF COMPLIANCE.—The Corporation shall apply at least annually to the Nuclear Regulatory Commission for a certificate of compliance under paragraph (1).'' and inserting ''PERIODIC APPLICATION FOR CERTIFICATE OF COMPLIANCE.—The Corporation shall apply to the Nuclear Regulatory Commission for a certificate of compliance under paragraph (1) periodically, as determined by the Nuclear Regulatory Commission, but not less than every 5 years.''.

(h) LICENSING OF OTHER TECHNOLOGIES.—Subsection (a) of section 1702 (42 U.S.C. 2297f–1(a)) is amended by striking ''other than'' and inserting ''including''.

(i) CONFORMING AMENDMENTS.—

(1) REPEALS IN ATOMIC ENERGY ACT OF 1954 AS OF THE PRIVATIZATION DATE.—

(A) REPEALS.—As of the privatization date (as defined in section 1201(13) of the Atomic Energy Act of 1954), the following sections (as in effect on such privatization date) of the Atomic Energy Act of 1954 are repealed:

(i) Section 1202.

(ii) Sections 1301 through 1304.

(iii) Sections 1306 through 1316.

(iv) Sections 1404 and 1405.

(v) Section 1601.

(vi) Sections 1603 through 1607.

(B) CONFORMING AMENDMENT.—The table of contents of such Act is amended by repealing the items referring to sections repealed by paragraph (1).

(2) STATUTORY MODIFICATIONS.—As of such privatization date, the following shall take effect:

(A) For purposes of title I of the Atomic Energy Act of 1954, all references in such Act to the ''United States Enrichment Corporation'' shall be deemed to be references to the corporation established pursuant to section 1503 of the Atomic Energy Act of 1954 (as added by subsection (f)(1)).

(B) Section 1018(1) of the Energy Policy Act of 1992 (42 U.S.C. 2296b–7(1)) is amended by striking ''the United States'' and all that follows through the period and inserting ''the corporation referred to in section 1201(4) of the Atomic Energy Act of 1954.''.

(C) Section 9101(3) of title 31, United States Code, is amended by striking subparagraph (N), as added by section 902(b) of Public Law 102–486.

(3) REVISION OF SECTION 1305.—As of such privatization date, section 1305 of the Atomic Energy Act of 1954 (42 U.S.C 2297b–4) is amended—

(A) by repealing subsections (a), (b), (c), and (d), and

(B) in subsection (e)—

(i) by striking the subsection designation and heading,

(ii) by redesignating paragraphs (1) and (2) (as added by subsection (d)(1)) as subsections (a) and (b) and by moving the margins 2-ems to the left,

(iii) by striking paragraph (3), and

(iv) by redesignating paragraph (4) (as amended by subsection (d)(2)) as subsection (c), and by moving the margins 2-ems to the left.

SEC. 1102. MAKING PERMANENT NUCLEAR REGULATORY COMMISSION ANNUAL CHARGES.

Paragraph (3) of section 6101(a)(3) of the Omnibus Budget Reconciliation Act of 1990 (42 U.S.C. 2214(a)(3)) is repealed.

SEC. 1103. COGENERATION.

Section 804(2)(B) of the National Energy Conservation Policy Act (42 U.S.C. 8287c(2)(B)) is amended by striking '', excluding any cogeneration process for other than a federally owned building or buildings or other federally owned facilities''.

SEC. 1104. FEMA RADIOLOGICAL EMERGENCY PREPAREDNESS FEES.

(a) IN GENERAL.—The Director of the Federal Emergency Management Agency may assess and collect fees applicable to persons subject to radiological emergency preparedness regulations issued by the Director.

(b) REQUIREMENTS.—The assessment and collection of fees by the Director under subsection (a) shall be fair and equitable and shall reflect the full amount of costs to the Agency of providing radiological emergency planning, preparedness, response, and associated services. Such fees shall be assessed by the Director in a manner which reflects the use of resources of the Agency for classes of regulated persons and the administrative costs of collecting such fees.

(c) AMOUNT OF FEES.—The aggregate amount of fees assessed under subsection (a) in a fiscal year shall approximate, but not be less than, 100 percent of the amounts anticipated by the Director to be obligated for the radiological emergency preparedness program of the Agency for such fiscal year.

(d) DEPOSIT OF FEES IN TREASURY.—Fees received pursuant to subsection (a) shall be deposited in the general fund of the Treasury as offsetting receipts.

Subtitle B—Central Utah

SEC. 1121. PREPAYMENT OF CERTAIN REPAYMENT CONTRACTS BETWEEN THE UNITED STATES AND THE CENTRAL UTAH WATER CONSERVANCY DISTRICT.

The second sentence of section 210 of the Central Utah Project Completion Act (106 Stat. 4624) is amended to read as follows: ''The Secretary of the Interior shall allow for prepayment of the repayment contract between the United States and the Central Utah Water Conservancy District dated December 28, 1965, and supplemented on November 26, 1985, providing for repayment of the municipal and industrial water delivery facilities for which repayment is provided pursuant to such contract, under such terms and conditions as the Secretary deems appropriate to protect the interest of the United States, which shall be similar to the terms

and conditions contained in the supplemental contract that provided for the prepayment of the Jordan Aqueduct dated October 28, 1993. The District shall exercise its right to prepayment pursuant to this section by the end of fiscal year 2002.''.

Subtitle C—Army Corps of Engineers

SEC. 1131. REGULATORY PROGRAM FUND.

(a) ESTABLISHMENT.—There is established in the Treasury of the United States the ''Army Civil Works Regulatory Program Fund'' (hereinafter in this section referred to as the ''Regulatory Program Fund'') into which shall be deposited fees collected by the Secretary of the Army pursuant to subsection (b). Amounts deposited into the Regulatory Program Fund are authorized to be appropriated to the Secretary of the Army to cover a portion of the expenses incurred by the Department of the Army in administering laws pertaining to the regulation of the navigable waters of the United States, including wetlands.

(b) REGULATORY FEES.—

(1) COLLECTION.—Not later than 60 days after the date of the enactment of this Act, the Secretary of the Army shall establish fees for the evaluation of commercial permit applications, for the recovery of costs associated with the preparation of environmental impact statements required by the National Environmental Policy Act of 1969, and for the recovery of costs associated with wetlands delineations for major developments affecting wetlands. The Secretary shall collect such fees and deposit amounts collected pursuant to this paragraph into the Regulatory Program Fund.

(2) FEES.—The fees described in paragraph (1) shall be established by the Secretary of the Army at rates that will allow for the recovery of receipts at amounts sufficient to cover the costs for which the fees are established under paragraph (1).

Subtitle D—Helium Reserve

SEC. 1141. SALE OF HELIUM PROCESSING AND STORAGE FACILITY.

(a) SHORT TITLE.—This section may be cited as the ''Helium Act of 1995''.

(b) REFERENCES.—Except as otherwise expressly provided, whenever in this section an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Helium Act (50 U.S.C. 167 to 167n).

(c) AUTHORITY OF SECRETARY.—Sections 3, 4, and 5 are amended to read as follows:

''SEC. 3. AUTHORITY OF SECRETARY.

''(a) EXTRACTION AND DISPOSAL OF HELIUM ON FEDERAL LANDS.—(1) The Secretary may enter into agreements with private parties for the recovery and disposal of helium on Federal lands upon such terms and conditions as he deems fair, reasonable and necessary. The Secretary may grant leasehold rights to any such helium. The Secretary may not enter into any agreement by which the Secretary sells such helium other than to a private party with whom the Secretary has an agreement for recovery and disposal of helium. Such agreements may be subject to such rules and regulations as may be prescribed by the Secretary.

''(2) Any agreement under this subsection shall be subject to the existing rights of any affected Federal oil and gas lessee. Each such agreement (and any extension or renewal thereof) shall contain such terms and conditions as deemed appropriate by the Secretary.

''(3) This subsection shall not in any manner affect or diminish the rights and obligations of the Secretary and private parties under agreements to dispose of helium produced from Federal lands in existence at the enactment of the Helium Act of 1995 except to the extent that such agreements are renewed or extended after such date.

''(b) STORAGE, TRANSPORTATION AND SALE.—The Secretary is authorized to store, transport, and sell helium only in accordance with this Act.

''(c) MONITORING AND REPORTING.—The Secretary is authorized to monitor helium production and helium reserves in the United States and to periodically prepare reports regarding the amounts of helium produced and the quantity of crude helium in storage in the United States.

''SEC. 4. STORAGE AND TRANSPORTATION OF CRUDE HELIUM.

''(a) STORAGE AND TRANSPORTATION.—The Secretary is authorized to store and transport crude helium and to maintain and operate existing crude helium storage at the Bureau of Mines Cliffside Field, together with related helium transportation and withdrawal facilities.

''(b) CESSATION OF PRODUCTION, REFINING, AND MARKETING.—Effective one year after the date of enactment of the Helium Act of 1995, the Secretary shall cease producing, refining and marketing refined helium and shall cease carrying out all other activities relating to helium which the Secretary was authorized to carry out under this Act before the date of enactment of the Helium Act of 1995, except those activities described in subsection (a).

''(c) DISPOSAL OF FACILITIES.—(1) Within one year after the date of enactment of the Helium Act of 1995, the Secretary shall dispose of all facilities, equipment, and other real and personal property, together with all interests therein, held by the United States for the purpose of producing, refining and marketing refined helium. The disposal of such property shall be in accordance with the provisions of law governing the disposal of excess or surplus properties of the United States.

''(2) All proceeds accruing to the United States by reason of the sale or other disposal of such property shall be treated as moneys received under this chapter for purposes of section 6(f). All costs associated with such sale and disposal (including costs associated with termination of personnel) and with the cessation of activities under subsection (b) shall be paid from amounts available in the helium production fund established under section 6(f).

''(3) Paragraph (1) shall not apply to any facilities, equipment, or other real or personal property, or any interest therein, necessary for the storage and transportation of crude helium.

''(d) EXISTING CONTRACTS.—All contracts which were entered into by any person with the Secretary for the purchase by such person from the Secretary of refined helium and which are in effect on the date of the enactment of the Helium Act of 1995 shall remain in force and effect until the date on which the facilities referred to in subsection (c) are disposed of. Any costs associated with the termination of such contracts shall be paid from the helium production fund established under section 6(f).

''SEC. 5. FEES FOR STORAGE, TRANSPORTATION AND WITHDRAWAL.

''Whenever the Secretary provides helium storage, withdrawal, or transportation services to any person, the Secretary is authorized and directed to impose fees on such person to reimburse the Secretary for the full costs of providing such storage, transportation, and withdrawal. All such fees received by the Secretary shall be treated as moneys received under this Act for purposes of section 6(f).''.

(d) SALE OF CRUDE HELIUM.—Section 6 is amended as follows:

(1) Subsection (a) is amended by striking out ''from the Secretary'' and inserting ''from persons who have entered into enforceable contracts to purchase an equivalent amount of crude helium from the Secretary''.

(2) Subsection (b) is amended by inserting ''crude'' before ''helium'' and by adding the following at the end thereof: ''Except as may be required by reason of subsection (a), the Secretary shall not make sales of crude helium under this section in such amounts as will disrupt the market price of crude helium.''.

(3) Subsection (c) is amended by inserting ''crude'' before ''helium'' after the words ''Sales of'' and by striking ''together with interest as provided in this subsection'' and all that follows down through the period at the end of such subsection and inserting the following: ''all funds required to be repaid to the United States as of October 1, 1994 under this section (hereinafter referred to as 'repayable amounts'). The price at which crude helium is sold by the Secretary shall not be less than the amount determined by the Secretary as follows:

''(1) Divide the outstanding amount of such repayable amounts by the volume (in mcf) of crude helium owned by the United States and stored in the Bureau of Mines Cliffside Field at the time of the sale concerned.

''(2) Adjust the amount determined under paragraph (1) by the Consumer Price Index for years beginning after December 31, 1994.''.

(4) Subsection (d) is amended to read as follows:

''(d) EXTRACTION OF HELIUM FROM DEPOSITS ON FEDERAL LANDS.—All moneys received by the Secretary from the sale or disposition of helium on Federal lands shall be paid to the Treasury and credited against the amounts required to be repaid to the Treasury under subsection (c) of this section.''.

(5) Subsection (e) is repealed.

(6) Subsection (f) is amended by inserting ''(1)'' after ''(f)'' and by adding the following at the end thereof:

''(2) Within 7 days after the commencement of each fiscal year after the disposal of the facilities referred to in section 4(c), all amounts in such fund in excess of $2,000,000 (or such lesser sum as the Secretary deems necessary to carry out this Act during such fiscal year) shall be paid to the Treasury and credited as provided in paragraph (1). Upon repayment of all amounts referred to in subsection (c), the fund established under this section shall be terminated and all moneys received under this Act shall be deposited in the Treasury as General Revenues.''.

(e) ELIMINATION OF STOCKPILE.—Section 8 is amended to read as follows:

''SEC. 8. ELIMINATION OF STOCKPILE.

''(a) REVIEW OF RESERVES.—Not later than January 1, 2014 the Secretary shall review the known helium reserves in the United States and make a determination as to the expected life of the domestic helium reserves (other than federally owned helium stored at the Cliffside Reservoir) at that time.

''(b) RESERVES BELOW 1 BCF IN 2014.—Not later than January 1, 2014, if the Secretary determines that domestic helium reserves (other than federally owned helium stored at the Cliffside Reservoir) are less than 1 billion cubic feet (bcf), the Secretary shall commence making sales of crude helium from helium reserves owned by the United States in such amounts as may be necessary to dispose of all such helium reserves in excess of 600 million cubic feet (mcf) by January 1, 2019. The sales shall be at such times and in such lots as the Secretary determines, in consultation with the helium industry, necessary to carry out this subsection. The

price for all such sales, as determined by the Secretary in consultation with the helium industry, shall be such as will ensure repayment of the amounts required to be repaid to the Treasury under section 6(c) by the year 2019 with minimum market disruption. The date specified in this subsection for completion of such sales and for repayment of debt may be extended by the Secretary for a period of not to exceed 5 additional years if necessary in order to assure repayment of such debt with minimum market disruption.

''(c) RESERVES ABOVE 1 BCF IN 2014.—Not later than January 1, 2014, if the Secretary determines that domestic helium reserves (other than federally owned helium stored at the Cliffside Reservoir) are more than 1 billion cubic feet (bcf), the Secretary shall commence making sales of crude helium from helium reserves owned by the United States in such amounts as may be necessary to dispose of all such helium reserves in excess of 600 million cubic feet (mcf) by January 1, 2024. The sales shall be at such times and in such lots as the Secretary determines, in consultation with the helium industry, necessary to carry out this subsection with minimum disruption of the market for crude helium.

''(d) DISCOVERY OF ADDITIONAL RESERVES.—The discovery of additional helium reserves after the year 2014 shall not affect the duty of the Secretary to make sales of helium as provided in subsection (b) or (c), as the case may be.''.

(f) REPEAL OF AUTHORITY TO BORROW.—Sections 12 and 15 are repealed.

Subtitle E—Territories

SEC. 1151. TERMINATION OF ANNUAL DIRECT ASSISTANCE TO NORTHERN MARIANA ISLANDS.

(a) IN GENERAL.—No annual payment may be made under section 701, 702, or 704 of the Covenant to Establish a Commonwealth of the Northern Mariana Islands in Political Union with the United States of America (48 U.S.C. 1681 note), for any fiscal year beginning after September 30, 1995.

(b) ELIMINATION OF 7-YEAR EXTENSIONS.—

(1) IN GENERAL.—The Act of March 24, 1976 (90 Stat. 263; 16 U.S.C. 1681 note), is amended by striking sections 3 and 4.

(2) CONFORMING CHANGES.—(A) Section 5 of the Act of March 24, 1976 (90 Stat. 263; 16 U.S.C. 1681 note) is redesignated as section 3.

(B) Section 3 of such Act, as redesignated by subparagraph (A) of this paragraph, is amended—

(i) by striking ''agreement identified in section 3 of this Act'' and inserting ''Agreement of the Special Representatives on Future United States Financial Assistance for the Government of the Northern Mariana Islands, executed June 10, 1985, between the special representative of the President of the United States and the special representatives of the Governor of the Northern Mariana Islands''; and

(ii) by striking ''Interior and Insular Affairs'' and inserting ''Resources''.

TITLE II—AGRICULTURAL PROGRAMS

SEC. 2001. SHORT TITLE AND TABLE OF CONTENTS.

(a) SHORT TITLE.—This title may be cited as the ''Agricultural Reconciliation Act of 1995''.

(b) TABLE OF CONTENTS.—The table of contents of this title is as follows:

TITLE II—AGRICULTURAL PROGRAMS

Sec. 2001. Short title and table of contents.

Subtitle A—Extension and Modification of Various Commodity Programs

Sec. 2101. Extension of loans, payments, and acreage reduction programs for wheat through 2002.
Sec. 2102. Extension of loans, payments, and acreage reduction programs for feed grains through 2002.
Sec. 2103. Extension of loans, payments, and acreage reduction programs for cotton through 2002.
Sec. 2104. Extension of loans, payments, and acreage reduction programs for rice through 2002.
Sec. 2105. Extension of loans and payments for oilseeds through 2002.
Sec. 2106. Increase in flex acres.
Sec. 2107. Reduction in 50/85 and 0/85 programs.

Subtitle B—Sugar

Sec. 2201. Extension and modification of sugar program.

Subtitle C—Peanuts

Sec. 2301. Extension of price support program for peanuts and related programs.
Sec. 2302. National poundage quotas and acreage allotments.
Sec. 2303. Sale, lease, or transfer of farm poundage quota.
Sec. 2304. Penalty for reentry of exported peanut products.
Sec. 2305. Price support program for peanuts.
Sec. 2306. Referendum regarding poundage quotas.
Sec. 2307. Regulations.

Subtitle D—Tobacco

Sec. 2401. Elimination of Federal budgetary outlays for tobacco programs.
Sec. 2402. Establishment of farm yield for Flue-cured tobacco based on individual farm production history.
Sec. 2403. Removal of farm reconstitution exception for Burley tobacco.
Sec. 2404. Reduction in percentage threshold for transfer of Flue-cured tobacco quota in cases of disaster.
Sec. 2405. Expansion of types of tobacco subject to no net cost assessment.
Sec. 2406. Repeal of reporting requirements relating to export of tobacco.
Sec. 2407. Repeal of limitation on reducing national marketing quota for Flue-cured and Burley tobacco.
Sec. 2408. Application of civil penalties under Tobacco Inspection Act.
Sec. 2409. Transfers of quota or allotment across county lines in a State.
Sec. 2410. Calculation of national marketing quota.
Sec. 2411. Clarification of authority to access civil money penalties.
Sec. 2412. Lease and transfer of farm marketing quotas for Burley tobacco.
Sec. 2413. Limitation on transfer of acreage allotments of other tobacco.
Sec. 2414. Good faith reliance on actions or advice of Department representatives.
Sec. 2415. Uniform forfeiture dates for Flue-cured and Burley tobacco.
Sec. 2416. Sale of Burley and Flue-cured tobacco marketing quotas for a farm by recent purchasers.

Subtitle E—Planting Flexibility

Sec. 2501. Definitions.
Sec. 2502. Crop and total acreage bases.
Sec. 2503. Planting flexibility.
Sec. 2504. Farm program payment yields.
Sec. 2505. Application of provisions.

Subtitle F—Miscellaneous Provisions

Sec. 2601. Limitations on amount of deficiency payments and land diversion payments.
Sec. 2602. Sense of Congress regarding certain Canadian trade practices.

Subtitle A—Extension and Modification of Various Commodity Programs

SEC. 2101. EXTENSION OF LOANS, PAYMENTS, AND ACREAGE REDUCTION PROGRAMS FOR WHEAT THROUGH 2002.

(a) AGRICULTURAL ACT OF 1949.—Section 107B of the Agricultural Act of 1949 (7 U.S.C. 1445b–3a) is amended—

(1) in the section heading by striking ''1995'' and inserting ''2002'';

(2) in subsections (a)(1), (a)(4)(C), (b)(1), (c)(1)(A), (c)(1)(B)(iii), (e)(1)(G), (e)(3)(A), (e)(3)(C)(iii), (f)(1), (q), by striking ''**1995**'' each place it appears and inserting ''**2002**'';

(3) in the heading of subsection (c)(1)(B)(ii), by striking ''AND 1995'' and inserting ''THROUGH 2002'';

(4) in subsection (c)(1)(B)(ii), by striking ''and 1995'' and inserting ''through 2002'';

(5) in subsection (c)(1)(E)(vii), by striking ''1997'' and inserting ''2002'';

(6) in the heading of subsection (e)(1)(G), by striking ''1995'' and inserting ''2002''; and

(7) in subsection (g)(1), by striking ''and 1995'' and inserting ''through 2002''.

(b) FOOD SECURITY WHEAT RESERVE.—Section 302(i) of the Food Security Wheat Reserve Act of 1980 (7 U.S.C. 1736f–1(i)) is amended by striking ''1995'' both places it appears and inserting ''2002''.

(c) NONAPPLICABILITY OF CERTIFICATE REQUIREMENTS.—Sections 379d through 379j of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1379d–1379j) shall not be applicable to wheat processors or exporters during the period June 1, 1996, through May 31, 2003.

(d) SUSPENSION OF LAND USE, WHEAT MARKETING ALLOCATION, AND PRODUCER CERTIFICATE PROVISIONS.—Sections 331 through 339, 379b, and 379c of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1331 through 1339, 1379b, and 1379c) shall not be applicable to the 1996 through 2002 crops of wheat.

(e) SUSPENSION OF CERTAIN QUOTA PROVISIONS.—.The joint resolution entitled ''A joint resolution relating to corn and wheat marketing quotas under the Agricultural Adjustment Act of 1938, as amended'', approved May 26, 1941 (7 U.S.C. 1330 and 1340), shall not be applicable to the crops of wheat planted for harvest in the calendar years 1996 through 2002.

(f) NONAPPLICABILITY OF SECTION 107 OF AGRICULTURAL ACT OF 1949.—Section 107 of the Agricultural Act of 1949 (7 U.S.C. 1445a) shall not be applicable to the 1996 through 2002 crops of wheat.

SEC. 2102. EXTENSION OF LOANS, PAYMENTS, AND ACREAGE REDUCTION PROGRAMS FOR FEED GRAINS THROUGH 2002.

(a) AGRICULTURAL ACT OF 1949.—Section 105B of the Agricultural Act of 1949 (7 U.S.C. 1444f) is amended—

(1) in the section heading, by striking ''1995'' and inserting ''2002'';

(2) in subsections (a)(1), (a)(4)(C), (a)(6), (b)(1), (c)(1)(A), (c)(1)(B)(iii), (e)(1)(G), (e)(1)(H), (e)(2)(H), (e)(3)(A), (e)(3)(C)(iii), (f)(1), (p)(1), (q)(1), and (r), by striking ''1995'' each place it appears and inserting ''2002'';

(3) in the heading of subsection (c)(1)(B)(ii), by striking ''AND 1995'' and inserting ''THROUGH 2002'';

(4) in subsection (c)(1)(B)(ii), by striking ''and 1995'' and inserting ''through 2002'';

(5) in subsection (c)(1)(E)(vii), by striking ''1997'' and inserting ''2002'';

(6) in the headings of subsections (e)(1)(G) and (e)(1)(H), by striking ''1995'' both places it appears and inserting ''2002''; and

(7) in subsection (g)(1), by striking ''and 1995'' and inserting ''through 2002''.

(b) RECOURSE LOAN PROGRAM FOR SILAGE.—Section 403 of the Food Security Act of 1985 (7 U.S.C. 1444e–1) is amended by striking ''1996'' and inserting ''2002''.

(c) NONAPPLICABILITY OF SECTION 105 OF AGRICULTURAL ACT OF 1949.—Section 105 of the

Agricultural Act of 1949 (7 U.S.C. 1444b) shall not be applicable to the 1996 through 2002 crops of feed grains.

SEC. 2103. EXTENSION OF LOANS, PAYMENTS, AND ACREAGE REDUCTION PROGRAMS FOR COTTON THROUGH 2002.

(a) EXTRA LONG STAPLE COTTON.—Section 103(h)(16) of the Agricultural Act of 1949 (7 U.S.C. 1444(h)(16)) is amended by striking ''1996'' and inserting ''2003''.

(b) UPLAND COTTON.—Section 103B of the Agricultural Act of 1949 (7 U.S.C. 1444–2) is amended—

(1) in the section heading, by striking ''**1997**'' and inserting ''**2002**'';

(2) in subsections (a)(1), (b)(1), (c)(1)(A), (c)(1)(B)(ii), (c)(1)(D)(v)(II), and (o), by striking ''1997'' each place it appears and inserting ''2002'';

(3) in the heading of subsection (c)(1)(D)(v)(II), by striking ''1997 CROPS'' and inserting ''2002 CROPS'';

(4) in subsection (e)(1)(D), by striking ''the 1997 crop'' and inserting ''each of the 1997 through 2002 crops'';

(5) in subsections (e)(3)(A) and (f)(1), by striking ''1995'' each place it appears and inserting ''2002''; and

(6) in subparagraphs (B)(i), (D)(i), (E)(i), and (F)(i) of subsection (a)(5), by striking ''1998'' each place it appears and inserting ''2003''.

(c) COTTONSEED AND COTTONSEED OIL.—Section 203(b) of the Agricultural Act of 1949 (7 U.S.C. 1446d(b)) is amended by striking ''1995'' and inserting ''2002''.

(d) AGRICULTURAL ADJUSTMENT ACT OF 1938.—Section 374(a) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1374(a)) is amended by striking ''1995'' each place it appears and inserting ''2002''.

(e) SUSPENSION OF BASE ACREAGE ALLOTMENTS, MARKETING QUOTAS, AND RELATED PROVISIONS.—Sections 342, 343, 344, 345, 346, and 377 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1342–1346 and 1377) shall not be applicable to any of the 1996 through 2002 crops of upland cotton.

(f) SUSPENSION OF MISCELLANEOUS COTTON PROVISIONS.—Section 103(a) of the Agricultural Act of 1949 (7 U.S.C. 1444(a)) shall not be applicable to the 1996 through 2002 crops.

(g) PRELIMINARY ALLOTMENTS FOR 2003 CROP OF UPLAND COTTON.—Notwithstanding any other provision of law, the permanent State, county, and farm base acreage allotments for the 1977 crop of upland cotton, adjusted for any underplantings in 1977 and reconstituted as provided in section 379 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1379), shall be the preliminary allotments for the 2003 crop.

(h) COTTON CLASSIFICATION SERVICES.—The first sentence of section 3a of the Act of March 3, 1927 (commonly known as the ''Cotton Statistics and Estimates Act'') (chapter 337; 7 U.S.C. 473a), is amended by striking ''1996'' and inserting ''2002''.

SEC. 2104. EXTENSION OF LOANS, PAYMENTS, AND ACREAGE REDUCTION PROGRAMS FOR RICE THROUGH 2002.

Section 101B of the Agricultural Act of 1949 (7 U.S.C. 1441–2) is amended—

(1) in the section heading, by striking ''1995'' and inserting ''2002'';

(2) in subsections (a)(1), (a)(3), (b)(1), (c)(1)(A), (c)(1)(B)(iii), (e)(3)(A), (f)(1), and (n), by striking ''1995'' each place it appears and inserting ''2002'';

(3) in subsection (a)(5)(D)(i), by striking ''1996'' and inserting ''2001'';

(4) in the heading of subsection (c)(1)(B)(ii), by striking ''AND 1995'' and inserting ''THROUGH 2002'';

(5) in subsection (c)(1)(B)(ii), by striking ''and 1995'' and inserting ''through 2002'';

(6) in subsection (c)(1)(D)(v)(II), by striking ''1997'' and inserting ''2002''; and

(7) in the heading of subsection (c)(1)(D)(v)(II), by striking ''1997 CROPS'' and inserting ''2002 CROPS''.

SEC. 2105. EXTENSION OF LOANS AND PAYMENTS FOR OILSEEDS THROUGH 2002.

Section 205 of the Agricultural Act of 1949 (7 U.S.C. 1446f) is amended—

(1) in the section heading, by striking ''1995'' and inserting ''2002'';

(2) in subsections (b), (c), (e)(1), and (n), by striking ''1995'' each place it appears and inserting ''2002''; and

(3) in subsections (c) and (h)(2), by striking ''1997'' each places it appears and inserting ''2002''.

SEC. 2106. INCREASE IN FLEX ACRES.

(a) WHEAT.—Subsection (c)(1)(C)(ii) of section 107B of the Agricultural Act of 1949 (7 U.S.C. 1445b–3a) is amended by striking ''85 percent'' and inserting ''85 percent (through the 1995 crop of wheat) and 79 percent (for the 1996 through 2002 crops)''.

(b) FEED GRAINS.—Subsection (c)(1)(C)(ii) of section 105B of such Act (7 U.S.C. 1444f) is amended by striking ''85 percent'' and inserting ''85 percent (through the 1995 crop) and 79 percent (for the 1996 through 2002 crops)''.

(c) UPLAND COTTON.—Subsection (c)(1)(C)(ii) of section 103B of such Act (7 U.S.C. 1444–2) is amended by striking ''85 percent'' and inserting ''85 percent (through the 1995 crop of upland cotton) and 79 percent (for the 1996 through 2002 crops)''.

(d) RICE.—Subsection (c)(1)(C)(ii) of section 101B of such Act (7 U.S.C. 1441–2) is amended by striking ''85 percent'' and inserting ''85 percent (through the 1995 crop of rice) and 79 percent (for the 1996 through 2002 crops)''.

SEC. 2107. REDUCTION IN 50/85 AND 0/85 PROGRAMS.

(a) RICE.—Section 101B(c)(1)(D) of the Agricultural Act of 1949 (7 U.S.C. 1441–2(c)(1)(D)) is amended—

(1) in the subparagraph heading, by striking ''50/85 PROGRAM'' and inserting ''50/80 PROGRAM''; and

(2) in clause (i), by striking ''8 percent for each of the 1991 through 1993 crops, and 15 percent for each of the 1994 through 1997 crops'' both places it appears and inserting ''20 percent for each of the 1996 through 2002 crops''.

(b) COTTON.—Section 103B(c)(1)(D) of such Act (7 U.S.C. 1444–2(c)(1)(D)) is amended—

(1) in the subparagraph heading, by striking ''50/85 PROGRAM'' and inserting ''50/80 PROGRAM''; and

(2) in clause (i), by striking ''8 percent for each of the 1991 through 1993 crops, and 15 percent for each of the 1994 through 1997 crops'' both places it appears and inserting ''20 percent for each of the 1996 through 2002 crops''.

(c) FEED GRAINS.—Section 105B(c)(1)(E) of such Act (7 U.S.C. 1444f(c)(1)(E)) is amended—

(1) in the subparagraph heading, by striking ''0/85 PROGRAM'' and inserting ''0/80 PROGRAM''; and

(2) in clause (i), by striking ''8 percent for each of the 1991 through 1993 crops, and 15 percent for each of the 1994 through 1997 crops'' both places it appears and inserting ''20 percent for each of the 1996 through 2002 crops''.

(d) WHEAT.—Section 107B(c)(1)(E) of such Act (7 U.S.C. 1445–3a(c)(1)(E)) is amended—

(1) in the subparagraph heading, by striking ''0/85 PROGRAM'' and inserting ''0/80 PROGRAM''; and

(2) in clause (i), by striking ''8 percent for each of the 1991 through 1993 crops, and 15 percent for each of the 1994 through 1997 crops'' both places it appears and inserting ''20 percent for each of the 1996 through 2002 crops''.

(e) EFFECT OF AMENDMENTS ON PRIOR CROP YEARS.—Sections 101B(c)(1)(D), 103B(c)(1)(D), 105B(c)(1)(E), and 107B(c)(1)(E) of the Agricultural Act of 1949, as in effect on the day before the date of the enactment of this Act, shall continue to apply with respect to the 1991 through 1995 crops covered by such sections.

Subtitle B—Sugar

SEC. 2201. EXTENSION AND MODIFICATION OF SUGAR PROGRAM.

(a) ASSURANCE OF SUGAR SUPPLY.—Section 206 of the Agricultural Act of 1949 (7 U.S.C. 1446g, et seq.) is amended to read as follows:

''SEC. 206. ASSURANCE OF SUGAR SUPPLY.

''(a) IN GENERAL.—The price of each crop of sugar beets and sugarcane, respectively, shall be supported in accordance with this section.

''(b) SUGARCANE.—Subject to subsection (d), the Secretary shall support the price of domestically grown sugarcane through loans at 18 cents per pound for raw cane sugar.

''(c) SUGAR BEETS.—Subject to subsection (d), the Secretary shall support the price of each crop of domestically grown sugar beets through loans at the level provided for refined beet sugar produced from the 1995 crop of domestically grown sugar beets.

''(d) ADJUSTMENT IN SUPPORT LEVEL.—

''(1) DOWNWARD ADJUSTMENT IN SUPPORT LEVEL.—

''(A) IN GENERAL.—The Secretary shall decrease the support price of domestically grown sugarcane and sugar beets from the price determined for the preceding crop, as established under this section, if negotiated reductions in export subsidies and domestic subsidies provided for sugar of the European Union and other major sugar growing, producing, and exporting countries ('major countries') in the aggregate exceed the commitments made as part of the Uruguay Round Agreements.

''(B) EXTENT OF REDUCTION.—The Secretary shall not reduce the support price under this section below a level that provides an equal measure of support to that provided by any other major country or customs union based on an examination of both domestic and export subsidies subject to reduction in the Agreement on Agriculture referenced in 19 U.S.C. 3511(d)(2).

''(C) MAJOR COUNTRIES.—For purposes of this subsection, the term 'major countries' includes all countries allocated a share of the tariff rate quota for imported sugars and syrups by the United States Trade Representative pursuant to additional U.S. note 5 of chapter 17 of the Harmonized Tariff Schedule, all countries of the European Union, and the People's Republic of China.

''(2) INCREASES IN SUPPORT LEVEL.—The Secretary may increase the support level for each crop of domestically grown sugarcane and sugar beets from the level determined for the preceding crop based on such factors as the Secretary determines appropriate, including changes (during the 2 crop years immediately preceding the crop year for which the determination is made) in the cost of sugar products, the cost of domestic sugar production, the amount of any applicable assessments, and other factors or circumstances that may adversely affect domestic sugar production.

''(e) LOAN TYPE; PROCESSOR ASSURANCES.—

''(1) IN GENERAL.—Subject to paragraph (2), the Secretary shall carry out this section through the use of recourse loans.

''(2) MODIFICATION.—During any fiscal year in which the tariff rate quota for imports of sugar into the United States is set at, or is increased to, a level that exceeds the minimum level for such imports committed to by the United States under the Agreement on Agriculture contained in the Uruguay Round of Agreements of the General Agreement on Tariffs and Trade, the Secretary shall carry

out this section by making available nonrecourse loans. Any recourse loan previously made available by the Secretary under this section during such fiscal year shall be modified by the Secretary into a nonrecourse loan.

''(3) PROCESSOR ASSURANCES.—In order to effectively support the prices of sugar beets and sugarcane received by the producer, the Secretary shall obtain from each processor that receives a loan under this section such assurances as the Secretary considers adequate that, if the Secretary is required under paragraph (2) to make nonrecourse loans available, or modify recourse loans into nonrecourse loans, each producer served by the processor will receive the appropriate minimum payment for sugar beets and sugarcane delivered by the producer, as determined by the Secretary.

''(f) ANNOUNCEMENTS.—In order to ensure the efficient administration of the program under this section and the effective support of the price of sugar, the Secretary shall announce the type of loans available and the loan rates for beet sugar and cane sugar for any fiscal year under this section as far in advance as is practicable.

''(g) LOAN TERM.—

''(1) IN GENERAL.—Except as provided in paragraph (2) and subsection (h), loans under this section during any fiscal year shall be made available not earlier than the beginning of the fiscal year and shall mature at the end of 3 months.

''(2) EXTENSION.—The maturity of a loan under this section may be extended for up to 2 additional 3-month periods, at the option of the borrower, upon written request to the Commodity Credit Corporation. The maturity of a loan may not be extended under this paragraph beyond the end of the fiscal year.

''(h) SUPPLEMENTARY LOANS.—Subject to subsection (d), the Secretary shall make available to eligible processors price support loans with respect to sugar processed from sugar beets and sugarcane harvested in the last 3 months of a fiscal year. Such loans shall mature at the end of the fiscal year. The processor may repledge the sugar as collateral for a price support loan in the subsequent fiscal year, except that the second loan shall—

''(1) be made at the loan rate in effect at the time the second loan is made; and

''(2) mature in not more than 9 months less the quantity of time that the first loan was in effect.

''(i) USE OF COMMODITY CREDIT CORPORATION.—The Secretary shall use the funds, facilities, and authorities of the Commodity Credit Corporation to carry out this section.

''(j) MARKETING ASSESSMENTS.—The following assessments shall be collected with respect to all sugar marketed within the United States during the 1996 through 2003 fiscal years:

''(1) BEET SUGAR.—The first seller of beet sugar produced from sugar beets or sugar beet molasses, or refined sugar refined outside of the United States, shall remit to the Commodity Credit Corporation a nonrefundable marketing assessment in an amount equal to 1.1794 percent of the loan level established under subsection (b) per pound of sugar marketed.

''(2) CANE SUGAR.—The first seller of raw cane sugar produced from sugarcane or sugarcane molasses, shall remit to the Commodity Credit Corporation a nonrefundable marketing assessment in an amount equal to 1.1 percent of the loan level established under subsection (b) per pound of sugar marketed (including the transfer or delivery of the sugar to a refinery for further processing or marketing).

''(3) COLLECTION.—

''(A) TIMING.—Marketing assessments required under this subsection shall be collected and remitted to the Commodity Credit Corporation within 30 days of the date that the sugar is marketed.

''(B) MANNER.—Subject to subparagraph (A), marketing assessments shall be collected under this subsection in the manner prescribed by the Secretary and shall be nonrefundable.

''(4) PENALTIES.—If any person fails to remit an assessment required by this subsection or fails to comply with such requirements for recordkeeping or otherwise as are required by the Secretary to carry out this subsection, the person shall be liable to the Secretary for a civil penalty up to an amount determined by multiplying—

''(A) the quantity of sugar involved in the violation; by

''(B) the loan level for the applicable crop of sugarcane or sugar beets from which the sugar is produced.

For the purposes of this paragraph, refined sugar shall be treated as produced from sugar beets.

''(5) ENFORCEMENT.—The Secretary may enforce this subsection in the courts of the United States.

''(6) REGULATIONS.—The Secretary shall promulgate regulations to carry out this subsection.

''(k) INFORMATION REPORTING.—

''(1) DUTY OF PROCESSORS AND REFINERS TO REPORT.—All sugarcane processors, cane sugar refiners, and sugar beet processors shall furnish the Secretary, on a monthly basis, such information as the Secretary may require to administer sugar programs, including the quantity of purchases of sugarcane, sugar beets, and sugar, and production, importation, distribution, and stock levels of sugar.

''(2) DUTY OF PRODUCERS TO REPORT.—In order to efficiently and effectively carry out the program under this section, the Secretary may require a producer of sugarcane or sugar beets to report, in the manner prescribed by the Secretary, the producer's sugarcane or sugar beet yields and acres planted to sugarcane or sugar beets, respectively.

''(3) PENALTY.—Any person willfully failing or refusing to furnish the information, or furnishing willfully any false information, shall be subject to a civil penalty of not more than $10,000 for each such violation.

''(4) MONTHLY REPORTS.—Taking into consideration the information received under paragraph (1), the Secretary shall publish on a monthly basis composite data on production, imports, distribution, and stock levels of sugar.

''(l) SUGAR ESTIMATES.—

''(1) DOMESTIC REQUIREMENT.—Before the beginning of each fiscal year, the Secretary shall estimate the domestic sugar requirement of the United States equal to Total Estimated Disappearance minus the quantity of sugar that will be available from carry-in stocks.

''(2) TOTAL DISAPPEARANCE.—For the purposes of this subsection, the term'' Total Estimated Disappearance'' means the quantity of sugar, as estimated by the Secretary, that will be consumed in the United States during the fiscal year (other than sugar imported for the production of polyhydric alcohol or to be refined and reexported in refined form or in sugar containing products) plus the quantity of sugar that would provide for adequate carryover stocks.

''(3) QUARTERLY REESTIMATES.—The Secretary shall make quarterly reestimates of sugar consumption, stocks, production, and imports for a fiscal year no later than the beginning of each of the second through fourth quarters of the fiscal year.

''(m) DEFINITION OF MARKET.—For purposes of this section, the term 'market' means to sell or otherwise dispose of in commerce in the United States (including, with respect to any integrated processor and refiner, the movement of raw cane sugar into the refining process) and deliver to a buyer.

''(n) CROPS.—This section shall be effective only for the 1996 through 2002 crops of sugar beets and sugarcane.''.

(b) CONFORMING AMENDMENT.—Part VII of subtitle B of title III of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359aa et seq.) is repealed.

Subtitle C—Peanuts

SEC. 2301. EXTENSION OF PRICE SUPPORT PROGRAM FOR PEANUTS AND RELATED PROGRAMS.

(a) AGRICULTURAL ACT OF 1949.—Section 108B of the Agricultural Act of 1949 (7 U.S.C. 1445c–3) is amended—

(1) in the section heading, by striking **''1997''** and inserting **''2002''**;

(2) in subsection (a)(1), (a)(2), (b)(1), and (h), by striking ''1997'' each place it appears and inserting ''2002''; and

(3) in subsection (g)(1), by striking ''1997 crops'' the first place it appears and inserting ''2002 crops''.

(b) AGRICULTURAL ADJUSTMENT ACT OF 1938.—Part VI of subtitle B of title III of the Agricultural Adjustment Act of 1938 is amended—

(1) in section 358–1 (7 U.S.C. 1358–1)—

(A) in the section heading, by striking **''1997''** and inserting **''2002''**;

(B) in subsection (a)(3), by striking ''1990'' and inserting ''1990, for the 1991 through 1995 marketing years, and 1995, for the 1996 through 2002 marketing years'';

(C) in subsection (b)(1)(A)—

(i) by striking ''1997'' and inserting ''2002''; and

(ii) in clause (i), by inserting before the semicolon the following: '', for the 1991 through 1995 marketing years, and the 1995 marketing year, for the 1996 through 2002 marketing years''; and

(D) in subsections (b)(1)(B), (b)(2)(A), (b)(2)(C), (b)(3)(A), and (f), by striking ''1997'' each place it appears and inserting ''2002'';

(2) in section 358b (7 U.S.C. 1358b)—

(A) in the section heading, by striking **''1995''** and inserting **''2002''**; and

(B) in subsection (c), by striking ''1995'' and inserting ''2002'';

(3) in section 358c(d) (7 U.S.C. 1358c(d)), by striking ''1995'' and inserting ''2002''; and

(4) in section 358e (7 U.S.C. 1359a)—

(A) in the section heading, by striking **''1997''** and inserting **''2002''**; and

(B) in subsection (i), by striking ''1997'' and inserting ''2002''.

(c) FOOD, AGRICULTURE, CONSERVATION, AND TRADE ACT OF 1990.—Title VIII of the Food, Agriculture, Conservation, and Trade Act of 1990 (Public Law 101–624; 104 Stat. 3459) is amended—

(1) in section 801 (104 Stat. 3459), by striking ''1995'' and inserting ''2002'';

(2) in section 807 (104 Stat. 3478), by striking ''1995'' and inserting ''2002''; and

(3) in section 808 (7 U.S.C. 1441 note), by striking ''1995'' and inserting ''2002''.

SEC. 2302. NATIONAL POUNDAGE QUOTAS AND ACREAGE ALLOTMENTS.

(a) ESTABLISHMENT.—Subsection (a)(1) of section 358–1 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1358–1) is amended to read as follows:

''(1) ESTABLISHMENT.—The national poundage quota for peanuts for each of the 1991 through 2002 marketing years shall be established by the Secretary at a level that is equal to the quantity of peanuts (in tons) that the Secretary estimates will be devoted in each such marketing year to domestic edible and related uses. Beginning with the 1996

marketing year, the Secretary shall exclude seed uses from the estimate of domestic edible and related uses, but shall include the estimated quantity of peanuts and peanut products to be imported into the United States for the marketing year for which the quota is being established.''.

(b) EXCLUSIONS FROM FARM POUNDAGE QUOTA.—Subsection (b) of such section is amended—

(1) in paragraph (1)(B), by striking clauses (i) and (ii) and inserting the following new clauses:

''(i) through the 1995 marketing year, any increases for undermarketings from previous years; or

''(ii) through the 2002 marketing year, any increases resulting from the allocation of quotas voluntarily released for 1 year under paragraph (7).''; and

(2) in paragraph (3)(B), by striking clauses (i) and (ii) and inserting the following new clauses:

''(i) through the 1995 marketing year, any increases for undermarketings of quota peanuts from previous years; or

''(ii) through the 2002 marketing year, any increase resulting from the allocation of quotas voluntarily released for 1 year under paragraph (7).''.

(c) TEMPORARY QUOTA ALLOCATION.—Subsection (b)(2) of such section is amended—

(1) in subparagraph (A), by striking ''subparagraph (B) and subject to''; and

(2) by striking subparagraph (B) and inserting the following new subparagraph:

''(B) TEMPORARY QUOTA ALLOCATION.—

''(i) ALLOCATION RELATED TO SEED PEANUTS.—Temporary allocation of quota pounds for the marketing year only in which the crop is planted shall be made to producers for each of the 1996 through 2002 marketing years as provided in this subparagraph. The temporary quota allocation shall be equal to the pounds of seed peanuts planted on the farm, as may be adjusted under regulations prescribed by the Secretary. The temporary allocation of quota pounds under this paragraph shall be in addition to the farm poundage quota otherwise established under this subsection and shall be credited for the applicable marketing year only, in total to the producer of the peanuts on the farm in a manner prescribed by the Secretary.

''(ii) CONDITION ON ALLOCATION.—The allocation of quota pounds to producers under this subparagraph shall be performed in such a manner so that such allocation will not result in a net decrease in the farm poundage quota for a farm in excess of 3 percent, after temporary seed quota is added, from the basic farm quota in 1996. Such decrease shall occur one time only and shall be applicable to the 1996 marketing year only.

''(iii) TERM OF PROVISION.—Application of this subparagraph may continue so long as doing so does not result in increased cost to the Commodity Credit Corporation by displacement of quota peanuts by additional peanuts in the domestic market, increased losses in the Association loan pools, or other such increases in cost.

''(iv) EFFECT OF OTHER REQUIREMENTS.—Nothing in this section shall alter or change in any way the requirements regarding the use of quota and additional peanuts established by section 359a(b) of the Agricultural Act of 1949 (7 U.S.C. 1359a(b)), as added by section 804 of the Food, Agriculture, Conservation, and Trade Act of 1990.''.

(d) QUOTA CONSIDERED PRODUCED.—Subsection (b)(4) of such section is amended to read as follows:

''(4) QUOTA CONSIDERED PRODUCED.—

''(A) NATURAL DISASTER.—For purposes of this subsection, the farm poundage quota shall be considered produced on a farm if the farm poundage quota was not produced on the farm because of drought, flood, or any other natural disaster, or any other condition beyond the control of the producer, as determined by the Secretary.

''(B) LEASE OR RELEASE OF QUOTA.—Such farm poundage quota shall also be considered produced on a farm if the farm poundage quota was either leased to another owner or operator of a farm within the same county for transfer to such farm for only 1 of the 3 marketing years immediately preceding the marketing year for which the determination is being made or the farm poundage quota was released voluntarily under paragraph (7) for only 1 of the 3 marketing years immediately preceding the marketing year for which the determination is being made. The farm poundage quota leased or released under this subparagraph shall be considered produced for only 1 of the 3 marketing years immediately preceding the marketing year for which the determination is being made. The farm shall not receive considered produced credit for more than 1 marketing year out of the 3 immediately preceding marketing years under the options in this subparagraph.''.

(e) ALLOCATION OF QUOTAS REDUCED OR RELEASED TO FARMS WITHOUT QUOTAS.—Subsection (b)(6) of such section is amended to read as follows:

''(6) ALLOCATION OF QUOTAS REDUCED OR RELEASED.—

''(A) IN GENERAL.—The total quantity of the farm poundage quotas reduced or voluntarily released from farms in a State for any marketing year under paragraphs 3 and (5) shall be allocated under subparagraph (B), as the Secretary may by regulation prescribe, to other farms in the State on which peanuts were produced in at least 2 of the 3 crop years immediately preceding the year for which the allocation is being made.

''(B) SET-ASIDE FOR FARMS WITH NO QUOTA.—The total amount of farm poundage quota to be allocated in the State under subparagraph (A) shall be allocated to farms in the State for which no farm poundage quota was established for the immediately preceding year's crop. The allocation to any such farm shall not exceed the average farm production of peanuts for the 3 immediately preceding years during which peanuts were produced on the farm. Any farm quota pounds remaining after allocation to farms under this subparagraph shall be allocated to farms in the State on which poundage quotas were established for the immediately preceding crop year.''.

(f) TRANSFER OF ADDITIONAL PEANUTS.—Subsection (b) of such section is amended by striking paragraphs (8) and (9) and inserting the following new paragraph:

''(8) TRANSFER OF ADDITIONAL PEANUTS.—Additional peanuts on a farm from which the quota poundage was not harvested and marketed may be transferred to the quota loan pool for pricing purposes on such basis as the Secretary shall by regulation provide, except that the poundage of such peanuts so transferred shall not exceed the difference in the total peanuts meeting quality requirements for domestic edible use as determined by the Secretary marketed from the farm and the total farm poundage quota, excluding quota pounds transferred to the farm in the fall. Peanuts transferred under this paragraph shall be supported at a total of not less than 70 percent of the quota support rate for the marketing years in which such transfers occur and such transfers for a farm shall not exceed 25 percent of the total farm quota pounds, excluding pounds transferred in the fall.''.

SEC. 2303. SALE, LEASE, OR TRANSFER OF FARM POUNDAGE QUOTA.

(a) TRANSFERS AUTHORIZED UNDER CERTAIN CIRCUMSTANCES.—Subsection (a) of section 358b of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1358b) is amended—

(1) in paragraph (1)—

(A) by striking ''(including any applicable under marketings)'' both places it appears;

(B) in subparagraph (A), by striking ''undermarketings and''; and

(C) by adding at the end the following new sentences: ''In the case of a fall transfer only, poundage quota from a farm may be leased to another owner or operator of a farm within the same county or to another owner or operator of a farm in any other county within the State. Fall transfers of quota pounds shall not affect the farm quota history for the transferring or receiving farm and shall not result in reducing the farm poundage quota on the transferring farm.'';

(2) by striking paragraph (2) and inserting the following new paragraph:

''(2) TRANSFERS TO OTHER SELF-OWNED FARMS.—The owner or operator of a farm may transfer all or any part of the farm poundage quota for the farm to any other farm owned or controlled by the owner or operator that is in the same county or any other county within the same State and that had a farm poundage quota for the preceding crop year, if both the transferring and the receiving farms were under the control of the owner or operator for at least 3 crop years prior to the crop year in which the farm poundage quota is transferred. Any farm poundage quota transferred under this paragraph shall not result in any reduction in the farm poundage quota for the transferring farm if sufficient acreage is planted on the receiving farm to produce the quota pounds transferred.'';

(3) in paragraph (3), by striking ''(including any applicable undermarketings)''; and

(4) by adding at the end the following new paragraph:

''(4) TRANSFERS BY SALE IN STATES HAVING QUOTAS OF 10,000 TONS OR MORE.—Subject to such terms and conditions as the Secretary may prescribe, the owner, or operator with permission of the owner, of any farm for which a farm quota has been established and which is located in a State having a quota of 10,000 tons or more may sell poundage quota to any other eligible owner or operator of a farm within the same State. The Secretary shall ensure that no more than 15 percent of the total poundage quota within a county as of January 1, 1996, is sold and transferred in 1996 under this paragraph and that no more than 5 percent of the quota pounds remaining in a county as of January 1 in each of the next 4 years are sold and transferred in any such year. Notwithstanding any other provision of this paragraph, no more than 30 percent of the total poundage quota within a county may be sold and transferred. Quota pounds sold and transferred under this paragraph may not be leased or sold from the farm to which transferred to another farm owner or operator within the same State for a period of 5 years following the original transfer to the farm.''.

(b) CONDITIONS.—Subsection (b) of such section is amended—

(1) in paragraph (1), by inserting before the period at the end the following: '', except that no such agreement shall be necessary in the event of fall lease, if the operator had the lienholder's agreement for a previous spring cash lease''; and

(2) by striking paragraph (3) and inserting the following new paragraph:

''(3) RECORD.—No transfer of the farm poundage quota shall be effective until a

record thereof is filed with the county committees of the counties from which transferred and to which transferred and the committees determine that the transfer complies with this section.''.

SEC. 2304. PENALTY FOR REENTRY OF EXPORTED PEANUT PRODUCTS.

Section 358e(d)(6)(A) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359a(d)(6)(A)) is amended by inserting ''or peanut products manufactured from additional peanuts'' after ''any additional peanuts''.

SEC. 2305. PRICE SUPPORT PROGRAM FOR PEANUTS.

(a) SUPPORT RATES.—Subsection (a)(2) Section 108B of the Agricultural Act of 1949 (7 U.S.C. 1445c–3) is amended—

(1) by striking ''any increase'' and inserting ''any increase or decrease''; and

(2) by striking '', except that'' and all that follows through ''preceding crop'' and inserting the following: ''In no event shall the national average quota support rate be increased by more than 5 percent of the national average quota support rate for the preceding crop. In no event shall the national average quota support rate be decreased by more than 5 percent of the national average quota support rate for the preceding crop.''.

(b) SPECIAL RULE REGARDING NEW MEXICO POOLS.—Subsection (c)(2)(A) of such section is amended by inserting after the first sentence the following new sentence: ''Peanuts physically produced outside the State of New Mexico shall not be eligible for entry into or participation in the New Mexico pools even though the farm on which the peanuts are produced is considered to be a New Mexican farm for administrative purposes.''.

(c) LOSSES IN AREA QUOTA POOLS.—Subsection (d)(2) of such section is amended—

(1) by redesignating subparagraph (B) as subparagraph (D);

(2) by inserting after subparagraph (A) the following new paragraphs:

''(B) REDUCTION OF GAINS OF OTHER PRODUCERS IN SAME POOL.—If use of the authority provided in subparagraph (A) is not sufficient to cover losses in an area quota pool, the additional losses shall be offset by reducing the gain of any producer in such pool by the amount of pool gains attributed to the same producer from the sale of additional peanuts for domestic and export edible use.

''(C) USE OF MARKETING ASSESSMENTS.—If use of the authority provided in subparagraphs (A) and (B) is not sufficient to cover losses in area quota pools, the Secretary shall use funds collected under subsection (g) to offset such losses. At the end of each year, the Secretary shall deposit in the Treasury those funds collected under subsection (g) that the Secretary determines are not required to cover losses in area quota pools for that year.''; and

(3) in subparagraph (D), as redesignated by paragraph (1), by adding at the end the following new sentence: ''This subparagraph shall apply only to the extent that use of the authority provided in subparagraphs (A), (B), and (C) is not sufficient to cover losses in an area quota pool.''.

(d) COMPLIANCE WITH QUALITY STANDARDS.—Subsection (f)(2) of such section is amended to read as follows:

''(2) EXPORTS AND OTHER PEANUTS.—The Secretary shall require that all peanuts in the domestic market, including peanuts imported into the United States, meet all United States quality standards under Marketing Agreement No. 146 and that importers of such peanuts fully comply with inspection, handling, storage, and processing requirements implemented under Marketing Agreement No. 146. The Secretary shall ensure that peanuts produced for the export market meet quality, inspection, handling, storage, and processing requirements under Marketing Agreement No. 146.''.

(e) ASSESSMENT RATES.—Subsection (g) of such section is amended—

(1) in paragraph (1), by striking ''1.15 percent'' the first place it appears and all that follows through the period at the end of such paragraph and inserting ''and 1.2 percent for the 1996 through 2002 crops, of the applicable support rate under this subsection.'';

(2) in paragraph (2)(A)(i)—

(A) by inserting ''and'' at the end of subclause (II); and

(B) by striking subclauses (III) and (IV) and inserting the following new subclause:

''(III) in the case of each of the 1996 through 2002 crops, .6 percent of the applicable national average support rate;''; and

(3) in paragraph (2)(A)(ii)—

(A) by striking ''and'' at the end of subclause (I);

(B) in subclause (II), by striking ''through 1997 crops'' and inserting ''and 1995 crops''; and

(C) by adding at the end the following new subclause:

''(III) in the case of each of the 1996 through 2002 crops, .6 percent of the applicable national average support rate; and''.

(f) ASSESSMENT ON IMPORTS.—Subsection (g) of such section is further amended—

(1) by redesignating paragraphs (3), (4), (5), and (6) as paragraphs (4), (5), (6), and (7), respectively; and

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

''(3) IMPORTS.—Each importer of peanuts produced outside of the United States and imported into the United States after the date of the enactment of this paragraph shall remit to the Commodity Credit Corporation a nonrefundable marketing assessment in an amount equal to the product obtained by multiplying the number of pounds of peanuts imported by the importer by 1.2 percent of the national average support rate for additional peanuts.''.

SEC. 2306. REFERENDUM REGARDING POUNDAGE QUOTAS.

Section 358–1(d) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 13581(d)) is amended by striking paragraph (1) and inserting the following new paragraph:

''(1) IN GENERAL.—Each calendar year, the Secretary shall conduct a referendum of producers engaged in the production of quota peanuts in the calendar year in which the referendum is held to determine whether the producers are in favor of or opposed to poundage quotas with respect to the crops of peanuts produced in the seven calendar years immediately following the year in which the referendum is held, except that, if as many as two-thirds of the producers voting in any referendum vote in favor of poundage quotas, no referendum shall be held with respect to quotas for the next six years of the period. In the case of the referendum required in 1995, the Secretary shall conduct the referendum as soon as practicable after the date of the enactment of the Agricultural Reconciliation Act of 1995. In the case of any referendum required in calendar years 1996 through 2002, the Secretary shall conduct the referendum not later than December 15 of the calendar year in which the referendum is required.''.

SEC. 2307. REGULATIONS.

The Secretary of Agriculture shall issue such regulations as are necessary to carry out this title and the amendments made by this title. In issuing the regulations, the Secretary—

(1) is encouraged to comply with subchapter II of chapter 5 of title 5, United States Code;

(2) shall provide public notice through the Federal Register of any such proposed regulations; and

(3) shall allow adequate time for written public comment prior to the formulation and issuance of any final regulations.

Subtitle D—Tobacco

SEC. 2401. ELIMINATION OF FEDERAL BUDGETARY OUTLAYS FOR TOBACCO PROGRAMS.

Section 106(g)(1) of the Agricultural Act of 1949 (7 U.S.C. 1445(g)(1)) is amended—

(1) by striking ''1998'' and inserting ''2002''; and

(2) by inserting after ''equal to'' the following: ''a pro rata share of the total amount of the costs of other Department of Agriculture programs related to tobacco production or processing that are not required to be covered by user fees or by contributions or assessments under section 106A(d)(1) or 106B(d)(1), but in no event less than''.

SEC. 2402. ESTABLISHMENT OF FARM YIELD FOR FLUE-CURED TOBACCO BASED ON INDIVIDUAL FARM PRODUCTION HISTORY.

(a) METHOD OF DETERMINING FARM ACREAGE ALLOTMENTS.—Subsection (a) of section 317 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1314c) is amended by striking paragraphs (2) through (8) and inserting the following new paragraphs:

''(2) FARM ACREAGE ALLOTMENTS.—The term 'farm acreage allotment' for a tobacco farm, other than a new tobacco farm, means the acreage allotment determined by dividing the farm marketing quota by the farm yield.

''(3) FARM YIELD.—The term 'farm yield' means the yield per acre for a farm determined according to regulations issued by the Secretary and which would be expected to result in a quality of tobacco acceptable to the tobacco trade.

''(4) FARM MARKETING QUOTA.—

''(A) IN GENERAL.—The term 'farm marketing quota' for a farm for a marketing year means a number that is equal to the number of pounds of tobacco determined by multiplying—

''(i) the farm marketing quota for the farm for the previous marketing year (prior to any adjustment for undermarketing or overmarketing); by

''(ii) the national factor.

''(B) ADJUSTMENT.—The farm marketing quota determined under subparagraph (A) for a marketing year shall be increased for undermarketing or decreased for overmarketing by the number of pounds by which marketings of tobacco from the farm during the immediate preceding marketing year (if marketing quotas were in effect for that year under the program established by this section) is less than or exceeds the farm marketing quota for such year. Notwithstanding the preceding sentence, the farm marketing quota for a marketing year shall not be increased under this subparagraph for undermarketing by an amount in excess of the farm marketing quota determined for the farm for the immediately preceding year prior to any increase for undermarketing or decrease for overmarketing. If due to excess marketing in the preceding marketing year, the farm marketing quota for the marketing year is reduced to zero pounds without reflecting the entire reduction required, the additional reduction shall be made for the subsequent marketing year or years.

''(5) NATIONAL FACTOR.—The term 'national factor' for a marketing year means a number obtained by dividing—

''(A) the national marketing quota (less the reserve provided for under subsection (e)); by

''(B) the sum of the farm marketing quotas (prior to any adjustments for

undermarketing or overmarketing) for the immediate preceding marketing year for all farms for which marketing quotas for the kind of tobacco involved will be determined for such succeeding marketing year.''.

(b) CONFORMING AMENDMENTS.—Such section is further amended—

(1) in the first sentence of subsection (b), by striking ''and the national acreage allotment and national average yield goal for the 1965 crop of Flue-cured tobacco,'';

(2) in the first sentence of subsection (c), by striking ''and at the same time announce the national acreage allotment and national average yield goal'';

(3) in subsection (d)—

(A) in the sixth sentence, by striking '', national acreage allotment, and national average yield goal'';

(B) in the eighth sentence, by striking '', national acreage allotment and national average yield goal''; and

(C) in the ninth sentence, by striking '', national acreage allotment, and national average goal are'' and inserting ''is'';

(4) in subsection (e)—

(A) in the first sentence, by striking ''No farm acreage allotment or farm yield shall be established'' and inserting ''A farm marketing quota and farm yield shall not be established'';

(B) in the second sentence, by striking ''acreage allotment'' both places it appears and inserting ''marketing quota'';

(C) in the second sentence, by striking ''acreage allotments'' both places it appears and inserting ''marketing quotas''; and

(D) in the last sentence, by striking ''acreage allotment'' and inserting ''marketing quota''; and

(5) in subsection (g)—

(A) in paragraph (1), by striking ''paragraph (a)(8)'' and inserting ''subsection (a)(4)''; and

(B) in paragraph (3), by striking ''subsection (a)(8)'' and inserting ''subsection (a)(4)''.

(c) FARM MARKETING QUOTA REDUCTIONS.—Subsection (f) of such section is amended to read as follows:

''(f) CAUSES FOR FARM MARKETING QUOTA REDUCTION.—(1) When an acreage-poundage program is in effect for any kind of tobacco under this section, the farm marketing quota next established for a farm shall be reduced by the amount of such kind of tobacco produced on the farm—

''(A) which was marketed as having been produced on a different farm;

''(B) for which proof of disposition is not furnished as required by the Secretary;

''(C) on acreage equal to the difference between the acreage reported by the farm operator or a duly authorized representative and the determined acreage for the farm; and

''(D) as to which any producer on the farm filed, or aids, or acquiesces, in the filing of any false report with respect to the production or marketing of tobacco.

''(2) If the Secretary, through the local committee, find that no person connected with a farm caused, aided, or acquiesced in any irregularity described in paragraph (1), the next established farm marketing quota shall not be reduced under this subsection.

''(3) The reduction required under this subsection shall be in addition to any other adjustments made pursuant to this section.

''(4) In establishing farm marketing quotas for other farms owned by the owner displaced by acquisition of the owner's land by any agency, as provided in section 378 of this Act, increases or decreases in such farm marketing quotas as provided in this section shall be made on account of marketings below or in excess of the farm marketing quotas for the farm acquired by the agency.

''(5) Acreage allotments and farm marketing quotas determined under this section may (except in the case of kinds of tobacco not subject to section 316) be leased and sold under the terms and conditions in section 316 of this Act, except that any credit for undermarketing or charge for overmarketing shall be attributed to the farm to which transferred.''.

(d) EFFECT OF AMENDMENTS ON CURRENT TOBACCO CROP.—Section 317 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1314c), as in effect on the day before the date of the enactment of this Act, shall continue to apply with respect to the 1995 crop of Flue-cured tobacco.

SEC. 2403. REMOVAL OF FARM RECONSTITUTION EXCEPTION FOR BURLEY TOBACCO.

Section 379(a)(6) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1379(a)(6)) is amended by striking '', but this clause (6) shall not be applicable in the case of burley tobacco''.

SEC. 2404. REDUCTION IN PERCENTAGE THRESHOLD FOR TRANSFER OF FLUE-CURED TOBACCO QUOTA IN CASES OF DISASTER.

The second subsection (h) in section 316 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1314b) is amended by striking ''90 percent'' in paragraph (1)(A) and inserting ''80 percent''.

SEC. 2405. EXPANSION OF TYPES OF TOBACCO SUBJECT TO NO NET COST ASSESSMENT.

(a) NO NET COST TOBACCO FUND.—Section 106A(d)(1)(A) of the Agricultural Act of 1949 (7 U.S.C. 1445–1(d)(1)(A)) is amended—

(1) in clause (ii), by inserting after ''Burley quota tobacco'' the following: ''and cigar-type quota tobacco''; and

(2) in clause (iii)—

(A) in the matter preceding the subclauses, by striking ''Flue-cured or Burley tobacco'' and inserting ''each kind of tobacco for which price support is made available under this Act, and each kind of like tobacco,''; and

(B) by striking subclause (II) and inserting the following new subclause:

''(II) the sum of the amount of the per pound producer contribution and purchaser assessment (if any) for such kind of tobacco payable under clauses (i) and (ii); and''.

(b) NO NET COST TOBACCO ACCOUNT.—Section 106B(d)(1) of the Agricultural Act of 1949 (7 U.S.C. 1445–2(d)(1)) is amended—

(1) in subparagraph (B), by inserting after ''Burley quota tobacco'' the following: ''and cigar-type quota tobacco''; and

(2) in subparagraph (C), by striking ''Flue-cured and Burley tobacco'' and inserting ''each kind of tobacco for which price support is made available under this Act, and each kind of like tobacco,''.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect 60 days after the date of the enactment of this Act.

SEC. 2406. REPEAL OF REPORTING REQUIREMENTS RELATING TO EXPORT OF TOBACCO.

Section 214 of the Tobacco Adjustment Act of 1983 (7 U.S.C. 509) is repealed.

SEC. 2407. REPEAL OF LIMITATION ON REDUCING NATIONAL MARKETING QUOTA FOR FLUE-CURED AND BURLEY TOBACCO.

(a) FLUE-CURED TOBACCO.—Section 317(a)(1) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1314c(a)(1)) is amended by striking subparagraph (C).

(b) BURLEY TOBACCO.—Section 319(c)(3) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1314e(c)(3)) is amended by striking subparagraph (C).

SEC. 2408. APPLICATION OF CIVIL PENALTIES UNDER TOBACCO INSPECTION ACT.

Section 12 of the Tobacco Inspection Act (7 U.S.C. 511k) is amended—

(1) by inserting ''(a) FINE FOR VIOLATIONS.—'' after ''That any person''; and

(2) by adding at the end the following new subsections:

''(b) JURISDICTION.—The district courts of the United States are vested with jurisdiction specifically to enforce, and to prevent and restrain any person from violating, any rule or regulation issued under this Act.

''(c) REFERRAL TO ATTORNEY GENERAL.—A civil action authorized to be commenced under this section shall be referred to the Attorney General for appropriate action, except that the Secretary shall not be required to refer to the Attorney General a violation of this Act, if the Secretary believes that the administration and enforcement of this Act would be adequately served by providing a suitable written notice or warning to the person who committed such violation or administrative action.

''(d) CIVIL PENALTIES AND ORDERS.—

''(1) CIVIL PENALTIES.—Any person who willfully violates any provision of this Act or any of the regulations issued by the Secretary under this Act may be assessed a civil penalty by the Secretary of not less than $500 or more than $5,000 for each such violation. Each violation shall be a separate offense.

''(2) CEASE AND DESIST ORDERS.—In addition to, or in lieu of, a civil penalty under paragraph (1), the Secretary may issue an order requiring a person to cease and desist from continuing any such violation.

''(3) NOTICE AND HEARING.—No penalty shall be assessed or cease-and-desist order issued by the Secretary under this subsection unless the person against whom the penalty is assessed or the order is issued is given notice and opportunity for a hearing before the Secretary with respect to such violation.

''(4) FINALITY.—The order of the Secretary assessing a penalty or imposing a cease-and-desist order under this subsection shall be final and conclusive unless the affected person files an appeal of the Secretary's order with the appropriate district court of the United States, in accordance with subsection (e).

''(e) REVIEW BY DISTRICT COURT.—

''(1) COMMENCEMENT OF ACTION.—Any person who has been determined to be in violation of this Act, or against whom a civil penalty has been assessed or a cease-and-desist order issued under subsection (d), may obtain review of the penalty or order—

''(A) by filing, within the 30-day period beginning on the date the penalty is assessed or order issued, a notice of appeal in—

''(i) the district court of the United States for the district in which the person resides or conducts business; or

''(ii) the United States District Court for the District of Columbia; and

''(B) by sending, within the same period, a copy of such notice by certified mail to the Secretary.

''(2) RECORD.—The Secretary shall file promptly in the appropriate court referred to in paragraph (1), a certified copy of the record on which the Secretary has determined that the person had committed a violation.

''(3) STANDARD OF REVIEW.—A finding of the Secretary under this section shall be set aside only if such finding is found to be unsupported by substantial evidence.

''(f) FAILURE TO OBEY ORDERS.—Any person who fails to obey a cease-and-desist order under this section after such order has become final and unappealable, or after the appropriate United States district court has entered a final judgment in favor of the Secretary, shall be subject to a civil penalty assessed by the Secretary, after opportunity for hearing and for a judicial review under the procedures specified in subsection (e), of

not more than $500 for each offense. Each day during which such failure continues shall be considered as a separate violation of such order.

''(g) FAILURE TO PAY PENALTIES.—If any person fails to pay an assessment of a civil penalty under this section after it has become a final and unappealable order, or after the appropriate United States district court has entered final judgment in favor of the Secretary, the Secretary shall refer the matter to the Attorney General for recovery of the amount assessed in the district court of the United States for the district in which the person resides or conducts business. In such action, the validity and appropriateness of the final order imposing the civil penalty shall not be subject to review.

''(h) ADDITIONAL REMEDIES.—The remedies provided in this section shall be in addition to, and not exclusive of, other remedies that may be available.''.

SEC. 2409. TRANSFERS OF QUOTA OR ALLOTMENT ACROSS COUNTY LINES IN A STATE.

(a) TRANSFERS ALLOWED BY REFERENDUM.—

(1) FLUE-CURED TOBACCO.—Section 316(g) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1314b(g)) is amended by adding at the end the following:

''(3) Notwithstanding paragraph (1), the Secretary may permit the sale of a Flue-cured tobacco allotment or quota from one farm in a State to any other farm in the State if a majority of active Flue-cured tobacco producers within the State approve of such sales by a state-wide referendum to be conducted by the Secretary.''.

(2) OTHER TOBACCO.—Section 318(b) of such Act (7 U.S.C. 1314d(b)) is amended in the proviso by inserting after ''same State'' the following: ''and, in the case of other kinds of tobacco, any such transfer may be made to a farm in another county in the same State if transfers of such type are approved by a majority of the active producers of that kind of tobacco in the State who vote in a referendum held on the subject''.

(3) BURLEY TOBACCO.—Section 319(l) of such Act (7 U.S.C. 1314e(l)) is amended by striking the last sentence.

(b) SAME GROWER IN CONTIGUOUS COUNTIES.—Section 379(b) of such Act (7 U.S.C. 1379(b)) is amended by striking ''Burley tobacco poundage quota'' and inserting ''tobacco quota or allotment''.

SEC. 2410. CALCULATION OF NATIONAL MARKETING QUOTA.

(a) FLUE-CURED TOBACCO.—Section 317(a)(1)(B)(ii) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1314c(a)(1)(B)(ii)) is amended by inserting before the semicolon the following: '', but excluding any exports of unmanufactured tobacco counted under clause (i)''.

(b) BURLEY TOBACCO.—Section 319(c)(3)(A)(ii) of such Act (7 U.S.C. 1314e(l)) is amended by inserting before the semicolon the following: '', but excluding any exports of unmanufactured tobacco counted under clause (i)''.

(c) APPLICATION OF AMENDMENTS.—The amendments made by this section shall apply with respect to the 1996 and subsequent crops of Flue-cured and Burley tobacco.

SEC. 2411. CLARIFICATION OF AUTHORITY TO ACCESS CIVIL MONEY PENALTIES.

Section 314 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1314) is amended—

(1) by redesignating subsection (c) as subsection (d); and

(2) by inserting after subsection (b) the following new subsection:

''(c) The failure by a person to comply with regulations issued by the Secretary governing the marketing, disposition, or handling of tobacco under this part shall subject the person to a penalty at the rate provided in subsection (a).''.

SEC. 2412. LEASE AND TRANSFER OF FARM MARKETING QUOTAS FOR BURLEY TOBACCO.

Section 319(g) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1314e(g)) is amended—

(1) in paragraph (1), by striking ''July 1'' each place it appears and inserting ''September 1''; and

(2) in paragraph (3)—

(A) by striking ''within the three immediately preceding crop years'' in the first sentence and inserting ''during the current crop year or either of the two immediately preceding crop years''; and

(B) by striking ''July 1'' in the second sentence and inserting ''September 1''.

SEC. 2413. LIMITATION ON TRANSFER OF ACREAGE ALLOTMENTS OF OTHER TOBACCO.

Section 318(g) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1314d(g)) is amended by striking ''ten acres'' and inserting ''20 acres''.

SEC. 2414. GOOD FAITH RELIANCE ON ACTIONS OR ADVICE OF DEPARTMENT REPRESENTATIVES.

The Agricultural Adjustment Act of 1938 is amended by inserting after section 314A (7 U.S.C. 1314–1) the following new section:

''SEC. 315. GOOD FAITH RELIANCE ON ACTIONS OR ADVICE OF DEPARTMENT REPRESENTATIVES.

''Notwithstanding any other provision of law, the performance rendered in good faith by a person in good faith in reliance upon action or advice of an authorized representative of the Secretary may be accepted as meeting the requirements of this part.''.

SEC. 2415. UNIFORM FORFEITURE DATES FOR FLUE-CURED AND BURLEY TOBACCO.

(a) SALE OR FORFEITURE OF FLUE-CURED TOBACCO ALLOTMENT OR QUOTA.—The first subsection (h) of section 316 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1314b) is amended—

(1) in paragraph (1), by striking ''before the expiration of the eighteen month period beginning on July 1 of the year in which such crop is planted'' and inserting ''before February 15 of the year after the end of the marketing year for the planted crop''; and

(2) in paragraph (2), by striking ''July 1'' and inserting ''February 15''.

(b) MANDATORY SALE OF FLUE-CURED TOBACCO ALLOTMENT OR QUOTA.—Section 316A of such Act (7 U.S.C. 1314b–1) is amended—

(1) in subsection (a), by striking ''December 1 of the year'' and inserting ''February 15 of the year''; and

(2) in subsection (b), by striking ''July 1'' and inserting ''February 15''.

(c) MANDATORY SALE OF BURLEY TOBACCO ALLOTMENT OR QUOTA.—Section 316B of such Act (7 U.S.C. 1314b–2) is amended—

(1) in subsection (a), by striking ''December 1 of the year'' and inserting ''February 15 of the year''; and

(2) in subsection (c)(1), by striking ''before the expiration of the eighteen month period beginning on July 1 of the year in which such crop is planted'' and inserting ''before February 15 of the year after the end of the marketing year for the planted crop''.

SEC. 2416. SALE OF BURLEY AND FLUE-CURED TOBACCO MARKETING QUOTAS FOR A FARM BY RECENT PURCHASERS.

The Agricultural Adjustment Act of 1938 is amended by inserting after section 316B (7 U.S.C. 1314b–2) the following new section:

''SEC. 316C. AUTHORITY FOR RECENT PURCHASER OF A FARM TO SELL BURLEY TOBACCO OR FLUE-CURED TOBACCO MARKETING QUOTAS FOR THE FARM.

''A new owner of a farm that has purchase history of Burley tobacco or Flue-cured tobacco may sell the purchased tobacco quota notwithstanding any limitations on such a sale contained in this part if the sale is completed not later than one year after the purchase date of the farm.''.

Subtitle E—Planting Flexibility

SEC. 2501. DEFINITIONS.

Section 502 of the Agricultural Act of 1949 (7 U.S.C. 1462) is amended by adding at the end the following:

''(4) ACREAGE CONSERVATION RESERVE, REDUCED ACREAGE.—The terms 'acreage conservation reserve' and 'reduced acreage' mean the number of acres on a farm to be devoted to conservation uses on the farm, which must be protected from weeds and erosion. Such number shall be determined by multiplying the specific crop acreage base for a crop on the farm by the percentage acreage reduction required by the Secretary.

''(5) PERMITTED ACREAGE.—The term 'permitted acreage' means the crop acreage base for a program crop for the farm less the acreage conservation reserve. If an acreage reduction program is not in effect for a program crop, for purposes of administering this title, the permitted acreage of such a crop on a farm shall be equal to the crop acreage base for the crop for the farm.

''(6) PAYMENT ACREAGE.—The term 'payment acreage' means the lesser of—

''(A) the number of acres planted and considered planted to an eligible crop, as determined in sections 503(c) and 504(b)(1), for harvest within the permitted acreage; or

''(B) 79 percent of the crop acreage base for the crop for the farm less the acreage conservation reserve.

''(7) RESOURCE-CONSERVING CROP.—The term 'resource-conserving crop' means legumes, legume-grass mixtures, legume-small grain mixtures, legume-grass-small grain mixtures, and experimental and industrial crops, crops planted for special conservation practices, biomass production, intensive rotational grazing, and non-legume crops, as determined by the Secretary, to satisfy program objectives.

''(8) RESOURCE-CONSERVING CROP ROTATION.—The term 'resource-conserving crop rotation' means a crop rotation that includes at least one resource-conserving crop and that reduces erosion, maintains or improves soil fertility and tilth, interrupts pest cycles, or conserves water.

''(9) FARMING OPERATIONS AND PRACTICES.—The term 'farming operations and practices' means practices which include the integration of crops and crop-plant variety selection, rotation practices, tillage systems, soil conserving and soil building practices, nutrient management strategies, biological control and integrated pest management strategies, livestock production and management systems, animal waste management systems, water and energy conservation measures, and health and safety considerations.

''(10) INTEGRATED FARM MANAGEMENT PLAN.—The term 'integrated farm management plan' means a comprehensive, multiyear, site-specific plan that meets the requirements of section 1451 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5822).

''(11) GRASS.—The term 'grass' means any perennial grasses commonly used for haying or grazing.

''(12) LEGUME.—The term 'legume' means any forage legumes (such as alfalfa or clover) or any legume grown for use as a forage or green manure, but not including any bean crop from which the seeds are harvested.

''(13) SMALL GRAIN.—The term 'small grain'' does not include malting barley or wheat, except for wheat interplanted with other small grain crops for nonhuman consumption.''.

SEC. 2502. CROP AND TOTAL ACREAGE BASES.

Section 503 of the Agricultural Act of 1949 (7 U.S.C. 1463) is amended—

(1) in the section heading, by inserting ''and total'' after ''crop'';

(2) at the end of subsection (a), by adding the following new paragraph:

''(4) TOTAL ACREAGE BASE.—The total acreage base for a farm shall equal the sum of the crop acreage bases established for program crops on the farm that are enrolled in the acreage reduction programs established by the Secretary.'';

(3) in the heading for subsection (b) by adding ''OF CROP ACREAGE BASES'' after ''CALCULATION'';

(4) in subsection (b)(2)—

(A) by striking ''(A) IN GENERAL'';

(B) by striking ''except as provided in subparagraph (B),''; and

(C) by striking subparagraph (B); and

(5) in subsection (c)(1), by striking ''reduced acreage'' and inserting ''acreage conservation reserve''.

SEC. 2503. PLANTING FLEXIBILITY.

(a) SPECIFIED COMMODITIES.—Subsection (b) of section 504 of the Agricultural Act of 1949 (7 U.S.C. 1464) is amended—

(1) in paragraph (1)—

(A) by striking ''and'' at the end of subparagraph (D);

(B) by redesignating subparagraph (E) as subparagraph (F); and

(C) by inserting the following new subparagraph after subparagraph (D):

''(E) any cover crop (including maintenance of native cover) and summer fallow which, as determined by the Secretary, will protect the land from weeds and erosion; and'';

(2) by striking paragraph (2) and inserting the following new paragraph:

''(2) LIMITATIONS ON CROPS.—

''(A) IN GENERAL.—For purposes of this section, the Secretary may restrict the planting on a crop acreage base of any crop specified in paragraph (1).

''(B) EFFECT OF ACREAGE REDUCTION PROGRAM.—If an acreage reduction program is in effect for any specific program crop, the Secretary may limit the plantings of the specific program crop for which there is an acreage reduction program in effect to no more than the sum of—

''(i) the permitted acreage for the specific program crop for which there is an acreage reduction program in effect; plus

''(ii) 21 percent of other crop acreage bases which are included in the total acreage base for a farm.

''(C) MINIMUM PLANTING.—The Secretary may require that, as a condition for eligibility for loans, deficiency payments and any other program benefits authorized by this Act, a minimum percentage not to exceed 50 percent of a specific permitted acreage, be planted to the specific program crop.''; and

(3) in paragraph (3) by striking ''make a determination in each crop year of'' and inserting ''determine''.

(b) LIMITATION ON PLANTINGS.—Subsection (c) of such section is amended by striking paragraphs (1) and (2) and inserting the following:

''The quantity of the total acreage base that may be planted to program crops enrolled in an acreage reduction program shall not exceed 100 percent of the total acreage base, less the acreage conservation reserve for the farm.''.

(c) PLANTINGS IN EXCESS OF PERMITTED ACREAGE.—Subsection (d) of such section is amended to read as follows:

''(d) PLANTINGS IN EXCESS OF PERMITTED ACREAGE.—Notwithstanding any other provision of this Act, except as provided in section 504(b)(2)(B), producers of a program crop who are participating in the acreage reduction program for that crop shall be allowed to plant that program crop in a quantity that exceeds the permitted acreage for that crop without losing their eligibility for loans or payments with respect to that crop if—

''(1) the acreage planted to that program crop on the farm in excess of the permitted acreage for that crop does not exceed the permitted acreage of other program crops on the farm; and

''(2) the producer agrees to a reduction in permitted acreage for the other program crops produced on the farm by a quantity equal to the overplanting.''.

(d) LOAN ELIGIBILITY.—Subsection (e) of such section is amended to read as follows:

''(e) LOAN ELIGIBILITY.—Producers of a specific program crop (referred to in this subsection as the 'original program crop') who plant for harvest on the crop acreage base established for such original program crop another program crop in accordance with this section and who are participants in the program established for such other program crop shall be eligible to receive loans or loan deficiency payments for such other program crop on the same terms and conditions as are provided to participants in a acreage reduction program established for such other program crop if the producers—

''(1) plant such other program crop in an amount that does not exceed 100 percent of the permitted acreage established for the original program crop; and

''(2) agree to a reduction in the permitted acreage for the original program crop for the particular crop year.''.

SEC. 2504. FARM PROGRAM PAYMENT YIELDS.

Section 505 of the Agricultural Act of 1949 (7 U.S.C. 1465) is amended to read as follows:

''SEC. 505. FARM PROGRAM PAYMENT YIELDS.

''(a) ESTABLISHMENT.—The Secretary shall provide for the establishment of a farm program payment yield for each farm for each program crop for each crop year in accordance with subsection (b) or (c).

''(b) FARM PROGRAM PAYMENT YIELDS BASED ON 1995 CROP YEAR.—

''(1) IN GENERAL.—If the Secretary determines that farm program payment yields shall be established in accordance with this subsection, except as provided in paragraph (2), the farm program payment yield for each of the 1996 through 2002 crop years shall be the farm program payment yield for the 1995 crop year for the farm.

''(2) ADDITIONAL YIELD PAYMENTS.—In the case of each of the 1991 through 2002 crop years for a commodity, if the farm program payment yield for a farm is reduced more than 10 percent below the farm program payment yield for the 1985 crop year, the Secretary shall make available to producers established price payments for the commodity in such amount as the Secretary determines is necessary to provide the same total return to producers as if the farm program payment yield had not been reduced more than 10 percent below the farm program payment yield for the 1985 crop year. The payments shall be made available not later than the time final deficiency payments are made.

''(3) NO YIELD AVAILABLE.—If no farm program payment yield was established for the farm for 1995 crop, the farm program payment yield shall be established on the basis of the average farm program payment yield for the crop years for similar farms in the area.

''(4) NATIONAL, STATE, OR COUNTY YIELDS.—If the Secretary determines the action is necessary, the Secretary may establish national, State, or county program payment yields on the basis of—

''(A) historical yields, as adjusted by the Secretary to correct for abnormal factors affecting the yields in the historical period; or

''(B) the Secretary's estimate of actual yields for the crop year involved if historical yield data is not available.

''(5) BALANCING YIELDS.—If national, State, or county program payment yields are established, the farm program payment yields shall balance to the national, State, or county program payment yields.

''(c) DETERMINATION OF YIELDS.—

''(1) ACTUAL YIELDS.—With respect to the 1996 and subsequent crop years, the Secretary may—

''(A) establish the farm program payment yield as provided in subsection (a); or

''(B) establish a farm program payment yield for any program crop for any farm on the basis of the average of the yield per harvested acre for the crop for the farm for each of the 5 crop years immediately preceding the crop year, excluding the crop year with the highest yield per harvested acre, the crop year with the lowest yield per harvested acre, and any crop year in which such crop was not planted on the farm.

''(2) PRIOR YIELDS.—For purposes of the preceding sentence, the farm program payment yield for the 1996 crop year and the actual yield per harvested acre with respect to the 1997 and subsequent crop years shall be used in determining farm program payment yields.

(3) REDUCTION LIMITATION.—Notwithstanding any other provision of this subsection, for purposes of establishing a farm program payment yield for any program crop for any farm for the 1991 and subsequent crop years, the farm program payment yield for the 1986 crop year may not be reduced more than 10 percent below the farm program payment yield for the farm for the 1985 crop year.

(4) ADJUSTMENT OF YIELDS.—The county committee, in accordance with regulations prescribed by the Secretary, may adjust any farm program payment yield for any program crop for any farm if the farm program payment yield for the crop on the farm does not accurately reflect the productive potential of the farm.

(d) ASSIGNMENT OF YIELDS.—In the case of any farm for which the actual yield per harvested acre for any program crop referred to in subsection (c) for any crop year is not available, the county committee may assign the farm a yield for the crop for the crop year on the basis of actual yields for the crop for the crop year on similar farms in the area.

''(e) ACTUAL YIELD DATA.—

''(1) PROVISION.—The Secretary shall, under such terms and conditions as the Secretary may prescribe, allow producers to provide to county committees data with respect to the actual yield for each farm for each program crop.

''(2) MAINTENANCE.—The Secretary shall maintain the data for at least 5 crop years after receipt in a manner that will permit the data to be used, if necessary, in the administration of the commodity programs.''.

SEC. 2505. APPLICATION OF PROVISIONS.

Section 509 of the Agricultural Act of 1949 (7 U.S.C. 1469) is amended to read as follows:

''SEC. 509. APPLICATION OF TITLE.

''Except as provided in section 406, this title shall apply only with respect to the 1996 through 2002 crops.''.

Subtitle F—Miscellaneous Provisions

SEC. 2601. LIMITATIONS ON AMOUNT OF DEFICIENCY PAYMENTS AND LAND DIVERSION PAYMENTS.

Section 1001(1)(A) of the Food Security Act of 1985 (7 U.S.C. 1308(1)(A)) is amended by striking ''$50,000'' and inserting ''$47,000''.

SEC. 2602. SENSE OF CONGRESS REGARDING CERTAIN CANADIAN TRADE PRACTICES.

(a) FINDINGS.—The Congress finds the following:

(1) On October 15, 1993, in response to a request from the National Potato Council, the Foreign Agricultural Service of the Department of Agriculture listed several Canadian nontariff barriers that violate the national treatment principle of the General Agreement on Tariffs and Trade, including the prohibition on bulk shipments, container size limitations on processed products, and prohibitions on consignment sales.

(2) Current Government-to-Government and direct grower-to-grower discussions with Canada have failed to result in changes in Canadian trade practices.

(b) SENSE OF CONGRESS.—It is the sense of the Congress that the Secretary of Agriculture and the United States Trade Representative should intensify efforts to resolve the Canadian potato trade concerns and begin to consider formal action under the dispute resolution procedures of the North American Free Trade Agreement or the General Agreement on Tariffs and Trade.

TITLE III—COMMERCE

SEC. 3101. SPECTRUM AUCTIONS.

(a) EXTENSION AND EXPANSION OF AUCTION AUTHORITY.—

(1) AMENDMENTS.—Section 309(j) of the Communications Act of 1934 (47 U.S.C. 309(j)) is amended—

(A) by striking paragraphs (1) and (2) and inserting in lieu thereof the following:

''(1) GENERAL AUTHORITY.—If, consistent with the obligations described in paragraph (6)(E), mutually exclusive applications are accepted for any initial license or construction permit which will involve an exclusive use of the electromagnetic spectrum, then the Commission shall grant such license or permit to a qualified applicant through a system of competitive bidding that meets the requirements of this subsection.

''(2) EXEMPTIONS.—The competitive bidding authority granted by this subsection shall not apply to licenses or construction permits issued by the Commission—

''(A) that, as the result of the Commission carrying out the obligations described in paragraph (6)(E), are not mutually exclusive;

''(B) for public safety radio services, including non-Government uses that protect the safety of life, health, and property and that are not made commercially available to the public; or

''(C) for initial licenses or construction permits for new terrestrial digital television services assigned by the Commission to existing terrestrial broadcast licensees to replace their current television licenses.''; and

(B) by striking ''1998'' in paragraph (11) and inserting ''2002''.

(2) CONFORMING AMENDMENT.—Subsection (i) of section 309 of such Act is repealed.

(3) EFFECTIVE DATE.—The amendment made by paragraph (1)(A) shall not apply with respect to any license or permit for which the Federal Communications Commission has accepted mutually exclusive applications on or before the date of enactment of this Act.

(b) COMMISSION OBLIGATION TO MAKE ADDITIONAL SPECTRUM AVAILABLE BY AUCTION.—

(1) IN GENERAL.—The Federal Communications Commission shall complete all actions necessary to permit the assignment, by September 30, 2002, by competitive bidding pursuant to section 309(j) of the Communications Act of 1934 (47 U.S.C. 309(j)) of licenses for the use of bands of frequencies that—

(A) individually span not less than 25 megahertz, unless a combination of smaller bands can, notwithstanding the provisions of paragraph (7) of such section, reasonably be expected to produce greater receipts;

(B) in the aggregate span not less than 100 megahertz;

(C) are located below 3 gigahertz; and

(D) have not, as of the date of enactment of this Act—

(i) been designated by Commission regulation for assignment pursuant to such section; or

(ii) been identified by the Secretary of Commerce pursuant to section 113 of the National Telecommunications and Information Administration Organization Act.

The Commission shall conduct the competitive bidding for not less than one-half of such aggregate spectrum by September 30, 2000.

(2) CRITERIA FOR REASSIGNMENT.—In making available bands of frequencies for competitive bidding pursuant to paragraph (1), the Commission shall—

(A) seek to promote the most efficient use of the spectrum;

(B) take into account the cost to incumbent licensees of relocating existing uses to other bands of frequencies or other means of communication;

(C) take into account the needs of public safety radio services; and

(D) comply with the requirements of international agreements concerning spectrum allocations.

(3) NOTIFICATION TO NTIA.—The Commission shall notify the Secretary of Commerce if—

(A) the Commission is not able to provide for the effective relocation of incumbent licensees to bands of frequencies that are available to the Commission for assignment; and

(B) the Commission has identified bands of frequencies that are—

(i) suitable for the relocation of such licensees; and

(ii) allocated for Federal Government use, but that could be reallocated pursuant to part B of the National Telecommunications and Information Administration Organization Act (as amended by this Act).

(c) IDENTIFICATION AND REALLOCATION OF FREQUENCIES.—The National Telecommunications and Information Administration Organization Act (47 U.S.C. 901 et seq.) is amended—

(1) in section 113, by adding at the end the following new subsection:

''(f) ADDITIONAL REALLOCATION REPORT.—If the Secretary receives a notice from the Commission pursuant to section 3001(b)(3) of the Seven-Year Balanced Budget Reconciliation Act of 1995, the Secretary shall prepare and submit to the President and the Congress a report recommending for reallocation for use other than by Federal Government stations under section 305 of the 1934 Act (47 U.S.C. 305), bands of frequencies that are suitable for the uses identified in the Commission's notice.'';

(2) in section 114(a)(1), by striking ''(a) or (d)(1)'' and inserting ''(a), (d)(1), or (f)''.

(d) COMPLETION OF C-BLOCK PCS AUCTION.—The Federal Communications Commission shall commence the Broadband Personal Communications Services C-Block auction described in the Commission's Sixth Report and Order in DP Docket 93–253 (FCC 93–510, released July 18, 1995) not later than December 4, 1995. The Commission's competitive bidding rules governing such auction, as set forth in such Sixth Report and Order, are hereby ratified and adopted as a matter of Federal law.

(e) MODIFICATION OF AUCTION POLICY TO PRESERVE AUCTION VALUE OF SPECTRUM.—The voluntary negotiation period for relocating fixed microwave licensees to frequency bands other than those allocated for licensed emerging technology services (including licensed personal communications services), established by the Commission's Third Report and Order in ET Docket No. 92–9, shall expire one year after the date of acceptance by the Commission of applications for such licensed emerging technology services. The mandatory negotiation period for relocating fixed microwave licensees to frequency bands other than those allocated for licensed emerging technology services (including licensed personal communications services), established in such Third Report and Order, shall expire two years after the date of acceptance by the Commission of applications for such licensed emerging technology services.

(f) IDENTIFICATION AND REALLOCATION OF AUCTIONABLE FREQUENCIES.—The National Telecommunications and Information Administration Organization Act (47 U.S.C. 901 et seq.) is amended—

(1) in section 113(b)—

(A) by striking the heading of paragraph (1) and inserting ''INITIAL REALLOCATION REPORT'';

(B) by inserting ''in the first report required by subsection (a)'' after ''recommend for reallocation'' in paragraph (1);

(C) by inserting ''or (3)'' after ''paragraph (1)'' each place it appears in paragraph (2); and

(D) by inserting after paragraph (2) the following new paragraph:

''(3) SECOND REALLOCATION REPORT.—In accordance with the provisions of this section, the Secretary shall recommend for reallocation in the second report required by subsection (a), for use other than by Federal Government stations under section 305 of the 1934 Act (47 U.S.C. 305), a single frequency band that spans not less than an additional 20 megahertz, that is located below 3 gigahertz, and that meets the criteria specified in paragraphs (1) through (5) of subsection (a).''; and

(2) in section 115—

(A) in subsection (b), by striking ''the report required by section 113(a)'' and inserting ''the initial reallocation report required by section 113(a)''; and

(B) by adding at the end the following new subsection:

''(c) ALLOCATION AND ASSIGNMENT OF FREQUENCIES IDENTIFIED IN THE SECOND REALLOCATION REPORT.—With respect to the frequencies made available for reallocation pursuant to section 113(b)(3), the Commission shall, not later than 1 year after receipt of the second reallocation report required by such section, prepare, submit to the President and the Congress, and implement, a plan for the allocation and assignment under the 1934 Act of such frequencies. Such plan shall propose the immediate allocation and assignment of all such frequencies in accordance with section 309(j).''.

SEC. 3102. FEDERAL COMMUNICATIONS COMMISSION FEE COLLECTIONS

(a) APPLICATION FEES.—

(1) ADJUSTMENT OF APPLICATION FEE SCHEDULE.—Section 8(b) of the Communications Act of 1934 (47 U.S.C. 158(b)) is amended to read as follows:

''(b)(1) For fiscal year 1996 and each fiscal year thereafter, the Commission shall, by regulation, modify the application fees by proportionate increases or decreases so as to result in estimated total collections for the fiscal year equal to—

''(A) $40,000,000; plus

''(B) an additional amount, specified in an appropriation Act for the Commission for that fiscal year to be collected and credited to such appropriation, not to exceed the amount by which the necessary expenses for the costs described in paragraph (5) exceeds $40,000,000.

''(2) In making adjustments pursuant to this paragraph the Commission may round such fees to the nearest $5.00 in the case of fees under $100, or to the nearest $20 in the case of fees of $100 or more. The Commission

shall transmit to the Congress notification of any adjustment made pursuant to this paragraph immediately upon the adoption of such adjustment.

''(3) The Commission is authorized to continue to collect fees at the prior year's rate until the effective date of fee adjustments or amendments made pursuant to paragraphs (1) and (4).

''(4) The Commission shall, by regulation, add, delete, or reclassify services, categories, applications, or other filings subject to application fees to reflect additions, deletions, or changes in the nature of its services or authorization of service processes as a consequence of Commission rulemaking proceedings or changes in law.

''(5) Any modified fees established under paragraph (4) shall be derived by determining the full-time equivalent number of employees performing application activities, adjusted to take into account other expenses that are reasonably related to the cost of processing the application or filing, including all executive and legal costs incurred by the Commission in the discharge of these functions, and other factors that the Commission determines are necessary in the public interest. The Commission shall—

''(A) transmit to the Congress notification of any proposed modification made pursuant to this paragraph immediately upon adoption of such proposal; and

''(B) transmit to the Congress notification of any modification made pursuant to this paragraph immediately upon adoption of such modification.

''(6) Increases or decreases in application fees made pursuant to this subsection shall not be subject to judicial review.''.

(2) TREATMENT OF ADDITIONAL COLLECTIONS.—Section 8(e) of such Act is amended to read as follows:

''(e) Of the moneys received from fees authorized under this section—

''(1) $40,000,000 shall be deposited in the general fund of the Treasury to reimburse the United States for amounts appropriated for use by the Commission in carrying out its functions under this Act; and

''(2) the remainder shall be deposited as an offsetting collection in, and credited to, the account providing appropriations to carry out the functions of the Commission.''.

(3) SCHEDULE OF APPLICATION FEES FOR PCS.—The schedule of application fees in section 8(g) of such Act is amended by adding, at the end of the portion under the heading ''COMMON CARRIER SERVICES'', the following new item:

''23. Personal communications services	
''a. Initial or new application ...	230
''b. Amendment to pending application	35
''c. Application for assignment or transfer of control	230
''d. Application for renewal of license	35
''e. Request for special temporary authority	200
''f. Notification of completion of construction	35
''g. Request to combine service areas	50''.

(4) VANITY CALL SIGNS.—

(A) LIFETIME LICENSE FEES.—

(i) AMENDMENT.—The schedule of application fees in section 8(g) of such Act is further amended by adding, at the end of the portion under the heading ''PRIVATE RADIO SERVICES'', the following new item:

''11. Amateur vanity call signs. 150.00''.

(ii) TREATMENT OF RECEIPTS.—Moneys received from fees established under the amendment made by this subsection shall be deposited as an offsetting collection in, and credited to, the account providing appropriations to carry out the functions of the Commission.

(B) TERMINATION OF ANNUAL REGULATORY FEES.—The schedule of regulatory fees in section 9(g) of such Act (47 U.S.C. 159(g)) is amended by striking the following item from the fees applicable to the Private Radio Bureau:

''Amateur vanity call-signs ..... 7''.

(b) REGULATORY FEES.

(1) EXECUTIVE AND LEGAL COSTS.—Section 9(a)(1) of the Communications Act of 1934 (47 U.S.C. 159(a)(1)) is amended by inserting before the period at the end the following: '', and all executive and legal costs incurred by the Commission in the discharge of these functions''.

(2) ESTABLISHMENT AND ADJUSTMENT.—Section 9(b) of such Act is amended—

(A) in paragraph (4)(B), by striking ''90 days'' and inserting ''45 days''; and

(B) by adding at the end the following new paragraph:

''(5) EFFECTIVE DATE OF ADJUSTMENTS.—The Commission is authorized to continue to collect fees at the prior year's rate until the effective date of fee adjustments or amendments made pursuant to paragraph (2) or (3).''.

(3) REGULATORY FEES FOR SATELLITE TV OPERATIONS.—The schedule of regulatory fees in section 9(g) of such Act is amended, in the fees applicable to the Mass Media Bureau, by inserting after each of the items pertaining to construction permits in the fees applicable to VHF commercial and UHF commercial TV the following new item:

''Terrestrial television satellite operations ..... 500''.

(4) GOVERNMENTAL ENTITIES USE FOR COMMON CARRIER PURPOSES.—Section 9(h) of such Act is amended by adding at the end the following new sentence: ''The exceptions provided by this subsection for governmental entities shall not be applicable to any services that are provided on a commercial basis in competition with another carrier.''.

(5) INFORMATION REQUIRED IN CONNECTION WITH ADJUSTMENT OF REGULATORY FEES.—Title I of such Act is amended—

(A) in section 9, by striking subsection (i); and

(B) by inserting after section 9 the following new section:

''SEC. 10. ACCOUNTING SYSTEM AND ADJUSTMENT INFORMATION.

''(a) ACCOUNTING SYSTEM REQUIRED.—The Commission shall develop accounting systems for the purposes of making the adjustments authorized by sections 8 and 9. The Commission shall annually prepare and submit to the Congress an analysis of such systems and shall annually afford interested persons the opportunity to submit comments concerning the allocation of the costs of performing the functions described in section 8(a)(5) and 9(a)(1) in making such adjustments in the schedules required by sections 8 and 9.

''(b) INFORMATION REQUIRED IN CONNECTION WITH ADJUSTMENT OF APPLICATION AND REGULATORY FEES.—

''(1) SCHEDULE OF REQUESTED AMOUNTS.—No later than May 1 of each calendar year, the Commission shall prepare and transmit to the Committees of Congress responsible for the Commission's authorization and appropriations a detailed schedule of the amounts requested by the President's budget to be appropriated for the ensuing fiscal year for the activities described in sections 8(a)(5) and 9(a)(1), allocated by bureaus, divisions, and offices of the Commission.

''(2) EXPLANATORY STATEMENT.—If the Commission anticipates increases in the application fees or regulatory fees applicable to any applicant, licensee, or unit subject to payment of fees, the Commission shall submit to the Congress by May 1 of such calendar year a statement explaining the relationship between any such increases and either (A) increases in the amounts requested to be appropriated for Commission activities in connection with such applicants, licensees, or units subject to payment of fees, or (B) additional activities to be performed with respect to such applicants, licensees, or units.

''(3) DEFINITION.—For purposes of this subsection, the term 'amount requested by the President's budget' shall include any adjustments to such requests that are made by May 1 of such calendar year. If any such adjustment is made after May 1, the Commission shall provide such Committees with updated schedules and statements containing the information required by this subsection within 10 days after the date of any such adjustment.''.

SEC. 3103. AUCTION OF RECAPTURED ANALOG LICENSES.

(a) LIMITATIONS ON TERMS OF ANALOG TELEVISION LICENSES (''REVERSION DATE'').—The Commission shall not renew any analog television license for a period that extends beyond the earlier of December 31, 2005, or one year after the date the Commission finds, based on annual surveys conducted pursuant to subsection (b), that at least 95 percent of households in the United States have the capability to receive and display video signals, other than video signals transmitted pursuant to an analog television license. After such date, the Commission shall not issue any television licenses other than advanced television licenses.

(b) ANNUAL SURVEY.—The Secretary of Commerce shall, each calendar year from 1998 to 2005, conduct a survey to estimate the percentage of households in the United States that have the capability to receive and display video signals other than signals transmitted pursuant to an analog television license.

(c) SPECTRUM REVERSION.—The Commission shall ensure that, as analog television licenses expire pursuant to subsection (a), spectrum previously used for the broadcast of analog television signals is reclaimed and reallocated in such manner as to maximize the deployment of new services. Licensees for new services shall be selected by competitive bidding. The Commission shall complete the competitive bidding procedure by May 1, 2002.

(d) MINIMUM SERVICE OBLIGATION.—

(1) PROVISION OF CAPABILITY TO RECEIVE ADVANCED SERVICES.—The Commission shall, by regulation, establish procedures to ensure that, within the year prior to the reversion date defined in subsection (a), the advanced television licensees shall provide each household with the capability to receive and display video signals for advanced television services if such household requests such capability.

(2) PROVISION OF NONSUBSCRIPTION SERVICES.—Each advanced television service licensee shall provide, for at least a minimum of 5 years from the date identified in subsection (a), at least one nonsubscription video service that meets or exceeds minimum technical standards established by the Commission. In setting such minimum technical standards, the Commission shall, to the extent technically feasible, ensure that picture and audio quality are at least as good as that provided to recipients within the Grade B contour of an analog television license. The Commission shall revoke the license of any advanced television licensee who fails to meet this condition of the license.

(e) DEFINITIONS.—As used in this section:

(1) The term ''Commission'' means the Federal Communications Commission.

(2) The term ''advanced television services'' means television services provided using digital or other advanced technology to enhance audio quality and video resolution, as further defined in the Opinion, Report, and Order of the Commission entitled ''Advanced Television Systems and Their Impact Upon the Existing Television Service,'' MM Docket No. 87–268.

(3) The term ''analog television licenses'' means licenses issued pursuant to 47 C.F.R. 73.682 et seq.

SEC. 3104. PATENT AND TRADEMARK FEES.

Section 10101 of the Omnibus Budget Reconciliation Act of 1990 (35 U.S.C. 41 note) is amended—

(1) in subsection (a) by striking ''1998'' and inserting ''2002'';

(2) in subsection (b)(2) by striking ''1998'' and inserting ''2002''; and

(3) in subsection (c)—

(A) by striking ''through 1998'' and inserting ''through 2002''; and

(B) by adding at the end the following:

''(9) $119,000,000 in fiscal year 1999.

''(10) $119,000,000 in fiscal year 2000.

''(11) $119,000,000 in fiscal year 2001.

''(12) $119,000,000 in fiscal year 2002.''.

SEC. 3105. REPEAL OF AUTHORIZATION OF TRANSITIONAL APPROPRIATIONS FOR THE UNITED STATES POSTAL SERVICE.

(a) IN GENERAL.—(1) Section 2004 of title 39, United States Code, is repealed.

(2)(A) The table of sections for chapter 20 of such title is amended by repealing the item relating to section 2004.

(B) Section 2003(e)(2) of such title is amended by striking ''sections 2401 and 2004'' each place it appears and inserting ''section 2401''.

(b) CLARIFICATION THAT LIABILITIES FORMERLY PAID PURSUANT TO SECTION 2004 REMAIN LIABILITIES PAYABLE BY THE POSTAL SERVICE.—Section 2003 of title 39, United States Code, is amended by adding at the end the following:

''(h) Liabilities of the former Post Office Department to the Employees' Compensation Fund (appropriations for which were authorized by former section 2004, as in effect before the effective date of this subsection) shall be liabilities of the Postal Service payable out of the Fund.''.

TITLE IV—TRANSPORTATION

SEC. 4101. EXTENSION OF RAILROAD SAFETY FEES.

Subsection (e) of section 20115 of title 49, United States Code, is repealed.

SEC. 4102. PERMANENT EXTENSION OF VESSEL TONNAGE DUTIES.

(a) EXTENSION OF DUTIES.—Section 36 of the Act of August 5, 1909 (36 Stat. 111; 46 App. U.S.C. 121), is amended—

(1) by striking ''for fiscal years 1991, 1992, 1993, 1994, 1995, 1996, 1997, 1998, and 2 cents per ton not to exceed in the aggregate 10 cents per tone in any one year, for each fiscal year thereafter''; and

(2) by striking ''for fiscal years 1991, 1992, 1993, 1994, 1995, 1996, 1997, 1998, and 6 cents per ton, not to exceed 30 cents per ton for each fiscal year thereafter''.

(b) CONFORMING AMENDMENT.—The Act entitled ''An Act concerning tonnage duties on vessels entering otherwise than by sea'', approved March 8, 1910 (36 Stat. 234; 46 App. U.S.C. 132), is amended by striking ''for fiscal years 1991, 1992, 1993, 1994, 1995, 1996, 1997, and 1998, and 2 cents per ton, not to exceed in the aggregate 10 cents per ton in any 1 year, for each fiscal year thereafter,''.

SEC. 4103. SALE OF GOVERNORS ISLAND, NEW YORK.

(a) IN GENERAL.—Notwithstanding any other provision of law, the Administrator of General Services shall dispose of by sale at fair market value all rights, title, and interests of the United States in and to the land of, and improvements to, Governors Island, New York.

(b) RIGHT OF FIRST REFUSAL.—Before a sale is made under subsection (a) to any other parties, the State of New York and the city of New York shall be given the right of first refusal to purchase all or part of Governors Island. Such right may be exercised by either the State of New York or the city of New York or by both parties acting jointly.

(c) PROCEEDS.—Proceeds from the disposal of Governors Island under subsection (a) shall be deposited in the general fund of the Treasury and credited as miscellaneous receipts.

SEC. 4104. SALE OF AIR RIGHTS.

(a) IN GENERAL.—Notwithstanding any other provision of law, the Administrator of General Services shall sell, at fair market value and in a manner to be determined by the Administrator, the air rights adjacent to Washington Union Station described in subsection (b), including air rights conveyed to the Administrator under subsection (d). The Administrator shall complete the sale by such date as is necessary to ensure that the proceeds from the sale will be deposited in accordance with subsection (c).

(b) DESCRIPTION.—The air rights referred to in subsection (a) total approximately 16.5 acres and are depicted on the plat map of the District of Columbia as follows:

(1) Part of lot 172, square 720.

(2) Part of lots 172 and 823, square 720.

(3) Part of lot 811, square 717.

(c) PROCEEDS.—Before September 30, 1996, proceeds from the sale of air rights under subsection (a) shall be deposited in the general fund of the Treasury and credited as miscellaneous receipts.

(d) CONVEYANCE OF AMTRAK AIR RIGHTS.—

(1) GENERAL RULE.—As a condition of future Federal financial assistance, Amtrak shall convey to the Administrator of General Services on or before December 31, 1995, at no charge, all of the air rights of Amtrak described in subsection (b).

(2) FAILURE TO COMPLY.—If Amtrak does not meet the condition established by paragraph (1), Amtrak shall be prohibited from obligating Federal funds after March 1, 1996.

TITLE V—HOUSING PROVISIONS

SEC. 5101. REDUCTION OF SECTION 8 ANNUAL ADJUSTMENT FACTORS FOR UNITS WITHOUT TENANT TURNOVER.

Paragraph (2)(A) of section 8(c) of the United States Housing Act of 1937 (42 U.S.C. 1437f(c)(2)(A)) is amended by striking the last sentence.

SEC. 5102. MAXIMUM MORTGAGE AMOUNT FLOOR FOR SINGLE FAMILY MORTGAGE INSURANCE.

Subparagraph (A) of the first sentence of section 203(b)(2) of the National Housing Act (12 U.S.C. 1709(b)(2)(A)) is amended by striking ''the greater of'' and all that follows through ''applicable size'' and inserting the following: ''50 percent of the dollar amount limitation determined under section 305(a)(2) of the Federal Home Loan Mortgage Corporation Act (as adjusted annually under such section) for a residence of the applicable size''.

SEC. 5103. FORECLOSURE AVOIDANCE AND BORROWER ASSISTANCE.

(a) FORECLOSURE AVOIDANCE.—The last sentence of section 204(a) of the National Housing Act (12 U.S.C. 1710(a)) is amended by inserting before the period the following: ''*: And provided further,* That the Secretary may pay insurance benefits to the mortgagee to recompense the mortgagee for its actions to provide an alternative to foreclosure of a mortgage that is in default, which actions may include such actions as special forbearance, loan modification, and deeds in lieu of foreclosure, all upon such terms and conditions as the mortgagee shall determine in the mortgagee's sole discretion within guidelines provided by the Secretary, but which may not include assignment of a mortgage to the Secretary: *And provided further,* That for purposes of the preceding proviso, no action authorized by the Secretary and no action taken, nor any failure to act, by the Secretary or the mortgagee shall be subject to judicial review''.

(b) AUTHORITY TO ASSIST MORTGAGORS IN DEFAULT.—Section 230 of the National Housing Act (12 U.S.C. 1715u) is amended to read as follows:

''AUTHORITY TO ASSIST MORTGAGORS IN DEFAULT

''SEC. 230. (a) PAYMENT OF PARTIAL CLAIM.—The Secretary may establish a program for payment of a partial insurance claim to a mortgagee that agrees to apply the claim amount to payment of a mortgage on a 1- to 4-family residence that is in default. Any such payment under such program to the mortgagee shall be made in the Secretary's sole discretion and on terms and conditions acceptable to the Secretary, except that—

''(1) the amount of the payment shall be in an amount determined by the Secretary, which shall not exceed an amount equivalent to 12 monthly mortgage payments and any costs related to the default that are approved by the Secretary; and

''(2) the mortgagor shall agree to repay the amount of the insurance claim to the Secretary upon terms and conditions acceptable to the Secretary.

The Secretary may pay the mortgagee, from the appropriate insurance fund, in connection with any activities that the mortgagee is required to undertake concerning repayment by the mortgagor of the amount owed to the Secretary.

''(b) ASSIGNMENT.—

''(1) PROGRAM AUTHORITY.—The Secretary may establish a program for assignment to the Secretary, upon request of the mortgagee, of a mortgage on a 1- to 4-family residence insured under this Act.

''(2) PROGRAM REQUIREMENTS.—The Secretary may accept assignment of a mortgage under a program under this subsection only if—

''(A) the mortgage was in default;

''(B) the mortgagee has modified the mortgage to cure the default and provide for mortgage payments within the reasonable ability of the mortgagor to pay at interest rates not exceeding current market interest rates; and

''(C) the Secretary arranges for servicing of the assigned mortgage by a mortgagee (which may include the assigning mortgagee) through procedures that the Secretary has determined to be in the best interests of the appropriate insurance fund.

''(3) PAYMENT OF INSURANCE BENEFITS.—Upon accepting assignment of a mortgage under the program under this subsection, the Secretary may pay insurance benefits to the mortgagee from the appropriate insurance fund in an amount that the Secretary determines to be appropriate, but which may not exceed the amount necessary to compensate the mortgagee for the assignment and any losses resulting from the mortgage modification.

''(c) PROHIBITION OF JUDICIAL REVIEW.—No decision by the Secretary to exercise or forego exercising any authority under this section shall be subject to judicial review.''.

(c) SAVINGS PROVISION.—Any mortgage for which the mortgagor has applied to the Secretary of Housing and Urban Development,

before the date of the enactment of this Act, for assignment pursuant to section 230(b) of the National Housing Act shall continue to be governed by the provisions of such section, as in effect immediately before such date of enactment.

(d) APPLICABILITY OF OTHER LAWS.—No provision of the National Housing Act or any other law shall be construed to require the Secretary of Housing and Urban Development to provide an alternative to foreclosure for mortgagees with mortgages on 1- to 4-family residences insured by the Secretary under the National Housing Act, or to accept assignments of such mortgages.

TITLE VI—INDEXATION AND MISCELLANEOUS ENTITLEMENT-RELATED PROVISIONS

SEC. 6101. CONSUMER PRICE INDEX.

(a) ADJUSTMENTS APPLICABLE TO INTERNAL REVENUE CODE PROVISIONS.—

(1) IN GENERAL.—Paragraph (3) of section 1(f) of the Internal Revenue Code of 1986 (defining cost-of-living adjustment) is amended by striking the period at the end and inserting a comma and by inserting at the end the following flush material:

''reduced by the number of percentage points determined under paragraph (8) for the calendar year for which such adjustment is being determined.''

(2) LIMITATION ON INCREASES.—Subsection (f) of section 1 of such Code is amended by adding at the end the following new paragraph:

''(8) LIMITATION ON INCREASES IN CPI.—

''(A) IN GENERAL.—The number of percentage points determined under this paragraph for any calendar year is—

''(i) in the case of calendar years 1996, 1997, and 1998, 0.5 percentage point, and

''(ii) in the case of calendar years 1999, 2000, 2001, and 2002, 0.3 percentage point.

''(B) COMPUTATION OF BASE TO REFLECT LIMITATION.—The Secretary shall adjust the number taken into account under paragraph (3)(B) so that any increase which is not taken into account by reason of subparagraph (A) shall not be taken into account at any time so as to allow such increase for any period.''

(b) ADJUSTMENTS APPLICABLE TO CERTAIN ENTITLEMENT PROGRAMS.—

(1) IN GENERAL.—For purposes of determining the amount of any cost-of-living adjustment which takes effect for benefits payable after December 31, 1995, with respect to any payment (or benefit) described in paragraph (5)—

(A) any increase in the relevant index (determined without regard to this subsection) shall be reduced by the number of percentage points determined under paragraph (2), and

(B) the amount of the increase in such payment (or benefit) shall be equal to the product of—

(i) the increase in the relevant index (as reduced under subparagraph (A)), and

(ii) the average such payment (or benefit) for the preceding calendar year under the program described in paragraph (5) which provides such payment (or benefit).

(2) LIMITATION ON INCREASES.—

(A) IN GENERAL.—The number of percentage points determined under this paragraph for any calendar year is—

(i) in the case of calendar years 1996, 1997, and 1998, 0.5 percentage point, and

(ii) in the case of calendar years 1999, 2000, 2001, and 2002, 0.3 percentage point.

(B) COMPUTATION OF BASE TO REFLECT LIMITATION.—Any increase which is not taken into account by reason of subparagraph (A) shall not be taken into account at any time so as to allow such increase for any period.

(3) PARAGRAPH (1) TO APPLY ONLY TO COMPUTATION OF BENEFIT AMOUNTS.—Paragraph (1) shall apply only for purposes of determining the amount of payments (or benefits) and not for purposes of determining—

(A) whether a threshold increase in the relevant index has been met, or

(B) increases in amounts under other provisions of law not described in paragraph (5) which operate by reference to increases in such payments (or benefits).

(4) DEFINITIONS.—For purposes of this subsection—

(A) COST-OF-LIVING ADJUSTMENT.—The term ''cost-of-living adjustment'' means any adjustment in the amount of payments (or benefits) described in paragraph (5) which is determined by reference to changes in an index.

(B) INDEX.—

(i) INDEX.—The term ''index'' means the Consumer Price Index and any other index of price or wages.

(ii) RELEVANT INDEX.—The term ''relevant index'' means the index on the basis of which the amount of the cost-of-living adjustment is determined.

(5) PAYMENTS AND BENEFITS TO WHICH SUBSECTION APPLIES.—For purposes of this subsection, the payments and benefits described in this paragraph are—

(A) old age, survivors, and disability insurance benefits subject to adjustment under section 215(i) of the Social Security Act (but the limitation under paragraph (1) shall not apply to supplemental security income benefits under title XVI of such Act);

(B) retired and retainer pay subject to adjustment under section 1401a of title 10, United States Code;

(C) civil service retirement benefits under section 8340 of title 5, United States Code, foreign service retirement benefits under section 826 of the Foreign Service Act of 1980, Central Intelligence Agency retirement benefits under part J of the Central Intelligence Agency Retirement Act of 1964 for certain employees, and any other payments or benefits under any similar provision under any retirement system for employees of the government of the United States;

(D) Federal workers' compensation under section 8146a of title 5, United States Code;

(E) benefits under section 3(a), 4(a), or 4(f) of the Railroad Retirement Act of 1974; and

(F) benefits under title XVIII or XIX of the Social Security Act.

SEC. 6102. REPEAL OF ENTITLEMENT FUNDING FOR FAMILY PRESERVATION AND SUPPORT SERVICES.

(a) IN GENERAL.—Subpart 2 of part B of title IV of the Social Security Act (42 U.S.C. 629a–629e) is hereby repealed.

(b) CONFORMING AMENDMENTS.—

(1) Part B of title IV of such Act (42 U.S.C. 620 et seq.) is amended by striking the heading for such part and for subpart 1 of such part and inserting the following:

''**PART B—CHILD WELFARE SERVICES**''.

(2) Section 422 of such Act (42 U.S.C. 622) is amended—

(A) in subsection (a), by striking ''this subpart'' and inserting ''this part'';

(B) in subsection (b), by striking ''this subpart'' each place such term appears and inserting ''this part''; and

(C) in subsection (b)(2), by striking ''under the State plan approved under subpart 2 of this part,'';

(3) Section 423(a) of such Act (42 U.S.C. 623(a)) is amended by striking ''this subpart'' and inserting ''this part''.

(4) Section 428(a) of such Act (42 U.S.C. 628(a)) is amended by striking ''this subpart'' each place such term appears and inserting ''this part''.

(5) Section 471(a)(2) of such Act (42 U.S.C. 671(a)(2)) is amended by striking ''subpart 1 of''.

(6) Section 13712(c) of the Omnibus Budget Reconciliation Act of 1993 (42 U.S.C. 670 note) is amended by inserting ''(as in effect before the effective date of section 6101 of the Omnibus Budget Reconciliation Act of 1995)'' after ''Act'' each place such term appears.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on January 1, 1996.

SEC. 6103. MATCHING RATE REQUIREMENT FOR TITLE XX BLOCK GRANTS TO STATES FOR SOCIAL SERVICES.

Section 2002(a)(1) of the Social Security Act (42 U.S.C. 1397a(a)(1)) is amended by striking ''Each State'' and all that follows through the period and inserting the following: ''(A) Each State shall be entitled to payment under this title for each fiscal year in an amount equal to the lesser of—

''(i) 80 percent of the total amount expended by the State during the fiscal year for services referred to in subparagraph (B); or

''(ii) the allotment of the State for the fiscal year.

''(B) A State to which a payment is made under this title shall use the payment for services directed at the goals set forth in section 2001, subject to the requirements of this title.''.

SEC. 6104. DENIAL OF UNEMPLOYMENT INSURANCE TO CERTAIN HIGH-INCOME INDIVIDUALS.

(a) GENERAL RULE.—Subsection (a) of section 3304 of the Internal Revenue Code of 1986, as amended by section 10101, is further amended by striking ''and'' at the end of paragraph (18), by redesignating paragraph (19) as paragraph (20), and by inserting after paragraph (18) the following new paragraph:

''(19) compensation shall not be payable to any individual for any benefit year if the taxable income of such individual for such individual's most recent taxable year ending before the beginning of such benefit year exceeded $120,000; and''.

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendment made by this section shall apply to benefit years beginning after December 31, 1995.

(2) SPECIAL RULE.—In the case of any State the legislature of which has not been in session for at least 30 calendar days (whether or not successive) between the date of the enactment of this Act and December 31, 1995, the amendments made by this section shall apply to benefit years beginning after the day 30 calendar days after the first day on which such legislature is in session on or after December 31, 1995.

SEC. 6105. DENIAL OF UNEMPLOYMENT INSURANCE TO INDIVIDUALS WHO VOLUNTARILY LEAVE MILITARY SERVICE.

(a) GENERAL RULE.—Paragraph (1) of section 8521(a) of title 5, United States Code, is amended to read as follows:

''(1) 'Federal service' means active service (not including active duty in a reserve status unless for a continuous period of 45 days or more) in the armed forces or the commissioned corps of the National Oceanic and Atmospheric Administration if with respect to that service the individual—

''(A) was discharged or released under honorable conditions,

''(B) did not resign or voluntarily leave the service, and

''(C) was not discharged or released for cause as defined by the Secretary of Defense;''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply in the case of a discharge or release after the date of the enactment of this Act.

TITLE VII—MEDICAID REFORM

TABLE OF CONTENTS OF TITLE

Subtitle A—Per Capita Spending Limit

Sec. 7001. Limitation on expenditures recognized for purposes of Federal financial participation.

Subtitle B—Medicaid Managed Care

Sec. 7101. Permitting greater flexibility for States to enroll beneficiaries in managed care arrangements.
Sec. 7102. Removal of barriers to provision of medicaid services through managed care.
Sec. 7103. Additional requirements for medicaid managed care plans.
Sec. 7104. Preventing fraud in medicaid managed care.
Sec. 7105. Assuring adequacy of payments to medicaid managed care plans and providers.
Sec. 7106. Sanctions for noncompliance by eligible managed care providers.
Sec. 7107. Report on public health services.
Sec. 7108. Report on payments to hospitals.
Sec. 7109. Conforming amendments.
Sec. 7110. Effective date; status of waivers.

Subtitle C—Additional Reforms of Medicaid Acute Care Program

Sec. 7201. Permitting increased flexibility in medicaid cost-sharing.
Sec. 7202. Limits on required coverage of additional treatment services under EPSDT.
Sec. 7203. Delay in application of new requirements.
Sec. 7204. Deadline on action on waivers.

Subtitle D—National Commission on Medicaid Restructuring

Sec. 7301. Establishment of commission.
Sec. 7302. Duties of commission.
Sec. 7303. Administration.
Sec. 7304. Authorization of appropriations.
Sec. 7305. Termination.

Subtitle E—Restrictions on Disproportionate Share Payments

Sec. 7401. Reforming disproportionate share payments under State medicaid programs.

Subtitle F—Fraud Reduction

Sec. 7501. Monitoring payments for dual eligibles.
Sec. 7502. Improved identification systems.

Subtitle A—Per Capita Spending Limit

SEC. 7001. LIMITATION ON EXPENDITURES RECOGNIZED FOR PURPOSES OF FEDERAL FINANCIAL PARTICIPATION.

(a) IN GENERAL.—Title XIX of the Social Security Act is amended—

(1) in section 1903(a), by striking ''From'' and inserting ''Subject to section 1931, from'';

(2) by redesignating section 1931 as section 1932; and

(3) by inserting after section 1930 the following new section:

''LIMITATION ON FEDERAL FINANCIAL PARTICIPATION BASED ON PER BENEFICIARY SPENDING

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''SEC. 1931. (a) IN GENERAL.—Subject to subsection (e), the total amount of State expenditures for medical assistance for which Federal financial participation may be made under section 1903(a) for quarters in a fiscal year (beginning with fiscal year 1997) may not exceed the sum of the following:

''(1) NONDISABLED MEDICAID CHILDREN.—The product of—

''(A) the number of full-year equivalent nondisabled medicaid children (described in subsection (b)(1)) in the State in the fiscal year, and

''(B) the per capita medical assistance limit established under subsection (c)(1) for such category of individuals for the fiscal year.

''(2) NONDISABLED MEDICAID ADULTS.—The product of—

''(A) the number of full-year equivalent nondisabled medicaid adults (described in subsection (b)(2)) in the State in the fiscal year, and

''(B) the per capita medical assistance limit established under subsection (c)(1) for such category individuals for the fiscal year.

''(3) NONDISABLED ELDERLY MEDICAID BENEFICIARIES.—The product of—

''(A) the number of full-year equivalent nondisabled elderly medicaid beneficiaries (described in subsection (b)(3)) in the State in the fiscal year, and

''(B) the per capita medical assistance limit established under subsection (c)(1) for such category of individuals for the fiscal year.

''(4) DISABLED MEDICAID BENEFICIARIES.—The product of—

''(A) the number of full-year equivalent disabled medicaid beneficiaries (described in subsection (b)(4)) in the State in the fiscal year, and

''(B) the per capita medical assistance limit established under subsection (c)(1) for such category individuals for the fiscal year.

''(5) ADMINISTRATIVE EXPENDITURES.—The product of—

''(A) the number of full-year equivalent medicaid beneficiaries who are in any category of beneficiaries in the State in the fiscal year, and

''(B) the per capita limit established under subsection (c)(1) for administrative expenditures for the fiscal year.

This section shall not apply to expenditures for which no Federal financial participation is available under this title.

''(b) DEFINITIONS RELATING TO CATEGORIES OF INDIVIDUALS.—In this section:

''(1) NONDISABLED MEDICAID CHILDREN.—The term 'nondisabled medicaid child' means an individual entitled to medical assistance under the State plan under this title who is not disabled (as such term is used under paragraph (4)) and is under 21 years of age.

''(2) NONDISABLED MEDICAID ADULTS.—The term 'nondisabled medicaid adult' means an individual entitled to medical assistance under the State plan under this title who is not disabled (as such term is used under paragraph (4)) and is at least 21 years of age but under 65 years of age.

''(3) NONDISABLED ELDERLY MEDICAID BENEFICIARY.—The term 'nondisabled medicaid adult' means an individual entitled to medical assistance under the State plan under this title who is not disabled (as such term is used under paragraph (4)) and is at least 65 years of age.

''(4) DISABLED MEDICAID BENEFICIARIES.—The term 'disabled medicaid beneficiary' means an individual entitled to medical assistance under the State plan under this title who is entitled to such assistance solely on the basis of blindness or disability.

For purposes of this section, nondisabled medicaid children, nondisabled medicaid adults, nondisabled elderly medicaid beneficiaries, and disabled medicaid beneficiaries each constitutes a separate category of medicaid beneficiaries.

''(c) ESTABLISHMENT OF PER CAPITA LIMITS.—

''(1) IN GENERAL.—The Secretary shall establish for each State a per capita medical assistance limit for each category of medicaid beneficiaries described in subsection (b) and for administrative expenditures for a fiscal year equal to the product of the following:

''(A) PREVIOUS EXPENDITURES.—The average of the amount of the per capita matchable medical assistance expenditures (determined under paragraph (2)(A)) for such category (or the per capita matchable adminstrative expenditures determined under paragraph (2)(B)) for such State for each of the 3 previous fiscal years.

''(B) INFLATION FACTOR.—The rolling 2-year CPI increase factor (determined under paragraph (3)(A)) for the fiscal year involved.

''(C) TRANSITIONAL ALLOWANCE.—The transitional allowance factor (if any) applicable under paragraph (3)(B) to such limit for the previous fiscal year and for the fiscal year involved.

''(2) PER CAPITA MATCHABLE MEDICAL ASSISTANCE EXPENDITURES.—For purposes of this section—

''(A) MEDICAL ASSISTANCE EXPENDITURES.—The 'per capita matchable medical assistance expenditures', for a category of medicaid beneficiaries for a State for a fiscal year, is equal to—

''(i) the amount of expenditures for which Federal financial participation is (or may be) provided (consistent with this section) to the State under paragraphs (1) and (5) of section 1903(a) (other than expenditures excluded under subsection (e)) with respect to medical assistance furnished with respect to individuals in such category during the fiscal year, divided by

''(ii) the number of full-year equivalent individuals in such category in the State in such fiscal year.

''(B) PER CAPITA MATCHABLE ADMINISTRATIVE EXPENDITURES.—The 'per capita matchable administrative expenditures', for a State for a fiscal year, is equal to—

''(i) the amount of expenditures for which Federal financial participation is (or may be) provided (consistent with this section) to the State under section 1903(a) (under paragraphs (1) and (5) of such section) during the fiscal year, divided by

''(ii) the number of full-year equivalent individuals in any category of medicaid beneficiary in the State in such fiscal year.

''(3) INCREASE FACTORS.—In this subsection—

''(A) ROLLING 2-YEAR CPI INCREASE FACTOR.—The 'rolling 2-year CPI increase factor' for a fiscal year is 1 plus the percentage by which—

''(i) the Secretary's estimate of the average value of the consumer price index for all urban consumers (all items, U.S. city average) for months in the particular fiscal year, exceeds

''(ii) the average value of such index for months in the 3 previous fiscal years.

''(B) TRANSITIONAL ALLOWANCE FACTORS.—

''(i) FISCAL YEAR 1996.—The 'transitional allowance factor' for fiscal year 1996—

''(I) for the category of nondisabled medicaid children, is 1.051;

''(II) for the category of nondisabled medicaid adults, is 1.067;

''(III) for the category of nondisabled elderly medicaid beneficiaries is 1.031;

''(IV) for the category of disabled medicaid beneficiaries is 1.015; and

''(V) for administrative expenditures is 1.046.

''(ii) SUBSEQUENT FISCAL YEARS FOR NONDISABLED CHILDREN AND ADULTS AND FOR DISABLED CATEGORIES.—The 'transitional allowance factor' for the categories of nondisabled medicaid children, nondisabled medicaid adults, and disabled medicaid beneficiaries—

''(I) for fiscal years 1997 and 1998 is 1.02,

''(II) for fiscal year 1999 is 1.015,

''(III) for fiscal year 2000 is 1.01,

''(IV) for fiscal year 2001 is 1.005, and

''(V) for each subsequent fiscal year is 1.0.

''(iii) SUBSEQUENT FISCAL YEARS FOR THE ELDERLY AND ADMINISTRATIVE EXPENDITURES.—The 'transitional allowance factor'

for the category of nondisabled elderly medicaid beneficiaries and for administrative expenditures for fiscal years after fiscal year 1996 is 1.0.

''(4) NOTICE.—The Secretary shall notify each State before the beginning of each fiscal year of the per capita limits established under this subsection for the State for the fiscal year.

''(d) SPECIAL RULES AND EXCEPTIONS.—For purposes of this section, expenditures attributable to any of the following shall not be subject to the limits established under this section and shall not be taken into account in establishing per capita medical assistance limits under subsection (c)(1):

''(1) DSH.—Payment adjustments under section 1923.

''(2) MEDICARE COST-SHARING.—Payments for medical assistance for medicare cost-sharing (as defined in section 1905(p)(3)).

''(3) SERVICES THROUGH IHS AND TRIBAL PROVIDERS.—Payments for medical assistance for services described in the last sentence of section 1905(b).

Nothing in this section shall be construed as applying any limitation to expenditures for the purchase and delivery of qualified pediatric vaccines under section 1928.

''(e) DEFINITIONS.—In this section, the term 'medicaid beneficiary' means an individual entitled to medical assistance under the State plan under this title.

''(f) ESTIMATIONS AND NOTICE.—

''(1) IN GENERAL.—The Secretary shall—

''(A) establish a process for estimating the limits established under subsection (a) for each State at the beginning of each fiscal year and adjusting such estimate during such year; and

''(B) notifying each State of the estimations and adjustments referred to in subparagraph (A).

''(2) DETERMINATION OF NUMBER OF FULL-YEAR EQUIVALENT INDIVIDUALS.—For purposes of this section, the number of full-year equivalent individuals in each category described in subsection (b) for a State for a year shall be determined based on actual reports submitted by the State to the Secretary. In the case of individuals who were not entitled to benefits under a State plan for the entire fiscal year (or are within a group of individuals for only part of a fiscal year), the number shall take into account only the portion of the year in which they were so entitled or within such group. The Secretary may audit such reports.

''(g) ANTI-GAMING ADJUSTMENT TO REFLECT CHANGES IN ELIGIBILITY.—

''(1) REPORT ON PER CAPITA EXPENDITURES.—If a State makes a change (on or after October 15, 1995) relating to eligibility for medical assistance in its State plan that results in the addition or deletion of individuals eligible for such assistance, the State shall submit to the Secretary with such change such information as the Secretary may require in order to carry out paragraph (2).

''(2) ADJUSTMENT FOR CERTAIN ADDITIONS.—If a State makes a change described in paragraph (1) that the Secretary believes will result in making medical assistance available for additional individuals (within a category described in subsection (b)) with respect to whom the Secretary estimates the per capita average medical assistance expenditures will be less the applicable per capita limit established under subsection (c)(1) for such category, the Secretary shall apply the per capita limits under such subsection separately with respect to individuals who are eligible for medical assistance without regard to such addition and with respect to the individuals so added.

''(3) ADJUSTMENT FOR CERTAIN DELETIONS.—If a State makes a change described in paragraph (1) that the Secretary believes will result in denial of medical assistance for individuals (within a category described in subsection (b)) with respect to whom the Secretary estimates the per capita average medical assistance expenditures is greater than the applicable per capita limit established under subsection (c)(1) for such catetory, the Secretary shall adjust the payment limits under subsection (a) to reflect any decrease in average per beneficiary expenditures that would result from such change.

''(h) TREATMENT OF STATES OPERATING UNDER WAIVERS.—The Secretary shall provide for such adjustments to the per capita limits under subsection (c) for a fiscal year as may be appropriate to take into account the case of States which either—

''(1) during any of the 3 previous fiscal years was providing medical assistance to its residents under a waiver granted under section 1115, section 1915, or other provision of law, and, in the fiscal year involved is no longer providing such medical assistance under such waiver; or

''(2) during any of the 3 previous fiscal years was not providing medical assistance to its residents under a waiver granted under section 1115, section 1915, or other provision of law, and, in the fiscal year involved is providing such medical assistance under such a waiver.''.

(b) ENFORCEMENT-RELATED PROVISIONS.—

(1) ASSURING ACTUAL PAYMENTS TO STATES CONSISTENT WITH LIMITATION.—Section 1903(d) of such Act (42 U.S.C. 1396b(d)) is amended—

(A) in paragraph (2)(A), by striking ''The Secretary'' and inserting ''Subject to paragraph (7), the Secretary'', and

(B) by adding at the end the following new paragraph:

''(7)(A) The Secretary shall take such steps as are necessary to assure that payments under this subsection for quarters in a fiscal year are consistent with the payment limits established under section 1931 for the fiscal year. Such steps may include limiting such payments for one or more quarters in a fiscal year based on—

''(i) an appropriate proportion of the payment limits for the fiscal year involved, and

''(ii) numbers of individuals within each category, as reported under subparagraph (B) for a recent previous quarter.

''(B) Each State shall include, in its report filed under paragraph (1)(A) for a calendar quarter—

''(i) the actual number of individuals within each category described in section 1931(b) for the second previous calendar quarter and (based on the data available) for the previous calendar quarter, and

''(ii) an estimate of such numbers for the calendar quarter involved.''.

(2) RESTRICTION ON AUTHORITY OF STATES TO APPLY LESS RESTRICTIVE INCOME AND RESOURCE METHODOLOGIES.—Section 1902(r)(2) of such Act (42 U.S.C. 1396a(r)(2)) is amended by adding at the end the following new subparagraph:

''(C) Subparagraph (A) shall not apply to plan amendments made on or after October 15, 1995.''.

(c) CONFORMING AMENDMENT.—Section 1903(i) of such Act (42 U.S.C. 1396b(i)) is amended—

(1) by striking ''or'' at the end of paragraph (14),

(2) by striking the period at the end of paragraph (15) and inserting ''; or'', and

(3) by inserting after paragraph (15) the following:

''(16) in accordance with section 1931, with respect to amounts expended to the extent they exceed applicable limits established under section 1931(a).''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to payments for calendar quarters beginning on or after October 1, 1996.

Subtitle B—Medicaid Managed Care

SEC. 7101. PERMITTING GREATER FLEXIBILITY FOR STATES TO ENROLL BENEFICIARIES IN MANAGED CARE ARRANGEMENTS.

(a) IN GENERAL.—Title XIX of the Social Security Act (42 U.S.C. 1396 et seq.), as amended by section 7001(a), is amended—

(1) by redesignating section 1932 as section 1933; and

(2) by inserting after section 1931 the following new section:

''STATE OPTIONS FOR ENROLLMENT OF BENEFICIARIES IN

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through such default enrollment process, consistent with the enrollment capacities of such providers.

''(b) REENROLLMENT OF INDIVIDUALS WHO REGAIN ELIGIBILITY.—

''(1) IN GENERAL.—If an individual eligible for medical assistance under a State plan under this title and enrolled with an eligible managed care provider with a contract under subsection (a)(1)(B) ceases to be eligible for such assistance for a period of not greater than 2 months, the State may provide for the automatic reenrollment of the individual with the provider as of the first day of the month in which the individual is again eligible for such assistance.

''(2) CONDITIONS.—Paragraph (1) shall only apply if—

''(A) the month for which the individual is to be reenrolled occurs during the enrollment period covered by the individual's original enrollment with the eligible managed care provider;

''(B) the eligible managed care provider continues to have a contract with the State agency under subsection (a)(1)(B) as of the first day of such month; and

''(C) the eligible managed care provider complies with the requirements of section 1933.

''(3) NOTICE OF REENROLLMENT.—The State shall provide timely notice to an eligible managed care provider of any reenrollment of an individual under this subsection.

''(c) SPECIAL NEEDS INDIVIDUALS DESCRIBED.—In this section, a 'special needs individual' means any of the following:

''(1) SPECIAL NEEDS CHILD.—An individual who is under 19 years of age who —

''(A) is eligible for supplemental security income under title XVI;

''(B) is described under section 501(a)(1)(D);

''(C) is a child described in section 1902(e)(3); or

''(D) is in foster care or is otherwise in an out-of-home placement.

''(2) HOMELESS INDIVIDUALS.—An individual who is homeless (without regard to whether the individual is a member of a family), including —

''(A) an individual whose primary residence during the night is a supervised public or private facility that provides temporary living accommodations; or

''(B) an individual who is a resident in transitional housing.

''(3) MIGRANT AGRICULTURAL WORKERS.—A migratory agricultural worker or a seasonal agricultural worker (as such terms are defined in section 329 of the Public Health Service Act), or the spouse or dependent of such a worker.

''(4) INDIANS.—An Indian (as defined in section 4(c) of the Indian Health Care Improvement Act (25 U.S.C. 1603(c))).''.

(b) CONFORMING AMENDMENT.—Section 1902(a)(23) of such Act (42 U.S.C. 1396a(a)(23)) is amended —

(1) in the matter preceding subparagraph (A), by striking ''subsection (g) and in section 1915'' and inserting ''subsection (g), section 1915, and section 1931,''; and

(2) in subparagraph (B) —

(A) by striking ''a health maintenance organization, or a'' and inserting ''or with an eligible managed care provider, as defined in section 1933(g)(1), or''.

SEC. 7102. REMOVAL OF BARRIERS TO PROVISION OF MEDICAID SERVICES THROUGH MANAGED CARE.

(a) REPEAL OF CURRENT BARRIERS.—Except as provided in subsection (b), section 1903(m) of the Social Security Act (42 U.S.C. 1396b(m)) is repealed on the date of the enactment of this Act.

(b) EXISTING CONTRACTS.—In the case of any contract under section 1903(m) of such Act which is in effect on the day before the date of the enactment of this Act, the provisions of such section shall apply to such contract until the earlier of —

(1) the day after the date of the expiration of the contract; or

(2) the date which is 1 year after the date of the enactment of this Act.

(c) ELIGIBLE MANAGED CARE PROVIDERS DESCRIBED.—Title XIX of such Act (42 U.S.C. 1396 et seq.), as amended by sections 7001(a) and 7101(a), is amended—

(1) by redesignating section 1933 as section 1934; and

(2) by inserting after section 1932 the following new section:

''ELIGIBLE MANAGED CARE PROVIDERS

''SEC. 1933. (a) DEFINITIONS.—In this section, the following definitions shall apply:

''(1) ELIGIBLE MANAGED CARE PROVIDER.—The term 'eligible managed care provider' means —

''(A) a medicaid managed care plan; or

''(B) a primary care case management provider.

''(2) MEDICAID MANAGED CARE PLAN.—The term 'medicaid managed care plan' means a health maintenance organization, an eligible organization with a contract under Section 1876, a provider sponsored network or any other plan which provides or arranges for the provision of one or more items and services to individuals eligible for medical assistance under the State plan under this title in accordance with a contract with the State under section 1932(a)(1)(B).

''(3) PRIMARY CARE CASE MANAGEMENT PROVIDER.—

''(A) IN GENERAL.—The term 'primary care case management provider' means a health care provider that —

''(i) is a physician, group of physicians, a Federally-qualified health center, a rural health clinic, or an entity employing or having other arrangements with physicians that provides or arranges for the provision of one or more items and services to individuals eligible for medical assistance under the State plan under this title in accordance with a contract with the State under section 1932(a)(1)(B);

''(ii) receives payment on a fee-for-service basis (or, in the case of a Federally-qualified health center or a rural health clinic, on a reasonable cost per encounter basis) for the provision of health care items and services specified in such contract to enrolled individuals;

''(iii) receives an additional fixed fee per enrollee for a period specified in such contract for providing case management services (including approving and arranging for the provision of health care items and services specified in such contract on a referral basis) to enrolled individuals; and

''(iv) is not an entity that is at risk.

''(B) AT RISK.—In subparagraph (A)(iv), the term 'at risk' means an entity that —

''(i) has a contract with the State under which such entity is paid a fixed amount for providing or arranging for the provision of health care items or services specified in such contract to an individual eligible for medical assistance under the State plan and enrolled with such entity, regardless of whether such items or services are furnished to such individual; and

''(ii) is liable for all or part of the cost of furnishing such items or services, regardless of whether such cost exceeds such fixed payment.

''(b) ENROLLMENT.—

''(1) NONDISCRIMINATION.—An eligible managed care provider may not discriminate on the basis of health status or anticipated need for services in the enrollment, reenrollment, or disenrollmentof individuals eligible to receive medical assistance under a State plan under this title or by discouraging enrollment (except as permitted by this section) by eligible individuals.

''(2) TERMINATION OF ENROLLMENT.—

''(A) IN GENERAL.—An eligible managed care provider shall permit an individual eligible for medical assistance under the State plan under this title who is enrolled with the provider to terminate such enrollment for cause at any time, and without cause during the 60-day period beginning on the date the individual receives notice of enrollment, and shall notify each such individual of the opportunity to terminate enrollment under these conditions.

''(B) FRAUDULENT INDUCEMENT OR COERCION AS GROUNDS FOR CAUSE.—For purposes of subparagraph (A), an individual terminating enrollment with an eligible managed care provider on the grounds that the enrollment was based on fraudulent inducement or was obtained through coercion shall be considered to terminate such enrollment for cause.

''(C) NOTICE OF TERMINATION.—

''(i) NOTICE TO STATE.—

''(I) BY INDIVIDUALS.—Each individual terminating enrollment with an eligible managed care provider under subparagraph (A) shall do so by providing notice of the termination to an office of the State agency administering the State plan under this title, the State or local welfare agency, or an office of an eligible managed care provider.

''(II) BY PLANS.—Any eligible managed care provider which receives notice of an individual's termination of enrollment with such provider through receipt of such notice at an office of an eligible managed care provider shall provide timely notice of the termination to the State agency administering the State plan under this title.

''(ii) NOTICE TO PLAN.—The State agency administering the State plan under this title or the State or local welfare agency which receives notice of an individual's termination of enrollment with an eligible managed care provider under clause (i) shall provide timely notice of the termination to such provider.

''(D) REENROLLMENT.—Each State shall establish a process under which an individual terminating enrollment under this paragraph shall be promptly enrolled with another eligible managed care provider and notified of such enrollment.

''(3) PROVISION OF ENROLLMENT MATERIALS IN UNDERSTANDABLE FORM.—Each eligible managed care provider shall provide all enrollment materials in a manner and form which may be easily understood by a typical adult enrollee of the provider who is eligible for medical assistance under the State plan under this title.

''(c) QUALITY ASSURANCE.—

''(1) ACCESS TO SERVICES.—Each eligible managed care provider shall provide or arrange for the provision of all medically necessary medical assistance under this title which is specified in the contract entered into between such provider and the State under section 1932(a)(1)(B) for enrollees who are eligible for medical assistance under the State plan under this title.

''(2) TIMELY DELIVERY OF SERVICES.—Each eligible managed care provider shall respond to requests from enrollees for the delivery of medical assistance in a manner which —

''(A) makes such assistance —

''(i) available and accessible to each such individual, within the area served by the provider, with reasonable promptness and in a manner which assures continuity; and

''(ii) when medically necessary, available and accessible 24 hours a day and 7 days a week; and

''(B) with respect to assistance provided to such an individual other than through the provider, or without prior authorization, in

the case of a primary care case management provider, provides for reimbursement to the individual (if applicable under the contract between the State and the provider) if —

''(i) the services were medically necessary and immediately required because of an unforeseen illness, injury, or condition; and

''(ii) it was not reasonable given the circumstances to obtain the services through the provider, or, in the case of a primary care case management provider, with prior authorization.

''(3) EXTERNAL INDEPENDENT REVIEW OF ELIGIBLE MANAGED CARE PROVIDER ACTIVITIES.—

''(A) REVIEW OF MEDICAID MANAGED CARE PLAN CONTRACT.—

''(i) IN GENERAL.—Except as provided in subparagraph (B), each medicaid managed care plan shall be subject to an annual external independent review of the quality and timeliness of, and access to, the items and services specified in such plan's contract with the State under section 1932(a)(1)(B). Such review shall specifically evaluate the extent to which the medicaid managed care plan provides such services in a timely manner.

''(ii) CONTENTS OF REVIEW.—An external independent review conducted under this paragraph shall include the following:

''(I) a review of the entity's medical care, through sampling of medical records or other appropriate methods, for indications of quality of care and inappropriate utilization (including overutilization) and treatment,

''(II) a review of enrollee inpatient and ambulatory data, through sampling of medical records or other appropriate methods, to determine trends in quality and appropriateness of care,

''(III) notification of the entity and the State when the review under this paragraph indicates inappropriate care, treatment, or utilization of services (including overutilization), and

''(IV) other activities as prescribed by the Secretary or the State.

''(iii) AVAILABILITY OF RESULTS.—The results of each external independent review conducted under this subparagraph shall be available to participating health care providers, enrollees, and potential enrollees of the medicaid managed care plan, except that the results may not be made available in a manner that discloses the identity of any individual patient.

''(B) DEEMED COMPLIANCE.—

''(i) MEDICARE PLANS.—The requirements of subparagraph (A) shall not apply with respect to a medicaid managed care plan if the plan is an eligible organization with a contract in effect under section 1876.

''(ii) PRIVATE ACCREDITATION.—

''(I) IN GENERAL.—The requirements of subparagraph (A) shall not apply with respect to a medicaid managed care plan if —

''(aa) the plan is accredited by an organization meeting the requirements described in clause (iii); and

''(bb) the standards and process under which the plan is accredited meet such requirements as are established under subclause (II), without regard to whether or not the time requirement of such subclause is satisfied.

''(II) STANDARDS AND PROCESS.—Not later than 180 days after the date of the enactment of this Act, the Secretary shall specify requirements for the standards and process under which a medicaid managed care plan is accredited by an organization meeting the requirements of clause (iii).

''(iii) ACCREDITING ORGANIZATION.—An accrediting organization meets the requirements of this clause if the organization —

''(I) is a private, nonprofit organization;

''(II) exists for the primary purpose of accrediting managed care plans or health care providers; and

''(III) is independent of health care providers or associations of health care providers.

''(C) REVIEW OF PRIMARY CARE CASE MANAGEMENT PROVIDER CONTRACT.—Each primary care case management provider shall be subject to an annual external independent review of the quality and timeliness of, and access to, the items and services specified in the contract entered into between the State and the primary care case management provider under section 1932(a)(1)(B).

''(4) FEDERAL MONITORING RESPONSIBILITIES.—The Secretary shall review the external independent reviews conducted pursuant to paragraph (3) and shall monitor the effectiveness of the State's monitoring and followup activities required under subparagraph (A) of paragraph (2). If the Secretary determines that a State's monitoring and followup activities are not adequate to ensure that the requirements of paragraph (2) are met, the Secretary shall undertake appropriate followup activities to ensure that the State improves its monitoring and followup activities.

''(5) PROVIDING INFORMATION ON SERVICES.—

''(A) REQUIREMENTS FOR MEDICAID MANAGED CARE PLANS.—

''(i) INFORMATION TO THE STATE.—Each medicaid managed care plan shall provide to the State (at such frequency as the Secretary may require), complete and timely information concerning the following:

''(I) The services that the plan provides to (or arranges to be provided to) individuals eligible for medical assistance under the State plan under this title.

''(II) The identity, locations, qualifications, and availability of participating health care providers.

''(III) The rights and responsibilities of enrollees.

''(IV) The services provided by the plan which are subject to prior authorization by the plan as a condition of coverage (in accordance with paragraph (6)(A)).

''(V) The procedures available to an enrollee and a health care provider to appeal the failure of the plan to cover a service.

''(VI) The performance of the plan in serving individuals eligible for medical assistance under the State plan under this title.

''(ii) INFORMATION TO HEALTH CARE PROVIDERS, ENROLLEES, AND POTENTIAL ENROLLEES.—Each medicaid managed care plan shall —

''(I) upon request, make the information described in clause (i) available to participating health care providers, enrollees, and potential enrollees in the plan's service area; and

''(II) provide to enrollees and potential enrollees information regarding all items and services that are available to enrollees under the contract between the State and the plan that are covered either directly or through a method of referral and prior authorization.

''(B) REQUIREMENTS FOR PRIMARY CARE CASE MANAGEMENT PROVIDERS.—Each primary care case management provider shall —

''(i) provide to the State (at such frequency as the Secretary may require), complete and timely information concerning the services that the primary care case management provider provides to (or arranges to be provided to) individuals eligible for medical assistance under the State plan under this title;

''(ii) make available to enrollees and potential enrollees information concerning services available to the enrollee for which prior authorization by the primary care case management provider is required; and

''(iii) provide enrollees and potential enrollees information regarding all items and services that are available to enrollees under the contract between the State and the primary care case management provider that are covered either directly or through a method of referral and prior authorization.

''(iv) provide assurances that such entities and their professional personnel are licensed as required by State law and qualified to provide case management services, through methods such as ongoing monitoring of compliance with applicable requirements and providing information and technical assistance.

''(C) REQUIREMENTS FOR BOTH MEDICAID MANAGED CARE PLANS AND PRIMARY CARE CASE MANAGEMENT PROVIDERS.—Each eligible managed care provider shall provide the State with aggregate encounter data for early and periodic screening, diagnostic, and treatment services under section 1905(r) furnished to individuals under 21 years of age. Any such data provided may be audited by the State and the Secretary.

''(6) TIMELINESS OF PAYMENT.—An eligible managed care provider shall make payment to health care providers for items and services which are subject to the contract under section 1931(a)(1)(B) and which are furnished to individuals eligible for medical assistance under the State plan under this title who are enrolled with the provider on a timely basis and under the claims payment procedures described in section 1902(a)(37)(A), unless the health care provider and the eligible managed care provider agree to an alternate payment schedule.

''(7) ADDITIONAL QUALITY ASSURANCE REQUIREMENTS FOR MEDICAID MANAGED CARE PLANS.—

''(A) CONDITIONS FOR PRIOR AUTHORIZATION.—A medicaid managed care plan may require the approval of medical assistance for nonemergency services before the assistance is furnished to an enrollee only if the system providing for such approval —

''(i) provides that such decisions are made in a timely manner, depending upon the urgency of the situation; and

''(ii) permits coverage of medically necessary medical assistance provided to an enrollee without prior authorization in the event of an emergency.

''(B) INTERNAL GRIEVANCE PROCEDURE.—Each medicaid managed care plan shall establish an internal grievance procedure under which a plan enrollee or a provider on behalf of such an enrollee who is eligible for medical assistance under the State plan under this title may challenge the denial of coverage of or payment for such assistance.

''(C) USE OF UNIQUE PHYSICIAN IDENTIFIER FOR PARTICIPATING PHYSICIANS.—Each medicaid managed care plan shall require each physician providing services to enrollees eligible for medical assistance under the State plan under this title to have a unique identifier in accordance with the system established under section 1902(x).

''(D) PATIENT ENCOUNTER DATA.—

''(i) IN GENERAL.—Each medicaid managed care plan shall maintain sufficient patient encounter data to identify the health care provider who delivers services to patients and to otherwise enable the State plan to meet the requirements of section 1902(a)(27). The plan shall incorporate such information in the maintenance of patient encounter data with respect to such health care provider.

''(ii) COMPLIANCE.—A medicaid managed care plan shall —

''(I) submit the data maintained under clause (i) to the State; or

''(II) demonstrate to the State that the data complies with managed care quality assurance guidelines established by the Secretary in accordance with clause (iii).

''(iii) STANDARDS.—In establishing managed care quality assurance guidelines under clause (ii)(II), the Secretary shall consider —

''(I) managed care industry standards for —

''(aa) internal quality assurance; and

''(bb) performance measures; and

''(II) any managed care quality standards established by the National Association of Insurance Commissioners.

(E) PAYMENTS TO HOSPITALS.—A medicaid managed care plan shall—

''(i) provide the State with assurances that payments for hospital services are reasonable and adequate to meet the costs which must be incurred by efficiently and economically operated facilities in order to provide such services to individuals enrolled with the plan under this title in conformity with applicable State and Federal laws, regulations, and quality and safety standards;

''(ii) report to the State at least annually—

''(I) the rates paid to hospitals by the plan for items and services furnished to such individuals,

''(II) an explanation of the methodology used to compute such rates, and

''(III) a comparison of such rates with the rates used by the State to pay for hospital services furnished to individuals who are eligible for benefits under the program established by the State under this title but are not enrolled in a medicaid managed care plan; and

''(iii) if the rates paid by the plan are lower than the rates paid by the State (as described in clause (ii)(III)), an explanation of why the rates paid by the plan nonetheless meet the standard described in clause (i).

''(d) DUE PROCESS REQUIREMENTS FOR ELIGIBLE MANAGED CARE PROVIDERS.—

''(1) DENIAL OF OR UNREASONABLE DELAY IN DETERMINING COVERAGE AS GROUNDS FOR HEARING.—If an eligible managed care provider —

''(A) denies coverage of or payment for medical assistance with respect to an enrollee who is eligible for such assistance under the State plan under this title; or

''(B) fails to make any eligibility or coverage determination sought by an enrollee or, in the case of a medicaid managed care plan, by a participating health care provider or enrollee, in a timely manner, depending upon the urgency of the situation, the enrollee or the health care provider furnishing such assistance to the enrollee (as applicable) may obtain a hearing before the State agency administering the State plan under this title in accordance with section 1902(a)(3), but only, with respect to a medicaid managed care plan, after completion of the internal grievance procedure established by the plan under subsection (c)(6)(B).

''(2) COMPLETION OF INTERNAL GRIEVANCE PROCEDURE.—Nothing in this subsection shall require completion of an internal grievance procedure if such procedure does not exist or if the procedure does not provide for timely review of health needs considered by the enrollee's health care provider to be of an urgent nature.

''(e) MISCELLANEOUS.—

''(1) PROTECTING ENROLLEES AGAINST THE INSOLVENCY OF ELIGIBLE MANAGED CARE PROVIDERS AND AGAINST THE FAILURE OF THE STATE TO PAY SUCH PROVIDERS.—Each eligible managed care provider shall provide that an individual eligible for medical assistance under the State plan under this title who is enrolled with the provider may not be held liable—

''(A) for the debts of the eligible managed care provider, in the event of the provider's insolvency;

''(B) for services provided to the individual —

''(i) in the event of the provider failing to receive payment from the State for such services; or

''(ii) in the event of a health care provider with a contractual or other arrangement with the eligible managed care provider failing to receive payment from the State or the eligible managed care provider for such services; or

''(C) for the debts of any health care provider with a contractual or other arrangement with the provider to provide services to the individual, in the event of the insolvency of the health care provider.

''(2) TREATMENT OF CHILDREN WITH SPECIAL HEALTH CARE NEEDS.—

''(A) IN GENERAL.—In the case of an enrollee of an eligible managed care provider who is a child with special health care needs —

''(i) if any medical assistance specified in the contract with the State is identified in a treatment plan prepared for the enrollee by a program described in subparagraph (C), the eligible managed care provider shall provide (or arrange to be provided) such assistance in accordance with the treatment plan either —

''(I) by referring the enrollee to a pediatric health care provider who is trained and experienced in the provision of such assistance and who has a contract with the eligible managed care provider to provide such assistance; or

''(II) if appropriate services are not available through the eligible managed care provider, permitting such enrollee to seek appropriate specialty services from pediatric health care providers outside of or apart from the eligible managed care provider; and

''(ii) the eligible managed care provider shall require each health care provider with whom the eligible managed care provider has entered into an agreement to provide medical assistance to enrollees to furnish the medical assistance specified in such enrollee's treatment plan to the extent the health care provider is able to carry out such treatment plan.

''(B) PRIOR AUTHORIZATION.—An enrollee referred for treatment under subparagraph (A)(i)(I), or permitted to seek treatment outside of or apart from the eligible managed care provider under subparagraph (A)(i)(II) shall be deemed to have obtained any prior authorization required by the provider.

''(C) CHILD WITH SPECIAL HEALTH CARE NEEDS.—For purposes of subparagraph (A), a child with special health care needs is a child who is receiving services under —

''(i) a program administered under part B or part H of the Individuals with Disabilities Education Act;

''(ii) a program for children with special health care needs under title V;

''(iii) a program under part B or part D of title IV; or

''(iv) any other program for children with special health care needs identified by the Secretary.

''(3) PHYSICIAN INCENTIVE PLANS.—Each medicaid managed care plan shall require that any physician incentive plan covering physicians who are participating in the medicaid managed care plan shall meet the requirements of section 1876(i)(8).

''(4) INCENTIVES FOR HIGH QUALITY ELIGIBLE MANAGED CARE PROVIDERS.—The Secretary and the State may establish a program to reward, through public recognition, incentive payments, or enrollment of additional individuals (or combinations of such rewards), eligible managed care providers that provide the highest quality care to individuals eligible for medical assistance under the State plan under this title who are enrolled with such providers. For purposes of section 1903(a)(7), proper expenses incurred by a State in carrying out such a program shall be considered to be expenses necessary for the proper and efficient administration of the State plan under this title.''.

(d) CLARIFICATION OF APPLICATION OF FFP DENIAL RULES TO PAYMENTS MADE PURSUANT TO MEDICAID MANAGED CARE PLANS.—Section 1903(i) of such Act (42 U.S.C. 1396b(i)) is amended by adding at the end the following sentence: ''Paragraphs (1)(A), (1)(B), (2), (5), and (12) shall apply with respect to items or services furnished and amounts expended by or through an eligible managed care provider (as defined in section 1933(a)(1)) in the same manner as such paragraphs apply to items or services furnished and amounts expended directly by the State.''.

(e) CLARIFICATION OF CERTIFICATION REQUIREMENTS FOR PHYSICIANS PROVIDING SERVICES TO CHILDREN AND PREGNANT WOMEN.—Section 1903(i)(12) of such Act (42 U.S.C. 1396b(i)(12)) is amended —

(1) in subparagraph (A)(i), to read as follows:

''(i) is certified in family practice or pediatrics by the medical specialty board recognized by the American Board of Medical Specialties for family practice or pediatrics or is certified in general practice or pediatrics by the medical specialty board recognized by the American Osteopathic Association,'';

(2) in subparagraph (B)(i), to read as follows:

''(i) is certified in family practice or obstetrics by the medical specialty board recognized by the American Board of Medical Specialties for family practice or obstetrics or is certified in family practice or obstetrics by the medical specialty board recognized by the American Osteopathic Association,''; and

(3) in both subparagraphs (A) and (B) —

(A) by striking ''or'' at the end of clause (v);

(B) by redesignating clause (vi) as clause (vii); and

(C) by inserting after clause (v) the following new clause:

''(vi) delivers such services in the emergency department of a hospital participating in the State plan approved under this title, or''.

SEC. 7103. ADDITIONAL REQUIREMENTS FOR MEDICAID MANAGED CARE PLANS.

Section 1933 of the Social Security Act, as added by section 7102(c)(2), is amended —

(1) by redesignating subsections (d) and (e) as subsections (e) and (f), respectively; and

(2) by inserting after subsection (c) the following new subsection:

''(d) ADDITIONAL REQUIREMENTS FOR MEDICAID MANAGED CARE PLANS.—

''(1) DEMONSTRATION OF ADEQUATE CAPACITY AND SERVICES.—

''(A) IN GENERAL.—Subject to subparagraph (C), each medicaid managed care plan shall provide the State and the Secretary with adequate assurances (as determined by the Secretary) that the plan, with respect to a service area —

''(i) has the capacity to serve the expected enrollment in such service area;

''(ii) offers an appropriate range of services for the population expected to be enrolled in such service area, including transportation services and translation services consisting of the principal languages spoken in the service area;

''(iii) maintains sufficient numbers of providers of services included in the contract with the State to ensure that services are available to individuals receiving medical assistance and enrolled in the plan to the same extent that such services are available to individuals enrolled in the plan who are not recipients of medical assistance under the State plan under this title;

''(iv) maintains extended hours of operation with respect to primary care services that are beyond those maintained during a normal business day;

''(v) provides preventive and primary care services in locations that are readily accessible to members of the community; and

''(vi) provides information concerning educational, social, health, and nutritional services offered by other programs for which enrollees may be eligible.

''(vii) complies with such other requirements relating to access to care as the Secretary or the State may impose.

''(B) PROOF OF ADEQUATE PRIMARY CARE CAPACITY AND SERVICES.—Subject to subparagraph (C), a medicaid managed care plan that contracts with a reasonable number of primary care providers (as determined by the Secretary) and whose primary care membership includes a reasonable number (as so determined) of the following providers will be deemed to have satisfied the requirements of subparagraph (A):

''(i) Rural health clinics, as defined in section 1905(l)(1).

''(ii) Federally-qualified health centers, as defined in section 1905(l)(2)(B).

''(iii) Clinics which are eligible to receive payment for services provided under title X of the Public Health Service Act.

''(C) SUFFICIENT PROVIDERS OF SPECIALIZED SERVICES.—Notwithstanding subparagraphs (A) and (B), a medicaid managed care plan may not be considered to have satisfied the requirements of subparagraph (A) if the plan does not have a sufficient number (as determined by the Secretary) of providers of specialized services, including perinatal and pediatric specialty care, to ensure that such services are available and accessible.

''(2) WRITTEN PROVIDER PARTICIPATION AGREEMENTS FOR CERTAIN PROVIDERS.—Each medicaid managed care plan that enters into a written provider participation agreement with a provider described in paragraph (1)(B) shall —

''(A) include terms and conditions that are no more restrictive than the terms and conditions that the medicaid managed care plan includes in its agreements with other participating providers with respect to —

''(i) the scope of covered services for which payment is made to the provider;

''(ii) the assignment of enrollees by the plan to the provider;

''(iii) the limitation on financial risk or availability of financial incentives to the provider;

''(iv) accessibility of care;

''(v) professional credentialing and recredentialing;

''(vi) licensure;

''(vii) quality and utilization management;

''(viii) confidentiality of patient records;

''(ix) grievance procedures; and

''(x) indemnification arrangements between the plans and providers; and

''(B) provide for payment to the provider on a basis that is comparable to the basis on which other providers are paid.''.

SEC. 7104. PREVENTING FRAUD IN MEDICAID MANAGED CARE.

(a) IN GENERAL.—Section 1933 of the Social Security Act, as added by section 7102(c)(2) and amended by section 7103, is amended —

(1) by redesignating subsection (f) as subsection (g); and

(2) by inserting after subsection (e) the following new subsection:

''(f) ANTI-FRAUD PROVISIONS.—

''(1) PROVISIONS APPLICABLE TO ELIGIBLE MANAGED CARE PROVIDERS.—

''(A) PROHIBITING AFFILIATIONS WITH INDIVIDUALS DEBARRED BY FEDERAL AGENCIES.—

''(i) IN GENERAL.—An eligible managed care provider may not knowingly—

''(I) have a person described in clause (iii) as a director, officer, partner, or person with beneficial ownership of more than 5 percent of the plan's equity; or

''(II) have an employment, consulting, or other agreement with a person described in clause (iii) for the provision of items and services that are significant and material to the organization's obligations under its contract with the State.

''(ii) EFFECT OF NONCOMPLIANCE.—If a State finds that an eligible managed care provider is not in compliance with subclause (I) or (II) of clause (i), the State —

''(I) shall notify the Secretary of such noncompliance;

''(II) may continue an existing agreement with the provider unless the Secretary (in consultation with the Inspector General of the Department of Health and Human Services) directs otherwise; and

''(III) may not renew or otherwise extend the duration of an existing agreement with the provider unless the Secretary (in consultation with the Inspector General of the Department of Health and Human Services) provides to the State and to the Congress a written statement describing compelling reasons that exist for renewing or extending the agreement.

''(iii) PERSONS DESCRIBED.—A person is described in this clause if such person —

''(I) is debarred or suspended by the Federal Government, pursuant to the Federal acquisition regulation, from Government contracting and subcontracting;

''(II) is an affiliate (within the meaning of the Federal acquisition regulation) of a person described in clause (i); or

''(III) is excluded from participation in any program under title XVIII or any State health care program, as defined in section 1128(h).

''(B) RESTRICTIONS ON MARKETING.—

''(i) DISTRIBUTION OF MATERIALS.—

''(I) IN GENERAL.—An eligible managed care provider may not distribute marketing materials within any State—

''(aa) without the prior approval of the State; and

''(bb) that contain false or materially misleading information.

''(II) PROHIBITION.—The State may not enter into or renew a contract with an eligible managed care provider for the provision of services to individuals enrolled under the State plan under this title if the State determines that the provider intentionally distributed false or materially misleading information in violation of subclause (I)(bb).

''(ii) SERVICE MARKET.—An eligible managed care provider shall distribute marketing materials to the entire service area of such provider.

''(iii) PROHIBITION OF TIE-INS.—An eligible managed care provider, or any agency of such provider, may not seek to influence an individual's enrollment with the provider in conjunction with the sale of any other insurance.

''(iv) PROHIBITING MARKETING FRAUD.—Each eligible managed care provider shall comply with such procedures and conditions as the Secretary prescribes in order to ensure that, before an individual is enrolled with the provider, the individual is provided accurate and sufficient information to make an informed decision whether or not to enroll.

''(2) PROVISIONS APPLICABLE ONLY TO MEDICAID MANAGED CARE PLANS.—

''(A) STATE CONFLICT-OF-INTEREST SAFEGUARDS IN MEDICAID RISK CONTRACTING.—A medicaid managed care plan may not enter into a contract with any State under section 1932(a)(1)(B) unless the State has in effect conflict-of-interest safeguards with respect to officers and employees of the State with responsibilities relating to contracts with such plans or to the default enrollment process described in section 1932(a)(1)(D)(iv) that are at least as effective as the Federal safeguards provided under section 27 of the Office of Federal Procurement Policy Act (41 U.S.C. 423), against conflicts of interest that apply with respect to Federal procurement officials with comparable responsibilities with respect to such contracts.

''(B) REQUIRING DISCLOSURE OF FINANCIAL INFORMATION.—In addition to any requirements applicable under section 1902(a)(27) or 1902(a)(35), a medicaid managed care plan shall —

''(i) report to the State (and to the Secretary upon the Secretary's request) such financial information as the State or the Secretary may require to demonstrate that —

''(I) the plan has the ability to bear the risk of potential financial losses and otherwise has a fiscally sound operation;

''(II) the plan uses the funds paid to it by the State and the Secretary for activities consistent with the requirements of this title and the contract between the State and plan; and

''(III) the plan does not place an individual physician, physician group, or other health care provider at substantial risk (as determined by the Secretary) for services not provided by such physician, group, or health care provider, by providing adequate protection (as determined by the Secretary) to limit the liability of such physician, group, or health care provider, through measures such as stop loss insurance or appropriate risk corridors;

''(ii) agree that the Secretary and the State (or any person or organization designated by either) shall have the right to audit and inspect any books and records of the plan (and of any subcontractor) relating to the information reported pursuant to clause (i) and any information required to be furnished under section paragraphs (27) or (35) of section 1902(a);

''(iii) make available to the Secretary and the State a description of each transaction described in subparagraphs (A) through (C) of section 1318(a)(3) of the Public Health Service Act between the plan and a party in interest (as defined in section 1318(b) of such Act); and

''(iv) agree to make available to its enrollees upon reasonable request —

''(I) the information reported pursuant to clause (i); and

''(II) the information required to be disclosed under sections 1124 and 1126.

''(C) ADEQUATE PROVISION AGAINST RISK OF INSOLVENCY.—

''(i) ESTABLISHMENT OF STANDARDS.—The Secretary shall establish standards, including appropriate equity standards, under which each medicaid managed care plan shall make adequate provision against the risk of insolvency.

''(ii) CONSIDERATION OF OTHER STANDARDS.—In establishing the standards described in clause (i), the Secretary shall consider - solvency standards applicable to eligible organizations with a risk-sharing contract under section 1876.

(iii) MODEL CONTRACT ON SOLVENCY.—At the earliest practicable time after the date of enactment of this section, the Secretary shall issue guidelines and regulations concerning solvency standards for risk contracting entities and subcontractors of such risk contracting entities. Such guidelines and regulations shall take into account characteristics that may differ among risk contracting entities including whether such an entity is at risk for inpatient hospital services.

''(D) REQUIRING REPORT ON NET EARNINGS AND ADDITIONAL BENEFITS.—Each medicaid managed care plan shall submit a report to the State and the Secretary not later than 12 months after the close of a contract year containing —

''(i) the most recent audited financial statement of the plan's net earnings, in accordance with guidelines established by the Secretary in consultation with the States,

and consistent with generally accepted accounting principles; and

''(ii) a description of any benefits that are in addition to the benefits required to be provided under the contract that were provided during the contract year to members enrolled with the plan and entitled to medical assistance under the State plan under this title.''.

SEC. 7105. ASSURING ADEQUACY OF PAYMENTS TO MEDICAID MANAGED CARE PLANS AND PROVIDERS.

Title XIX of the Social Security Act, as amended by sections 7001, 7101(a), and 7102(c), is further amended—

(1) by redesignating section 1934 as section 1935; and

(2) by inserting after section 1933 the following new section:

''ASSURING ADEQUACY OF PAYMENTS TO MEDICAID MANAGED CARE PLANS AND PROVIDERS

''SEC. 1934. As a condition of approval of a State plan under this title, a State shall—

''(1) find, determine, and make assurances satisfactory to the Secretary that—

''(A) the rates it pays medicaid managed care plans for individuals eligible under the State plan are reasonable and adequate to assure access to services meeting professionally recognized quality standards, taking into account—

''(i) the items and services to which the rate applies,

''(ii) the eligible population, and

''(iii) the rate the State pays providers for suchitems and services; and

''(B) the methodology used to adjust the rate adequately reflects the varying risks associated with individuals actually enrolling in each medicaid managed care plan; and

''(2) report to the Secretary, at least annually, on—

''(A) the rates the States pays to medicaid managed care plans, and

''(B) the rates medicaid managed care plans pay for hospital services (and such other information as medicaid managed care plans are required to submit to the State pursuant to section 1933(c)(5)(E).''.

SEC. 7106. SANCTIONS FOR NONCOMPLIANCE BY ELIGIBLE MANAGED CARE PROVIDERS.

(a) SANCTIONS DESCRIBED.—Title XIX of such Act (42 U.S.C. 1396 et seq.), as previously amended, is further amended—

(1) by redesignating section 1934 as section 1935; and

(2) by inserting after section 1934 the following new section:

''SANCTIONS FOR NONCOMPLIANCE BY ELIGIBLE MANAGED CARE PROVIDERS

''SEC. 1935. (a) USE OF INTERMEDIATE SANCTIONS BY THE STATE TO ENFORCE REQUIREMENTS.—Each State shall establish intermediate sanctions, which may include any of the types described in subsection (b) other than the termination of a contract with an eligible managed care provider, which the State may impose against an eligible managed care provider with a contract under section 1932(a)(1)(B) if the provider—

''(1) fails substantially to provide medically necessary items and services that are required (under law or under such provider's contract with the State) to be provided to an enrollee covered under the contract, if the failure has adversely affected (or has a substantial likelihood of adversely affecting) the enrollee;

''(2) imposes premiums on enrollees in excess of the premiums permitted under this title;

''(3) acts to discriminate among enrollees on the basis of their health status or requirements for health care services, including expulsion or refusal to reenroll an individual, except as permitted by sections 1932 and 1933, or engaging in any practice that would reasonably be expected to have the effect of denying or discouraging enrollment with the provider by eligible individuals whose medical condition or history indicates a need for substantial future medical services;

''(4) misrepresents or falsifies information that is furnished

''(A) to the Secretary or the State under section 1932 or 1933; or

''(B) to an enrollee, potential enrollee, or a health care provider under such sections; or

''(5) fails to comply with the requirements of section 1876(i)(8).

''(b) INTERMEDIATE SANCTIONS.—The sanctions described in this subsection are as follows:

''(1) Civil money penalties as follows:

''(A) Except as provided in subparagraph (B), (C), or (D), not more than $25,000 for each determination under subsection (a).

''(B) With respect to a determination under paragraph (3) or (4)(A) of subsection (a), not more than $100,000 for each such determination.

''(C) With respect to a determination under subsection (a)(2), double the excess amount charged in violation of such subsection (and the excess amount charged shall be deducted from the penalty and returned to the individual concerned).

''(D) Subject to subparagraph (B), with respect to a determination under subsection (a)(3), $15,000 for each individual not enrolled as a result of a practice described in such subsection.

''(2) The appointment of temporary management to oversee the operation of the eligible managed care provider and to assure the health of the provider's enrollees, if there is a need for temporary management while—

''(A) there is an orderly termination or reorganization of the eligible managed care provider; or

''(B) improvements are made to remedy the violations found under subsection (a), except that temporary management under this paragraph may not be terminated until the State has determined that the eligible managed care provider has the capability to ensure that the violations shall not recur.

''(3) Permitting individuals enrolled with the eligible managed care provider to terminate enrollment without cause, and notifying such individuals of such right to terminate enrollment.

''(c) TREATMENT OF CHRONIC SUBSTANDARD PROVIDERS.—In the case of an eligible managed care provider which has repeatedly failed to meet the requirements of section 1932 or 1933, the State shall (regardless of what other sanctions are provided) impose the sanctions described in paragraphs (2) and (3) of subsection (b).

''(d) AUTHORITY TO TERMINATE CONTRACT.—In the case of an eligible managed care provider which has failed to meet the requirements of section 1932 or 1933, the State shall have the authority to terminate its contract with such provider under section 1932(a)(1)(B) and to enroll such provider's enrollees with other eligible managed care providers (or to permit such enrollees to receive medical assistance under the State plan under this title other than through an eligible managed care provider).

''(e) AVAILABILITY OF SANCTIONS TO THE SECRETARY.—

''(1) INTERMEDIATE SANCTIONS.—In addition to the sanctions described in paragraph (2) and any other sanctions available under law, the Secretary may provide for any of the sanctions described in subsection (b) if the Secretary determines that—

''(A) an eligible managed care provider with a contract under section 1932(a)(1)(B) fails to meet any of the requirements of section 1932 or 1933; and

''(B) the State has failed to act appropriately to address such failure.

''(2) DENIAL OF PAYMENTS TO THE STATE.—The Secretary may deny payments to the State for medical assistance furnished under the contract under section 1932(a)(1)(B) for individuals enrolled after the date the Secretary notifies an eligible managed care provider of a determination under subsection (a) and until the Secretary is satisfied that the basis for such determination has been corrected and is not likely to recur.

''(f) DUE PROCESS FOR ELIGIBLE MANAGED CARE PROVIDERS.—

''(1) AVAILABILITY OF HEARING PRIOR TO TERMINATION OF CONTRACT.—A State may not terminate a contract with an eligible managed care provider under section 1932(a)(1)(B) unless the provider is provided with a hearing prior to the termination.

''(2) NOTICE TO ENROLLEES OF TERMINATION HEARING.—A State shall notify all individuals enrolled with an eligible managed care provider which is the subject of a hearing to terminate the provider's contract with the State of the hearing and that the enrollees may immediately disenroll with the provider for cause.

''(3) OTHER PROTECTIONS FOR ELIGIBLE MANAGED CARE PROVIDERS AGAINST SANCTIONS IMPOSED BY STATE.—Before imposing any sanction against an eligible managed care provider other than termination of the provider's contract, the State shall provide the provider with notice and such other due process protections as the State may provide, except that a State may not provide an eligible managed care provider with a pretermination hearing before imposing the sanction described in subsection (b)(2).

''(4) IMPOSITION OF CIVIL MONETARY PENALTIES BY SECRETARY.—The provisions of section 1128A (other than subsections (a) and (b)) shall apply with respect to a civil money penalty imposed by the Secretary under subsection (b)(1) in the same manner as such provisions apply to a penalty or proceeding under section 1128A.''.

(b) CONFORMING AMENDMENT RELATING TO TERMINATION OF ENROLLMENT FOR CAUSE.—Section 1933(b)(2)(B) of the Social Security Act, as added by this part, is amended by inserting after ''coercion'' the following: '', or pursuant to the imposition against the eligible managed care provider of the sanction described in section 1935(b)(3),''.

SEC. 7107. REPORT ON PUBLIC HEALTH SERVICES.

(a) IN GENERAL.—Not later than January 1, 1994, the Secretary of Health and Human Services (in this subtitle referred to as the ''Secretary'') shall report to the Committee on Finance of the Senate and the Committee on Commerce of the House of Representatives on the effect of risk contracting entities (as defined in section 1932(a)(3) of the Social Security Act) and primary care case management entities (as defined in section 1932(a)(1) of such Act) on the delivery of and payment for the services listed in subsection (f)(2)(C)(ii) of section 1932 of such Act.

(b) CONTENTS OF REPORT.—The report referred to in subsection (a) shall include —

(1) information on the extent to which enrollees with risk contracting entities and primary care case management programs seek services at local health departments, public hospitals, and other facilities that provide care without regard to a patient's ability to pay;

(2) information on the extent to which the facilities described in paragraph (1) provide services to enrollees with risk contracting entities and primary care case management programs without receiving payment;

Continued H 105

(3) information on the effectiveness of systems implemented by facilities described in paragraph (1) for educating such enrollees on services that are available through the risk contracting entities or primary care case management programs with which such enrollees are enrolled;

(4) to the extent possible, identification of the types of services most frequently sought by such enrollees at such facilities; and

(5) recommendations about how to ensure the timely delivery of the services listed in subsection (f)(2)(C)(ii) of section 1931 of the Social Security Act to enrollees of risk contracting entities and primary care case management entities and how to ensure that local health departments, public hospitals, and other facilities are adequately compensated for the provision of such services to such enrollees.

SEC. 7108. REPORT ON PAYMENTS TO HOSPITALS.

(a) IN GENERAL.—Not later than October 1 of each year, beginning with October 1, 1996, the Secretary and the Comptroller General shall analyze and submit a report to the Committee on Finance of the Senate and the Committee on Commerce of the House of Representatives on rates paid for hospital services under coordinated care programs described in section 1932 of the Social Security Act.

(b) CONTENTS OF REPORT.—The information in the report described in subsection (a) shall—

(1) be organized by State, type of hospital, type of service, and

(2) include a comparison of rates paid for hospital services under coordinated care programs with rates paid for hospital services furnished to individuals who are entitled to benefits under a State plan under title XIX of the Social Security Act and are not enrolled in such coordinated care programs.

(c) REPORTS BY STATES.—Each State shall transmit to the Secretary, at such time and in such manner as the Secretary determines appropriate, the information on hospital rates submitted to such State under section 1932(b)(3)(P) of such Act.

SEC. 7109. CONFORMING AMENDMENTS.

(a) EXCLUSION OF CERTAIN INDIVIDUALS AND ENTITIES FROM PARTICIPATION IN PROGRAM.—Section 1128(b)(6)(C) of the Social Security Act (42 U.S.C. 1320a-7(b)(6)(C)) is amended—

(1) in clause (i), by striking ''a health maintenance organization (as defined in section 1903(m))'' and inserting ''an eligible managed care provider, as defined in section 1933(a)(1),''; and

(2) in clause (ii), by inserting ''section 1115 or'' after ''approved under''.

(b) STATE PLAN REQUIREMENTS.—Section 1902 of such Act (42 U.S.C. 1396a) is amended—

(1) in subsection (a)(30)(C), by striking ''section 1903(m)'' and inserting ''section 1932(a)(1)(B)''; and

(2) in subsection (a)(57), by striking ''hospice program, or health maintenance organization (as defined in section 1903(m)(1)(A))'' and inserting ''or hospice program'';

(3) in subsection (e)(2)(A), by striking ''or with an entity described in paragraph (2)(B)(iii), (2)(E), (2)(G), or

(6) of section 1903(m) under a contract described in section 1903(m)(2)(A);

(4) in subsection (p)(2)—

(A) by striking ''a health maintenance organization (as defined in section 1903(m))'' and inserting ''an eligible managed care provider, as defined in section 1933(a)(1),'';

(B) by striking ''an organization'' and inserting ''a provider''; and

(C) by striking ''any organization'' and inserting ''any provider''; and

(5) in subsection (w)(1), by striking ''sections 1903(m)(1)(A) and'' and inserting ''section''.

(c) PAYMENT TO STATES.—Section 1903(w)(7)(A)(viii) of such Act (42 U.S.C. 1396b(w)(7)(A)(viii)) is amended to read as follows:

''(viii) Services of an eligible managed care provider with a contract under section 1932(a)(1)(B).''.

(d) USE OF ENROLLMENT FEES AND OTHER CHARGES.—Section 1916 of such Act (42 U.S.C. 1396o) is amended in subsections (a)(2)(D) and (b)(2)(D) by striking ''a health maintenance organization (as defined in section 1903(m))'' and inserting ''an eligible managed care provider, as defined in section 1933(a)(1),'' each place it appears.

(e) EXTENSION OF ELIGIBILITY FOR MEDICAL ASSISTANCE.—Section 1925(b)(4)(D)(iv) of such Act (42 U.S.C. 1396r-6(b)(4)(D)(iv)) is amended to read as follows:

''(iv) ENROLLMENT WITH ELIGIBLE MANAGED CARE PROVIDER.—Enrollment of the caretaker relative and dependent children with an eligible managed care provider, as defined in section 1933(a)(1), less than 50 percent of the membership (enrolled on a prepaid basis) of which consists of individuals who are eligible to receive benefits under this title (other than because of the option offered under this clause). The option of enrollment under this clause is in addition to, and not in lieu of, any enrollment option that the State might offer under subparagraph (A)(i) with respect to receiving services through an eligible managed care provider in accordance with sections 1932, 1933, and 1934.''.

(f) ASSURING ADEQUATE PAYMENT LEVELS FOR OBSTETRICAL AND PEDIATRIC SERVICES.—Section 1926(a) of such Act (42 U.S.C. 1396r-7(a)) is amended in paragraphs (1) and (2) by striking ''health maintenance organizations under section 1903(m)'' and inserting ''eligible managed care providers under contracts entered into under section 1932(a)(1)(B)'' each place it appears.

(g) PAYMENT FOR COVERED OUTPATIENT DRUGS.—Section 1927(j)(1) of such Act (42 U.S.C. 1396r-8(j)(1)) is amended by striking ''* * * Health Maintenance Organizations, including those organizations that contract under section 1903(m),'' and inserting ''health maintenance organizations and medicaid managed care plans, as defined in section 1933(a)(2),''.

(h) DEMONSTRATION PROJECTS TO STUDY EFFECT OF ALLOWING STATES TO EXTEND MEDICAID COVERAGE FOR CERTAIN FAMILIES.—Section 4745(a)(5)(A) of the Omnibus Budget Reconciliation Act of 1990 (42 U.S.C. 1396a note) is amended by striking ''(except section 1903(m)'' and inserting ''(except sections 1932, 1933, and 1934)''.

SEC. 7110. EFFECTIVE DATE; STATUS OF WAIVERS.

(a) EFFECTIVE DATE.—Except as provided in subsection (b), the amendments made by this subtitle shall apply to medical assistance furnished—

(1) during quarters beginning on or after October 1, 1996; or

(2) in the case of assistance furnished under a contract described in section 7102(b), during quarters beginning after the earlier of—

A) the date of the expiration of the contract; or

(B) the expiration of the 1-year period which begins on the date of the enactment of this Act.

(b) APPLICATION TO WAIVERS.—

(1) EXISTING WAIVERS.—If any waiver granted to a State under section 1115 or 1915 of the Social Security Act (42 U.S.C. 1315, 1396n) or otherwise which relates to the provision of medical assistance under a State plan under title XIX of such Act (42 U.S.C. 1396 et seq.), is in effect or approved by the Secretary of Health and Human Services as of the applicable effective date described in subsection (a), the amendments made by this subtitle shall not apply with respect to the State before the expiration (determined without regard to any extensions) of the waiver to the extent such amendments are inconsistent with the terms of the waiver.

(2) SECRETARIAL EVALUATION AND REPORT FOR EXISTING WAIVERS AND EXTENSIONS.—

(A) PRIOR TO APPROVAL.—On and after the applicable effective date described in subsection (a), the Secretary, prior to extending any waiver granted under section 1115 or 1915 of the Social Security Act (42 U.S.C. 1315, 1396n) or otherwise which relates to the provision of medical assistance under a State plan under title XIX of the such Act (42 U.S.C. 1396 et seq.), shall—

(i) conduct an evaluation of—

(I) the waivers existing under such sections or other provision of law as of the date of the enactment of this Act; and

(II) any applications pending, as of the date of the enactment of this Act, for extensions of waivers under such sections or other provision of law; and

(ii) submit a report to the Congress recommending whether the extension of a waiver under such sections or provision of law should be conditioned on the State submitting the request for an extension complying with the provisions of sections 1932, 1933, and 1934 of the Social Security Act (as added by this subtitle).

(B) DEEMED APPROVAL.—If the Congress has not enacted legislation based on a report submitted under subparagraph (A)(ii) within 120 days after the date such report is submitted to the Congress, the recommendations contained in such report shall be deemed to be approved by the Congress.

Subtitle C—Additional Reforms of Medicaid Acute Care Program

SEC. 7201. PERMITTING INCREASED FLEXIBILITY IN MEDICAID COST-SHARING.

(a) IN GENERAL.—Subsections (a)(3) and (b)(3) of section 1916 of the Social Security Act (42 U.S.C. 1396o) are amended by striking everything that follows ''other care and services'' and inserting the following: ''will be established pursuant to a public schedule of charges and will be adjusted to reflect the income, resources, and family size of the individual provided the item or service.''.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply to items and services furnished on or after the first day of the first calendar quarter beginning after the date of the enactment of this Act.

SEC. 7202. LIMITS ON REQUIRED COVERAGE OF ADDITIONAL TREATMENT SERVICES UNDER EPSDT.

(a) REGULATIONS.—The Secretary of Health and Human Services shall define, by regulation promulgated after consultation with States and organizations representing health care providers, those treatment services (in addition to those otherwise covered under a State plan under title XIX of the Social Security Act) that must be covered under section 1905(r)(5) of such Act.

(b) CONSTRUCTION.—Nothing in subsection (a) shall be construed as limiting the scope of such treatment services a State may cover under such section.

SEC. 7203. DELAY IN APPLICATION OF NEW REQUIREMENTS.

(a) DELAY IN IMPLEMENTATION.—

(1) IN GENERAL.—Notwithstanding any other provision of law, no change in law—

(A) which has the effect of imposing a requirement on a State under a State plan under title XIX of the Social Security Act, and

(B) with respect to the Secretary of Health and Human Services is required to issue regulations to carry out such requirement,

shall take effect until the date the Secretary promulgates such regulation as a final regulation.

(2) STATE OPTION.—Except as otherwise provided by the Secretary, a State may elect to have a change in a law described in paragraph (1) apply with respect to the State during the period (or portion thereof) in which the change would have taken effect but for paragraph (1).

(b) PROHIBITION OF CHANGES IN FINAL REGULATIONS DURING A FISCAL YEAR.—

(1) IN GENERAL.—Except as provided in paragraph (2), any change in a regulation of the Secretary of Health and Human Services relating to the medicaid program under title XIX of the Social Security Act shall not become effective until the beginning of the fiscal year following the fiscal year in which the change was promulgated.

(2) STATE OPTION.—Except as otherwise provided by the Secretary, a State may elect to have a change in a regulation described in paragraph (1) apply with respect to the State during the period (or portion thereof) in which the change would have taken effect but for paragraph (1).

(c) SENSE OF CONGRESS REGARDING FEDERAL PAYMENT FOR NEW MEDICAID MANDATES.—It is the sense of Congress that if a State is required by future legislation to provide for additional services, eligible individuals, or otherwise incur additional costs under its medicaid program under title XIX of the Social Security Act, the Federal Government shall provide for full payment of any such additional costs for at least the first two years in which such requirement applies.

SEC. 7204. DEADLINE ON ACTION ON WAIVERS.

(a) IN GENERAL.—In considering applications for medicaid waivers—

(1) the application shall be deemed granted unless the Secretary of Health and Human Services, within ninety days after the date of the submission of the application of the Secretary, either denies the application in writing or informs the applicant in writing with respect to any additional information which is needed in order to make a final determination with respect to the application, and

(2) after the date the Secretary receives such additional information, the application shall be deemed granted unless the Secretary within ninety days of such date, denies such application.

(b) MEDICAID WAIVERS.—In this section, the term ''medicaid waiver'' means the request of a State for a waiver of a provision of title XIX of the Social Security Act (or of another provision of law that applies to State plans under such title), and includes such a waiver under the authority of section 1115 or section 1915 of the Social Security Act or under section 222 of the Social Security Amendments of 1972 and section 402(a) of the Social Security Amendments of 1967.

Subtitle D—National Commission on Medicaid Restructuring

SEC. 7301. ESTABLISHMENT OF COMMISSION.

(a) IN GENERAL.—There is hereby established the National Commission on Medicaid Restructuring (in this subtitle referred to as the ''Commission'').

(b) COMPOSITION.—The Commission shall be composed as follows:

(1) 2 FEDERAL OFFICIALS.—The President shall appoint 2 Federal officials, one of whom the President shall designate as chairperson of the Commission.

(2) 4 MEMBERS OF CONGRESS.—(A) The Speaker of the House of Representatives shall appoint one Member of the House as a member.

(B) The minority leader of the House of Representatives shall appoint one Member of the House as a member.

(C) The majority leader of the Senate shall appoint one Member of the Senate as a member.

(D) The minority leader of the Senate shall appoint one Member of the Senate as a member.

(3) 6 STATE GOVERNMENT REPRESENTATIVES.—(A) The majority leaders of the House of Representatives and the Senate shall jointly appoint 3 individuals who are governors, State legislators, or State medicaid officials.

(B) The minority leaders of the House of Representatives and the Senate shall jointly appoint 3 individuals who are governors, State legislators, or State medicaid officials.

(4) 6 EXPERTS.—(A) The majority leaders of the House of Representatives and the Senate shall jointly appoint 4 individuals who are not officials of the Federal or State governments and who have expertise in a health-related field, such as medicine, public health, or delivery and financing of health care services.

(B) The President shall appoint 2 individuals who are not officials of the Federal or State governments and who have expertise in a health-related field, such as medicine, public health, or delivery and financing of health care services.

(c) INITIAL APPOINTMENT.—Members of the Commission shall first be appointed by not later than February 1, 1996.

(d) COMPENSATION AND EXPENSES.—

(1) COMPENSATION.—Each member of the Commission shall serve without compensation.

(2) TRAVEL EXPENSES.—Members of the Commission shall be allowed travel expenses, including per diem in lieu of subsistence, at rates authorized for employees of agencies under subchapter I of chapter 57 of title 5, United States Code, while away from their homes or regular places of business in the performance of services for the Commission.

SEC. 7302. DUTIES OF COMMISSION.

(a) STUDY OF MEDICAID PROGRAM.—

(1) IN GENERAL.—The Commission shall study and make recommendations to the Congress, the President, and the Secretary regarding the need for changes (in addition to the changes effected under this title) in the laws and regulations regarding the medicaid program under title XIX of the Social Security Act.

(2) SPECIFIC CONCERNS.—The Commission shall specifically address each of the following:

(A) Changes needed to ensure adequate access to health care for low-income individuals.

(B) Promotion of quality care.

(C) Deterrence of fraud and abuse.

(D) Providing States with additional felxibility in implementing their medicaid plans.

(E) Methods of containing Federal and State costs.

(b) REPORTS.—

(1) FIRST REPORT.—The Commission shall issue a first report to Congress by not later than December 31, 1996.

(2) SUBSEQUENT REPORTS.—The Commission shall issue subsequent reports to Congress by not later than December 31, 1997, and December 31, 1998.

SEC. 7303. ADMINISTRATION.

(a) APPOINTMENT OF STAFF.—

(1) EXECUTIVE DIRECTOR.—The Commission shall have an Executive Director who shall be appointed by the Chairperson with the approval of the Commission. The Executive Director shall be paid at a rate not to exceed the rate of basic pay payable for level III of the Executive Schedule.

(2) STAFF.—With the approval of the Commission, the Executive Director may appoint and determine the compensation of such staff as may be necessary to carry out the duties of the Commission. Such appointments and compensation may be made without regard to the provisions of title 5, United States Code, that govern appointments in the competitive services, and the provisions of chapter 51 and subchapter III of chapter 53 of such title that relate to classifications and the General Schedule pay rates.

(3) CONSULTANTS.—The Commission may procure such temporary and intermittent services of consultants under section 3109(b) of title 5, United States Code, as the Commission determines to be necessary to carry out the duties of the Commission.

(b) PROVISION OF ADMINISTRATIVE SUPPORT SERVICES BY HHS.—Upon the request of the Commission, the Secretary of Health and Human Services shall provide to the Commission on a reimbursable basis such administrative support services as the Commission may request.

SEC. 7304. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated to carry out this subtitle $3,000,000 for fiscal year 1996, $4,000,000 for each of fiscal years 1997 and 1998, and $2,000,000 for fiscal year 1999.

SEC. 7305. TERMINATION.

The Commission shall terminate on December 31, 1998.

Subtitle E—Restrictions on Disproportionate Share Payments

SEC. 7401. REFORMING DISPROPORTIONATE SHARE PAYMENTS UNDER STATE MEDICAID PROGRAMS.

(a) TARGETING PAYMENTS.—Section 1923 of the Social Security Act (42 U.S.C.1396r-3) is amended—

(1) in subsection (a)(1)—

(A) by redesignating subparagraphs (A) and (B) as clauses (i) and (ii),

(B) by striking ''(1)'' and inserting ''(1)(A)'',

(C) in clause (i) (as so redesignated) by striking ''(b)(1)'' and inserting ''(b)(1)(A)'', and

(D) by adding at the end the following:

''(B) A State plan under this title shall not be considered to meet the requirement of section 1902(a)(13)(A) (insofar as it requires payments to hospitals to take into account the situation of hospitals that serve a disproportionate number of low-income patients with special needs), as of July 1, 1996, unless the State has submitted to the Secretary, by not later than such date, an amendment to such plan that utilizes the definition of such hospitals specified in subsection (b)(1)(B) in lieu of the definition established by the State under subparagraph (a)(i).'';

(2) in subsection (a)(2)(A)—

(A) by inserting ''(i)'' after ''(2)(A)'',

(B) by striking ''paragraph (1)'' and inserting ''paragraph (1)(A)(i)'', and

(C) by adding at the end the following:

''(ii) In order to be considered to have met such requirement of section 1902(a)(13)(A) as of July 1, 1996, the State must submit to the Secretary by not later than April 1, 1996, the State plan amendment described in paragraph (1)(B), consistent with subsection (c), effective for inpatient hospital services furnished on or after July 1, 1996.'';

(3) in subsection (b)—

(A) in the heading, by striking ''HOSPITALS DEEMED DISPROPORTIONATE SHARE'' and inserting ''DISPROPORTIONATE SHARE HOSPITALS'',

(B) in paragraph (1)—

(i) by redesignating subparagraphs (A) and (B) as clauses (i) and (ii),

(ii) by striking ''(1) For purposes of subsection (a)(1)'' and inserting ''(1)(A) For purposes of subsection (a)(1)(A)'', and

(iii) by adding at the end the following:

''(B) For purposes of subsection (a)(1)(B), a hospital that meets the requirements of subsection (d) is a disproportionate share hospital only if—

''(i) in the case of a hospital that is not described in subsection (d)(2)(A)(i), the hospital's low-income utilization rate (as defined in paragraph (3)) exceeds 25 percent; or

''(ii) in the case of a hospital that is described in subsection (d)(2)(A)(i)—

''(I) the hospital meets the requirement of clause (i), or

''(II) the hospital's medicaid inpatient utilization rate (as defined in paragraph (2)) exceeds 20 percent.'';

(C) in paragraph (2) by striking ''(1)(A)'' and inserting ''(1)'',

(D) in paragraph (3) by striking ''(1)(B)'' and inserting ''(1)'', and

(E) by striking paragraph (4);

(4) in subsection (c)—

(A) in paragraph (2), by striking ''subparagraph (A) or (B) of subsection (b)(1)'' and inserting ''clause (i) or (ii) of subsection (b)(1)(A)'',

(B) by striking paragraph (3), and

(C) in the matter following paragraph (3)—

(i) by striking ''(1)(B)'' each place it appears and inserting ''(1)(A)(ii)'', and

(ii) by striking ''(2)(A)'' each place it appears and inserting ''(2)(A)(i)'' ; and

(5) in subsection (e)—

(A) in paragraph (1)(C), by striking ''meets the requirement of subsection (d)(3)'' and inserting ''makes payments under this section only to hospitals described in subsection (b)(1)(B)'', and

(B) in paragraph (2)—

(i) by inserting ''and'' at the end of subparagraph (B), and

(ii) by striking subparagraph (C).

(b) DIRECT PAYMENT BY STATE.—Section 1923(a) of such Act (42 U.S.C. 1396r–4(a)), as amended by subsection (a), is further amended—

(1) in paragraph (1), by adding at the end the following

''(C) A State plan under this title shall not be considered to meet the requirement of section 1902(a)(13)(A) (insofar as it requires payments to hospitals to take into account the situation of hospitals that serve a disproportionate number of low-income patients with special needs), as of July 1, 1996, unless the State provides that any payments made under this section with respect to individuals who are—

''(i) entitled to benefits under the State plan, and

''(ii) enrolled with a health maintenance organization or other managed care plan,

are, at the option of the hospital, made directly to such hospital by the State.''; and

(2) in paragraph (2)(A)(ii), by striking ''amendment described in paragraph (1)(B)'' and inserting '' amendments described in subparagraphs (B) and (C) of paragraph (1)''.

(c) ADJUSTMENT TO NATIONAL DSH LIMIT, STATE ALLOCATIONS.—The Secretary of Health and Human Services shall make appropriate adjustments in—

(1) the national DSH payment limit established under section 1923(f)(1)(B) of the Social Security Act, and

(2) the State DSH allotments established under section 1923(f)(2) of such Act,

to reflect the amendments made by subsection (a).

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to payments to States under section 1903(a) of the Social Security Act for payments to hospitals made under State plans after—

(1) July 1, 1996, or

(2) in the case of a State with a State legislature that is not scheduled to have a regular legislative session in 1996, July 1, 1997.

Subtitle F—Fraud Reduction

SEC. 7501. MONITORING PAYMENTS FOR DUAL ELIGIBLES.

The Administrator of the Health Care Financing Administration shall develop mechanisms to better monitor and prevent inappropriate payments under the medicaid program in the case of individuals who are dually eligible for benefits under such program and under the medicare program.

SEC. 7502. IMPROVED IDENTIFICATION SYSTEMS.

The Administrator of the Health Care Financing Administration shall develop improved mechanisms, such as picture identification documents and smart documents, to provide methods of improved identification and tracking of beneficiaries and providers that perpetrate fraud against the medicaid program.

TITLE VIII—MEDICARE

SEC. 8000. SHORT TITLE; REFERENCES IN TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE OF TITLE.—This title may be cited as the ''Medicare Preservation Act of 1995''.

(b) AMENDMENTS TO SOCIAL SECURITY ACT.—Except as otherwise specifically provided, whenever in this title an amendment 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 that section or other provision of the Social Security Act.

(c) REFERENCES TO OBRA.—In this title, the terms ''OBRA–1986'', ''OBRA–1987'', ''OBRA–1989'', ''OBRA–1990'', and ''OBRA–1993'' refer to the Omnibus Budget Reconciliation Act of 1986 (Public Law 99–509), the Omnibus Budget Reconciliation Act of 1987 (Public Law 100–203), the Omnibus Budget Reconciliation Act of 1989 (Public Law 101–239), the Omnibus Budget Reconciliation Act of 1990 (Public Law 101–508), and the Omnibus Budget Reconciliation Act of 1993 (Public Law 103–66), respectively.

(d) TABLE OF CONTENTS.—The table of contents of this title is as follows:

TITLE VIII—MEDICARE

Sec. 8000. Short title; references in title; table of contents.

Subtitle A—Medicare Choice Program

PART 1—INCREASING CHOICE UNDER THE MEDICARE PROGRAM

Sec. 8001. Increasing choice under medicare.
Sec. 8002. Medicare Choice program.

''PART C—PROVISIONS RELATING TO MEDICARE CHOICE

''Sec. 1851. Requirements for Medicare Choice organizations.
''Sec. 1852. Requirements relating to benefits, provision of services, enrollment, and premiums.
''Sec. 1853. Patient protection standards.
''Sec. 1854. Provider-sponsored organizations.
''Sec. 1855. Payments to Medicare Choice organizations.
''Sec. 1856. Establishment of standards for Medicare Choice organizations and products.
''Sec. 1857. Medicare Choice certification.
''Sec. 1858. Contracts with Medicare Choice organizations.
''Sec. 1859. Demonstration project for high deductible/medisave products.

Sec. 8003. Reports.
Sec. 8004. Transitional rules for current medicare HMO program.

PART 2—SPECIAL RULES FOR MEDICARE CHOICE MEDICAL SAVINGS ACCOUNTS

Sec. 8011. Medicare choice MSA's.
Sec. 8012. Certain rebates excluded from gross income.

PART 3—SPECIAL ANTITRUST RULE FOR PROVIDER SERVICE NETWORKS

Sec. 8021. Application of antitrust rule of reason to provider service networks.

PART 4—COMMISSIONS

Sec. 8031. Medicare Payment Review Commission.
Sec. 8032. Commission on the Effect of the Baby Boom Generation on the Medicare Program.

PART 5—PREEMPTION OF STATE ANTI-MANAGED CARE LAWS

Sec. 8041. Preemption of State law restrictions on managed care arrangements.
Sec. 8042. Preemption of State laws restricting utilization review programs.

Subtitle B—Provisions Relating to Regulatory Relief

PART 1—PROVISIONS RELATING TO PHYSICIAN FINANCIAL RELATIONSHIPS

Sec. 8101. Repeal of prohibitions based on compensation arrangements.
Sec. 8102. Revision of designated health services subject to prohibition.
Sec. 8103. Delay in implementation until promulgation of regulations.
Sec. 8104. Exceptions to prohibition.
Sec. 8105. Repeal of reporting requirements.
Sec. 8106. Preemption of State law.
Sec. 8107. Effective date.

PART 2—ANTITRUST REFORM

Sec. 8111. Publication of antitrust guidelines on activities of health plans.
Sec. 8112. Issuance of health care certificates of public advantage.
Sec. 8113. Study of impact on competition.
Sec. 8114. Antitrust exemption.
Sec. 8115. Requirements.
Sec. 8116. Definition.

PART 3—MALPRACTICE REFORM

SUBPART A—UNIFORM STANDARDS FOR MALPRACTICE CLAIMS

Sec. 8121. Applicability.
Sec. 8122. Requirement for initial resolution of action through alternative dispute resolution.
Sec. 8123. Optional application of practice guidelines.
Sec. 8124. Treatment of noneconomic and punitive damages.
Sec. 8125. Periodic payments for future losses.
Sec. 8126. Treatment of attorney's fees and other costs.
Sec. 8127. Uniform statute of limitations.
Sec. 8128. Special provision for certain obstetric services.
Sec. 8129. Jurisdiction of Federal courts.
Sec. 8130. Preemption.

SUBPART B—REQUIREMENTS FOR STATE ALTERNATIVE DISPUTE RESOLUTION SYSTEMS (ADR)

Sec. 8131. Basic requirements.
Sec. 8132. Certification of State systems; applicability of alternative Federal system.
Sec. 8133. Reports on implementation and effectiveness of alternative dispute resolution systems.

SUBPART C—DEFINITIONS

Sec. 8141. Definitions.

PART 4—PAYMENT AREAS FOR PHYSICIANS' SERVICES UNDER MEDICARE

Sec. 8151. Modification of payment areas used to determine payments for physicians' services under medicare.

Subtitle C—Medicare Payments to Health Care Providers

PART 1—PROVISIONS AFFECTING ALL PROVIDERS

Sec. 8201. One-year freeze in payments to providers.

PART 2—PROVISIONS AFFECTING DOCTORS
Sec. 8211. Updating fees for physicians' services.
Sec. 8212. Use of real GDP to adjust for volume and intensity.
PART 3—PROVISIONS AFFECTING HOSPITALS
Sec. 8221. Reduction in update for inpatient hospital services.
Sec. 8222. Elimination of formula-driven overpayments for certain outpatient hospital services.
Sec. 8223. Establishment of prospective payment system for outpatient services.
Sec. 8224. Reduction in medicare payments to hospitals for inpatient capital-related costs.
Sec. 8225. Moratorium on PPS exemption for long-term care hospitals.
PART 4—PROVISIONS AFFECTING OTHER PROVIDERS
Sec. 8231. Revision of payment methodology for home health services.
Sec. 8232. Limitation of home health coverage under part A.
Sec. 8233. Reduction in fee schedule for durable medical equipment.
Sec. 8234. Nursing home billing.
Sec. 8235. Freeze in payments for clinical diagnostic laboratory tests.
PART 5—GRADUATE MEDICAL EDUCATION AND TEACHING HOSPITALS
Sec. 8241. Teaching hospital and graduate medical education trust fund.
Sec. 8242. Reduction in payment adjustments for indirect medical education.

Subtitle D—Provisions Relating to Medicare Beneficiaries

Sec. 8301. Part B premium.
Sec. 8302. Full cost of medicare part B coverage payable by high-income individuals.
Sec. 8303. Expanded coverage of preventive benefits.

Subtitle E—Medicare Fraud Reduction

Sec. 8401. Increasing beneficiary awareness of fraud and abuse.
Sec. 8402. Beneficiary incentives to report fraud and abuse.
Sec. 8403. Elimination of home health overpayments.
Sec. 8404. Skilled nursing facilities.
Sec. 8405. Direct spending for anti-fraud activities under medicare.
Sec. 8406. Fraud reduction demonstration project.
Sec. 8407. Report on competitive pricing.

Subtitle F—Improving Access to Health Care

PART 1—ASSISTANCE FOR RURAL PROVIDERS
SUBPART A—RURAL HOSPITALS
Sec. 8501. Sole community hospitals.
Sec. 8502. Clarification of treatment of EAC and RPC hospitals.
Sec. 8503. Establishment of rural emergency access care hospitals.
Sec. 8504. Classification of rural referral centers.
Sec. 8505. Floor on area wage index.
Sec. 8506. Medical education.
SUBPART B—RURAL PHYSICIANS AND OTHER PROVIDERS
Sec. 8511. Provider incentives.
Sec. 8512. National Health Service Corps loan repayments excluded from gross income.
Sec. 8513. Telemedicine payment methodology.
Sec. 8514. Demonstration project to increase choice in rural areas.
PART 2—MEDICARE SUBVENTION
Sec. 8521. Medicare program payments for health care services provided in the military health services system.

Subtitle G—Other Provisions

Sec. 8601. Extension and expansion of existing secondary payer requirements.
Sec. 8602. Repeal of medicare and medicaid coverage data bank.
Sec. 8603. Clarification of medicare coverage of items and services associated with certain medical devices approved for investigational use.
Sec. 8604. Additional exclusion from coverage.
Sec. 8605. Extending medicare coverage of, and application of hospital insurance tax to, all State and local government employees.

Subtitle H—Monitoring Achievement of Medicare Reform Goals

Sec. 8701. Establishment of budgetary and program goals.
Sec. 8702. Medicare Reform Commission.

Subtitle I—Lock-Box Provisions for Medicare Part B Savings from Growth Reductions

Sec. 8801. Establishment of Medicare Growth Reduction Trust Fund for part B savings.

Subtitle J—Clinical Laboratories

Sec. 8901. Exemption of physician office laboratories.

Subtitle A—Medicare Choice Program

PART 1—INCREASING CHOICE UNDER THE MEDICARE PROGRAM

SEC. 8001. INCREASING CHOICE UNDER MEDICARE.

(a) IN GENERAL.—Title XVIII is amended by inserting after section 1804 the following new section:

''PROVIDING FOR CHOICE OF COVERAGE

''SEC. 1805. (a) CHOICE OF COVERAGE.—

''(1) IN GENERAL.—Subject to the provisions of this section, every individual who is entitled to benefits under part A and enrolled under part B shall elect to receive benefits under this title through one of the following:

''(A) THROUGH FEE-FOR-SERVICE SYSTEM.—Through the provisions of parts A and B.

''(B) THROUGH A MEDICARE CHOICE PRODUCT.—Through a Medicare Choice product (as defined in paragraph (2)), which may be—

''(i) a product offered by a provider-sponsored organization,

''(ii) a product offered by an organization that is a union, Taft-Hartley plan, or association, or

''(iii) a product providing for benefits on a fee-for-service or other basis.

Such a product may be a high deductible/medisave product (and a contribution into a Medicare Choice medical savings account (MSA)) under the demonstration project provided under section 1859.

''(2) MEDICARE CHOICE PRODUCT DEFINED.—For purposes this section and part C, the term 'Medicare Choice product' means health benefits coverage offered under a policy, contract, or plan by a Medicare Choice organization (as defined in section 1851(a)) pursuant to and in accordance with a contract under section 1858.

''(3) TERMINOLOGY RELATING TO OPTIONS.—For purposes of this section and part C—

''(A) NON-MEDICARE-CHOICE OPTION.—An individual who has made the election described in paragraph (1)(A) is considered to have elected the 'Non-Medicare Choice option'.

''(B) MEDICARE CHOICE OPTION.—An individual who has made the election described in paragraph (1)(B) to obtain coverage through a Medicare Choice product is considered to have elected the 'Medicare Choice option' for that product.

''(b) SPECIAL RULES.—

''(1) RESIDENCE REQUIREMENT.—Except as the Secretary may otherwise provide, an individual is eligible to elect a Medicare Choice product offered by a Medicare Choice organization only if the organization in relation to the product serves the geographic area in which the individual resides.

''(2) AFFILIATION REQUIREMENTS FOR CERTAIN PRODUCTS.—

''(A) IN GENERAL.—Subject to subparagraph (B), an individual is eligible to elect a Medicare Choice product offered by a limited enrollment Medicare Choice organization (as defined in section 1852(c)(4)(D)) only if—

''(i) the individual is eligible under section 1852(c)(4) to make such election, and

''(ii) in the case of a Medicare Choice organization that is a union sponsor or Taft-Hartley sponsor (as defined in section 1852(c)(4)), the individual elected under this section a Medicare Choice product offered by the sponsor during the first enrollment period in which the individual was eligible to make such election with respect to such sponsor.

''(B) NO REELECTION AFTER DISENROLLMENT FOR CERTAIN PRODUCTS.—An individual is not eligible to elect a Medicare Choice product offered by a Medicare Choice organization that is a union sponsor or Taft-Hartley sponsor if the individual previously had elected a Medicare Choice product offered by the organization and had subsequently discontinued to elect such a product offered by the organization.

''(c) PROCESS FOR EXERCISING CHOICE.—

''(1) IN GENERAL.—The Secretary shall establish a process through which elections described in subsection (a) are made and changed, including the form and manner in which such elections are made and changed. Such elections shall be made or changed only during coverage election periods specified under subsection (e) and shall become effective as provided in subsection (f).

''(2) EXPEDITED IMPLEMENTATION.—The Secretary shall establish the process of electing coverage under this section during the transition period (as defined in subsection (e)(1)(B)) in such an expedited manner as will permit such an election for Medicare Choice products in an area as soon as such products become available in that area.

''(3) COORDINATION THROUGH MEDICARE CHOICE ORGANIZATIONS.—

''(A) ENROLLMENT.—Such process shall permit an individual who wishes to elect a Medicare Choice product offered by a Medicare Choice organization to make such election through the filing of an appropriate election form with the organization.

''(B) DISENROLLMENT.—Such process shall permit an individual, who has elected a Medicare Choice product offered by a Medicare Choice organization and who wishes to terminate such election, to terminate such election through the filing of an appropriate election form with the organization.

''(4) DEFAULT.—

''(A) INITIAL ELECTION.—

''(i) IN GENERAL.—Subject to clause (ii), an individual who fails to make an election during an initial election period under subsection (e)(1) is deemed to have chosen the Non-Medicare Choice option.

''(ii) SEAMLESS CONTINUATION OF COVERAGE.—The Secretary shall establish procedures under which individuals who are enrolled with a Medicare Choice organization at the time of the initial election period and who fail to elect to receive coverage other than through the organization are deemed to have elected an appropriate Medicare Choice product offered by the organization.

''(B) CONTINUING PERIODS.—An individual who has made (or deemed to have made) an election under this section is considered to have continued to make such election until such time as—

''(i) the individual changes the election under this section, or

''(ii) a Medicare Choice product is discontinued, if the individual had elected such product at the time of the discontinuation.

''(5) AGREEMENTS WITH COMMISSIONER OF SOCIAL SECURITY TO PROMOTE EFFICIENT ADMINISTRATION.—In order to promote the efficient administration of this section and the Medicare Choice program under part C, the Secretary may enter into an agreement with the Commissioner of Social Security under which the Commissioner performs administrative responsibilities relating to enrollment and disenrollment in Medicare Choice products under this section.

''(d) PROVISION OF BENEFICIARY INFORMATION TO PROMOTE INFORMED CHOICE.—

''(1) IN GENERAL.—The Secretary shall provide for activities under this subsection to disseminate broadly information to medicare beneficiaries (and prospective medicare beneficiaries) on the coverage options provided under this section in order to promote an active, informed selection among such options. Such information shall be made available on such a timely basis (such as 6 months before the date an individual would first attain eligibility for medicare on the basis of age) as to permit individuals to elect the Medicare Choice option during the initial election period described in subsection (e)(1).

''(2) USE OF NONFEDERAL ENTITIES.—The Secretary shall, to the maximum extent feasible, enter into contracts with appropriate non-Federal entities to carry out activities under this subsection.

''(3) SPECIFIC ACTIVITIES.—In carrying out this subsection, the Secretary shall provide for at least the following activities in all areas in which Medicare Choice products are offered:

''(A) INFORMATION BOOKLET.—

''(i) IN GENERAL.—The Secretary shall publish an information booklet and disseminate the booklet to all individuals eligible to elect the Medicare Choice option under this section during coverage election periods.

''(ii) INFORMATION INCLUDED.—The booklet shall include information presented in plain English and in a standardized format regarding—

''(I) the benefits (including cost-sharing) and premiums for the various Medicare Choice products in the areas involved;

''(II) the quality of such products, including consumer satisfaction information; and

''(III) rights and responsibilities of medicare beneficiaries under such products.

''(iii) PERIODIC UPDATING.—The booklet shall be updated on a regular basis (not less often than once every 12 months) to reflect changes in the availability of Medicare Choice products and the benefits and premiums for such products.

''(B) TOLL-FREE NUMBER.—The Secretary shall maintain a toll-free number for inquiries regarding Medicare Choice options and the operation of part C.

''(C) GENERAL INFORMATION IN MEDICARE HANDBOOK.—The Secretary shall include information about the Medicare Choice option provided under this section in the annual notice of medicare benefits under section 1804.

''(e) COVERAGE ELECTION PERIODS.—

''(1) INITIAL CHOICE UPON ELIGIBILITY TO MAKE ELECTION.—

''(A) IN GENERAL.—In the case of an individual who first becomes entitled to benefits under part A and enrolled under part B after the beginning of the transition period (as defined in subparagraph (B)), the individual shall make the election under this section during a period (of a duration and beginning at a time specified by the Secretary) at the first time the individual both is entitled to benefits under part A and enrolled under part B. Such period shall be specified in a manner so that, in the case of an individual who elects a Medicare Choice product during the period, coverage under the product becomes effective as of the first date on which the individual may receive such coverage.

''(B) TRANSITION PERIOD DEFINED.—In this subsection, the term 'transition period' means, with respect to an individual in an area, the period beginning on the first day of the first month in which a Medicare Choice product is first made available to individuals in the area and ending with the month preceding the beginning of the first annual, coordinated election period under paragraph (3).

''(2) DURING TRANSITION PERIOD.—Subject to paragraph (6)—

''(A) CONTINUOUS OPEN ENROLLMENT INTO A MEDICARE CHOICE OPTION.—During the transition period, an individual who is eligible to make an election under this section and who has elected the non-Medicare Choice option may change such election to a Medicare Choice option at any time.

''(B) OPEN DISENROLLMENT BEFORE END OF TRANSITION PERIOD.—During the transition period, an individual who has elected a Medicare Choice option for a Medicare Choice product may change such election to another Medicare Choice product or to the non-Medicare Choice option.

''(3) ANNUAL, COORDINATED ELECTION PERIOD.—

''(A) IN GENERAL.—Subject to paragraph (5), each individual who is eligible to make an election under this section may change such election during annual, coordinated election periods.

''(B) ANNUAL, COORDINATED ELECTION PERIOD.—For purposes of this section, the term 'annual, coordinated election period' means, with respect to a calendar year (beginning with 1998), the month of October before such year.

''(C) MEDICARE CHOICE HEALTH FAIR DURING OCTOBER, 1996.—In the month of October, 1996, the Secretary shall provide for a nationally coordinated educational and publicity campaign to inform individuals, who are eligible to elect Medicare Choice products, about such products and the election process provided under this section (including the annual, coordinated election periods that occur in subsequent years).

''(4) SPECIAL 90-DAY DISENROLLMENT OPTION.—

''(A) IN GENERAL.—In the case of the first time an individual elects a Medicare Choice option under this section, the individual may discontinue such election through the filing of an appropriate notice during the 90-day period beginning on the first day on which the individual's coverage under the Medicare Choice product under such option becomes effective.

''(B) EFFECT OF DISCONTINUATION OF ELECTION.—An individual who discontinues an election under this paragraph shall be deemed at the time of such discontinuation to have elected the Non-Medicare Choice option.

''(5) SPECIAL ELECTION PERIODS.—An individual may discontinue an election of a Medicare Choice product offered by a Medicare Choice organization other than during an annual, coordinated election period and make a new election under this section if—

''(A) the organization's or product's certification under part C has been terminated or the organization has terminated or otherwise discontinued providing the product;

''(B) in the case of an individual who has elected a Medicare Choice product offered by a Medicare Choice organization, the individual is no longer eligible to elect the product because of a change in the individual's place of residence or other change in circumstances (specified by the Secretary, but not including termination of membership in a qualified association in the case of a product offered by a qualified association or termination of the individual's enrollment on the basis described in clause (i) or (ii) section 1852(c)(3)(B));

''(C) the individual demonstrates (in accordance with guidelines established by the Secretary) that—

''(i) the organization offering the product substantially violated a material provision of the organization's contract under part C in relation to the individual and the product; or

''(ii) the organization (or an agent or other entity acting on the organization's behalf) materially misrepresented the product's provisions in marketing the product to the individual; or

''(D) the individual meets such other conditions as the Secretary may provide.

''(f) EFFECTIVENESS OF ELECTIONS.—

''(1) DURING INITIAL COVERAGE ELECTION PERIOD.—An election of coverage made during the initial coverage election period under subsection (e)(1)(A) shall take effect upon the date the individual becomes entitled to benefits under part A and enrolled under part B, except as the Secretary may provide (consistent with section 1838) in order to prevent retroactive coverage.

''(2) DURING TRANSITION; 90-DAY DISENROLLMENT OPTION.—An election of coverage made under subsection (e)(2) and an election to discontinue a Medicare Choice option under subsection (e)(4) at any time shall take effect with the first calendar month following the date on which the election is made.

''(3) ANNUAL, COORDINATED ELECTION PERIOD AND MEDISAVE ELECTION.—An election of coverage made during an annual, coordinated election period (as defined in subsection (e)(3)(B)) in a year shall take effect as of the first day of the following year.

''(4) OTHER PERIODS.—An election of coverage made during any other period under subsection (e)(5) shall take effect in such manner as the Secretary provides in a manner consistent (to the extent practicable) with protecting continuity of health benefit coverage.

''(g) EFFECT OF ELECTION OF MEDICARE CHOICE OPTION.—Subject to the provisions of section 1855(f), payments under a contract with a Medicare Choice organization under section 1858(a) with respect to an individual electing a Medicare Choice product offered by the organization shall be instead of the amounts which (in the absence of the contract) would otherwise be payable under parts A and B for items and services furnished to the individual.

''(h) DEMONSTRATION PROJECTS.—The Secretary shall conduct demonstration projects to test alternative approaches to coordinated open enrollments in different markets, including different annual enrollment periods and models of rolling open enrollment periods. The Secretary may waive previous provisions of this section in order to carry out such projects.''.

SEC. 8002. MEDICARE CHOICE PROGRAM.

(a) IN GENERAL.—Title XVIII is amended by redesignating part C as part D and by inserting after part B the following new part:

''PART C—PROVISIONS RELATING TO MEDICARE CHOICE

''REQUIREMENTS FOR MEDICARE CHOICE ORGANIZATIONS

''SEC. 1851. (a) MEDICARE CHOICE ORGANIZATION DEFINED.—In this part, subject to the succeeding provisions of this section, the term 'Medicare Choice organization' means a public or private entity that is certified

under section 1857 as meeting the requirements and standards of this part for such an organization.

''(b) ORGANIZED AND LICENSED UNDER STATE LAW.—

''(1) IN GENERAL.—A Medicare Choice organization shall be organized and licensed under State law to offer health insurance or health benefits coverage in each State in which it offers a Medicare Choice product.

''(2) EXCEPTION FOR UNION AND TAFT-HARTLEY SPONSORS.—Paragraph (1) shall not apply to an Medicare Choice organization that is a union sponsor or Taft-Hartley sponsor (as defined in section 1852(c)(4)).

''(3) EXCEPTION FOR PROVIDER-SPONSORED ORGANIZATIONS.—Subject to paragraph (5), paragraph (1) shall not apply to a Medicare Choice organization that is a provider-sponsored organization (as defined in section 1854(a)).

''(4) EXCEPTION FOR QUALIFIED ASSOCIATIONS.—Paragraph (1) shall not apply to a Medicare Choice organization that is a qualified association (as defined in section 1852(c)(4)(B)).

''(5) LIMITATION.—Effective on and after January 1, 2000, paragraph (1) shall only apply (and paragraph (3) shall no longer apply) to a Medicare Choice organization in a State if the standards for licensure of the organization under the law of the State are identical to the standards established under section 1856(b).

''(c) PREPAID PAYMENT.—A Medicare Choice organization shall be compensated (except for deductibles, coinsurance, and copayments) for the provision of health care services to enrolled members by a payment which is paid on a periodic basis without regard to the date the health care services are provided and which is fixed without regard to the frequency, extent, or kind of health care service actually provided to a member.

''(d) ASSUMPTION OF FULL FINANCIAL RISK.—The Medicare Choice organization shall assume full financial risk on a prospective basis for the provision of the health care services (other than hospice care) for which benefits are required to be provided under section 1852(a)(1), except that the organization—

''(1) may obtain insurance or make other arrangements for the cost of providing to any enrolled member such services the aggregate value of which exceeds $5,000 in any year,

''(2) may obtain insurance or make other arrangements for the cost of such services provided to its enrolled members other than through the organization because medical necessity required their provision before they could be secured through the organization,

''(3) may obtain insurance or make other arrangements for not more than 90 percent of the amount by which its costs for any of its fiscal years exceed 115 percent of its income for such fiscal year, and

''(4) may make arrangements with physicians or other health professionals, health care institutions, or any combination of such individuals or institutions to assume all or part of the financial risk on a prospective basis for the provision of basic health services by the physicians or other health professionals or through the institutions.

In the case of a Medicare Choice organization that is a union sponsor or Taft-Hartley sponsor (as defined in section 1852(c)(4)) or a qualified association (as defined in section 1852(c)(4)(B)), this subsection shall not apply with respect to Medicare Choice products offered by such organization and issued by an organization to which subsection (b)(1) applies or by a provider-sponsored organization (as defined in section 1854(a)).

''(e) PROVISION AGAINST RISK OF INSOLVENCY.—

''(1) IN GENERAL.—Each Medicare Choice organization shall meet standards under section 1856 relating to the financial solvency and capital adequacy of the organization. Such standards shall take into account the nature and type of Medicare Choice products offered by the organization.

''(2) TREATMENT OF TAFT-HARTLEY SPONSORS.—An entity that is a Taft-Hartley sponsor is deemed to meet the requirement of paragraph (1).

''(3) TREATMENT OF CERTAIN QUALIFIED ASSOCIATIONS.—An entity that is a qualified association is deemed to meet the requirement of paragraph (1) with respect to Medicare Choice products offered by such association and issued by an organization to which subsection (b)(1) applies or by a provider-sponsored organization.

''(f) ORGANIZATIONS TREATED AS MEDICAREPLUS ORGANIZATIONS DURING TRANSITION.—Any of the following organizations shall be considered to qualify as a MedicarePlus organization for contract years beginning before January 1, 1997:

''(1) HEALTH MAINTENANCE ORGANIZATIONS.—An organization that is organized under the laws of any State and that is a qualified health maintenance organization (as defined in section 1310(d) of the Public Health Service Act), an organization recognized under State law as a health maintenance organization, or a similar organization regulated under State law for solvency in the same manner and to the same extent as such a health maintenance organization.

''(2) LICENSED INSURERS.—An organization that is organized under the laws of any State and—

''(A) is licensed by a State agency as an insurer for the offering of health benefit coverage, or

''(B) is licensed by a State agency as a service benefit plan,

but only for individuals residing in an area in which the organization is licensed to offer health insurance coverage.

''(3) CURRENT RISK-CONTRACTORS.—An organization that is an eligible organization (as defined in section 1876(b)) and that has a risk-sharing contract in effect under section 1876 as of the date of the enactment of this section.

''REQUIREMENTS RELATING TO BENEFITS, PROVISION OF SERVICES, ENROLLMENT, AND PREMIUMS

''SEC. 1852. (a) BENEFITS COVERED.—

''(1) IN GENERAL.—Each Medicare Choice product offered under this part shall provide benefits for at least the items and services for which benefits are available under parts A and B consistent with the standards for coverage of such items and services applicable under this title.

''(2) ORGANIZATION AS SECONDARY PAYER.—Notwithstanding any other provision of law, a Medicare Choice organization may (in the case of the provision of items and services to an individual under this part under circumstances in which payment under this title is made secondary pursuant to section 1862(b)(2)) charge or authorize the provider of such services to charge, in accordance with the charges allowed under such law or policy—

''(A) the insurance carrier, employer, or other entity which under such law, plan, or policy is to pay for the provision of such services, or

''(B) such individual to the extent that the individual has been paid under such law, plan, or policy for such services.

''(3) SATISFACTION OF REQUIREMENT.—A Medicare Choice product offered by a Medicare Choice organization satisfies paragraph (1) with respect to benefits for items and services if the following requirements are met:

''(A) FEE FOR SERVICE PROVIDERS.—In the case of benefits furnished through a provider that does not have a contract with the organization, the product provides for at least the dollar amount of payment for such items and services as would otherwise be provided under parts A and B.

''(B) PARTICIPATING PROVIDERS.—In the case of benefits furnished through a provider that has such a contract, the individual's liability for payment for such items and services does not exceed (after taking into account any deductible, which does not exceed any deductible under parts A and B) the lesser of the following:

''(i) NON-MEDICARE CHOICE LIABILITY.—The amount of the liability that the individual would have had (based on the provider being a participating provider) if the individual had elected the non-Medicare Choice option.

''(ii) MEDICARE COINSURANCE APPLIED TO PRODUCT PAYMENT RATES.—The applicable coinsurance or copayment rate (that would have applied under the non-Medicare Choice option) of the payment rate provided under the contract.

''(b) ANTIDISCRIMINATION.—A Medicare Choice organization may not deny, limit, or condition the coverage or provision of benefits under this part based on the health status, claims experience, receipt of health care, medical history, or lack of evidence of insurability, of an individual.

''(c) GUARANTEED ISSUE AND RENEWAL.—

''(1) IN GENERAL.—Except as provided in this subsection, a Medicare Choice organization shall provide that at any time during which elections are accepted under section 1805 with respect to a Medicare Choice product offered by the organization, the organization will accept without restrictions individuals who are eligible to make such election.

''(2) PRIORITY.—If the Secretary determines that a Medicare Choice organization, in relation to a Medicare Choice product it offers, has a capacity limit and the number of eligible individuals who elect the product under section 1805 exceeds the capacity limit, the organization may limit the election of individuals of the product under such section but only if priority in election is provided—

''(A) first to such individuals as have elected the product at the time of the determination, and

''(B) then to other such individuals in such a manner that does not discriminate among the individuals (who seek to elect the product) on a basis described in subsection (b).

''(3) LIMITATION ON TERMINATION OF ELECTION.—

''(A) IN GENERAL.—Subject to subparagraph (B), a Medicare Choice organization may not for any reason terminate the election of any individual under section 1805 for a Medicare Choice product it offers.

''(B) BASIS FOR TERMINATION OF ELECTION.—A Medicare Choice organization may terminate an individual's election under section 1805 with respect to a Medicare Choice product it offers if—

''(i) any premiums required with respect to such product are not paid on a timely basis (consistent with standards under section 1856 that provide for a grace period for late payment of premiums),

''(ii) the individual has engaged in disruptive behavior (as specified in such standards), or

''(iii) the product is terminated with respect to all individuals under this part.

Any individual whose election is so terminated is deemed to have elected the Non-Medicare Choice option (as defined in section 1805(a)(3)(A)).

''(C) ORGANIZATION OBLIGATION WITH RESPECT TO ELECTION FORMS.—Pursuant to a contract under section 1858, each Medicare Choice organization receiving an election form under section 1805(c)(2) shall transmit to the Secretary (at such time and in such manner as the Secretary may specify) a copy of such form or such other information respecting the election as the Secretary may specify.

''(4) SPECIAL RULES FOR LIMITED ENROLLMENT MEDICARE CHOICE ORGANIZATIONS.—

''(A) TAFT-HARTLEY SPONSORS.—

''(i) IN GENERAL.—Subject to subparagraph (D), a Medicare Choice organization that is a Taft-Hartley sponsor (as defined in clause (ii)) shall limit eligibility of enrollees under this part for Medicare Choice products it offers to individuals who are entitled to obtain benefits through such products under the terms of an applicable collective bargaining agreement.

''(ii) TAFT-HARTLEY SPONSOR.—In this part and section 1805, the term 'Taft-Hartley sponsor' means, in relation to a group health plan that is established or maintained by two or more employers or jointly by one or more employers and one or more employee organizations, the association, committee, joint board of trustees, or other similar group of representatives of parties who establish or maintain the plan.

''(B) QUALIFIED ASSOCIATIONS.—

''(i) IN GENERAL.—Subject to subparagraph (D), a Medicare Choice organization that is a qualified association (as defined in clause (iii)) shall limit eligibility of individuals under this part for products it offers to individuals who are members of the association (or who are spouses of such individuals).

''(ii) LIMITATION ON TERMINATION OF COVERAGE.—Such a qualifying association offering a Medicare Choice product to an individual may not terminate coverage of the individual on the basis that the individual is no longer a member of the association except pursuant to a change of election during an open election period occurring on or after the date of the termination of membership.

''(iii) QUALIFIED ASSOCIATION.—In this part and section 1805, the term 'qualified association' means an association, religious fraternal organization, or other organization (which may be a trade, industry, or professional association, a chamber of commerce, or a public entity association) that the Secretary finds—

''(I) has been formed for purposes other than the sale of any health insurance and does not restrict membership based on the health status, claims experience, receipt of health care, medical history, or lack of evidence of insurability, of an individual,

''(II) does not exist solely or principally for the purpose of selling insurance, and

''(III) has at least 1,000 individual members or 200 employer members.

Such term includes a subsidiary or corporation that is wholly owned by one or more qualified organizations.

''(C) UNIONS.—

''(i) IN GENERAL.—Subject to subparagraph (D), a union sponsor (as defined in clause (ii)) shall limit eligibility of enrollees under this part for Medicare Choice products it offers to individuals who are members of the sponsor and affiliated with the sponsor through an employment relationship with any employer or are the spouses of such members.

''(ii) UNION SPONSOR.—In this part and section 1805, the term 'union sponsor' means an employee organization in relation to a group health plan that is established or maintained by the organization other than pursuant to a collective bargaining agreement.

''(D) LIMITATION.—Rules of eligibility to carry out the previous subparagraphs of this paragraph shall not have the effect of denying eligibility to individuals on the basis of health status, claims experience, receipt of health care, medical history, or lack of evidence of insurability.

''(E) LIMITED ENROLLMENT MEDICARE CHOICE ORGANIZATION.—In this part and section 1805, the term 'limited enrollment Medicare Choice organization' means a Medicare Choice organization that is a union sponsor, a Taft-Hartley sponsor, or a qualified association.

''(F) EMPLOYER, ETC..—In this paragraph, the terms 'employer', 'employee organization', and 'group health plan' have the meanings given such terms for purposes of part 6 of subtitle B of title I of the Employee Retirement Income Security Act of 1974.

''(d) SUBMISSION AND CHARGING OF PREMIUMS.—

''(1) IN GENERAL.—Each Medicare Choice organization shall file with the Secretary each year, in a form and manner and at a time specified by the Secretary—

''(A) the amount of the monthly premiums for coverage under each Medicare Choice product it offers under this part in each payment area (as determined for purposes of section 1855) in which the product is being offered; and

''(B) the enrollment capacity in relation to the product in each such area.

''(2) AMOUNTS OF PREMIUMS CHARGED.—The amount of the monthly premium charged by a Medicare Choice organization for a Medicare Choice product offered in a payment area to an individual under this part shall be equal to the amount (if any) by which—

''(A) the amount of the monthly premium for the product for the period involved, as established under paragraph (3) and submitted under paragraph (1), exceeds

''(B) 1/12 of the annual Medicare Choice capitation rate specified in section 1855(b)(2) for the area and period involved.

''(3) UNIFORM PREMIUM.—The premiums charged by a Medicare Choice organization under this part may not vary among individuals who reside in the same payment area.

''(4) TERMS AND CONDITIONS OF IMPOSING PREMIUMS.—Each Medicare Choice organization shall permit the payment of monthly premiums on a monthly basis and may terminate election of individuals for a Medicare Choice product for failure to make premium payments only in accordance with subsection (c)(3)(B).

''(5) RELATION OF PREMIUMS AND COST-SHARING TO BENEFITS.—In no case may the portion of a Medicare Choice organization's premium rate and the actuarial value of its deductibles, coinsurance, and copayments charged (to the extent attributable to the minimum benefits described in subsection (a)(1) and not counting any amount attributable to balance billing) to individuals who are enrolled under this part with the organization exceed the actuarial value of the coinsurance and deductibles that would be applicable on the average to individuals enrolled under this part with the organization (or, if the Secretary finds that adequate data are not available to determine that actuarial value, the actuarial value of the coinsurance and deductibles applicable on the average to individuals in the area, in the State, or in the United States, eligible to enroll under this part with the organization, or other appropriate data) and entitled to benefits under part A and enrolled under part B if they were not members of a Medicare Choice organization.

''(e) REQUIREMENT FOR ADDITIONAL BENEFITS, PART B PREMIUM DISCOUNT REBATES, OR BOTH.—

''(1) REQUIREMENT.—

''(A) IN GENERAL.—Each Medicare Choice organization (in relation to a Medicare Choice product it offers) shall provide that if there is an excess amount (as defined in subparagraph (B)) for the product for a contract year, subject to the succeeding provisions of this subsection, the organization shall provide to individuals such additional benefits (as the organization may specify), a monetary rebate (paid on a monthly basis) of the part B monthly premium, or a combination thereof, in an total value which is at least equal to the adjusted excess amount (as defined in subparagraph (C)).

''(B) EXCESS AMOUNT.—For purposes of this paragraph, the 'excess amount', for an organization for a product, is the amount (if any) by which—

''(i) the average of the capitation payments made to the organization under this part for the product at the beginning of contract year, exceeds

''(ii) the actuarial value of the minimum benefits described in subsection (a)(1) under the product for individuals under this part, as determined based upon an adjusted community rate described in paragraph (5) (as reduced for the actuarial value of the coinsurance and deductibles under parts A and B).

''(C) ADJUSTED EXCESS AMOUNT.—For purposes of this paragraph, the 'adjusted excess amount', for an organization for a product, is the excess amount reduced to reflect any amount withheld and reserved for the organization for the year under paragraph (3).

''(D) UNIFORM APPLICATION.—This paragraph shall be applied uniformly for all enrollees for a product in a service area.

''(E) CONSTRUCTION.—Nothing in this subsection shall be construed as preventing a Medicare Choice organization from providing health care benefits that are in addition to the benefits otherwise required to be provided under this paragraph and from imposing a premium for such additional benefits.

''(2) LIMITATION ON AMOUNT OF PART B PREMIUM DISCOUNT REBATE.—In no case shall the amount of a part B premium discount rebate under paragraph (1)(A) exceed, with respect to a month, the amount of premiums imposed under part B (not taking into account section 1839(b) (relating to penalty for late enrollment) or 1839(h) (relating to affluence testing)), for the individual for the month. Except as provided in the previous sentence, a Medicare Choice organization is not authorized to provide for cash or other monetary rebates as an inducement for enrollment or otherwise.

''(3) STABILIZATION FUND.—A Medicare Choice organization may provide that a part of the value of an excess actuarial amount described in paragraph (1) be withheld and reserved in the Federal Hospital Insurance Trust Fund and in the Federal Supplementary Medical Insurance Trust Fund (in such proportions as the Secretary determines to be appropriate) by the Secretary for subsequent annual contract periods, to the extent required to stabilize and prevent undue fluctuations in the additional benefits and rebates offered in those subsequent periods by the organization in accordance with such paragraph. Any of such value of amount reserved which is not provided as additional benefits described in paragraph (1)(A) to individuals electing the Medicare Choice product in accordance with such paragraph prior to the end of such periods, shall revert for the use of such trust funds.

''(4) DETERMINATION BASED ON INSUFFICIENT DATA.—For purposes of this subsection, if the Secretary finds that there is insufficient enrollment experience (including no enrollment experience in the case of a provider-sponsored organization) to determine an average of the capitation payments to be made under this part at the beginning of a contract period, the Secretary may determine

such an average based on the enrollment experience of other contracts entered into under this part.

''(5) ADJUSTED COMMUNITY RATE.—

''(A) IN GENERAL.—For purposes of this subsection, subject to subparagraph (B), the term 'adjusted community rate' for a service or services means, at the election of a Medicare Choice organization, either—

''(i) the rate of payment for that service or services which the Secretary annually determines would apply to an individual electing a Medicare Choice product under this part if the rate of payment were determined under a 'community rating system' (as defined in section 1302(8) of the Public Health Service Act, other than subparagraph (C)), or

''(ii) such portion of the weighted aggregate premium, which the Secretary annually estimates would apply to such an individual, as the Secretary annually estimates is attributable to that service or services,

but adjusted for differences between the utilization characteristics of the individuals electing coverage under this part and the utilization characteristics of the other enrollees with the organization (or, if the Secretary finds that adequate data are not available to adjust for those differences, the differences between the utilization characteristics of individuals selecting other Medicare Choice coverage, or individuals in the area, in the State, or in the United States, eligible to elect Medicare Choice coverage under this part and the utilization characteristics of the rest of the population in the area, in the State, or in the United States, respectively).

''(B) SPECIAL RULE FOR PROVIDER-SPONSORED ORGANIZATIONS.—In the case of a Medicare Choice organization that is a provider-sponsored organization, the adjusted community rate under subparagraph (A) for a Medicare Choice product may be computed (in a manner specified by the Secretary) using data in the general commercial marketplace or (during a transition period) based on the costs incurred by the organization in providing such a product.

''(f) RULES REGARDING PHYSICIAN PARTICIPATION.—

''(1) PROCEDURES.—Each Medicare Choice organization shall establish reasonable procedures relating to the participation (under an agreement between a physician and the organization) of physicians under Medicare Choice products offered by the organization under this part. Such procedures shall include—

''(A) providing notice of the rules regarding participation,

''(B) providing written notice of participation decisions that are adverse to physicians, and

''(C) providing a process within the organization for appealing adverse decisions, including the presentation of information and views of the physician regarding such decision.

''(2) CONSULTATION IN MEDICAL POLICIES.—A Medicare Choice organization shall consult with physicians who have entered into participation agreements with the organization regarding the organization's medical policy, quality, and medical management procedures.

''(3) LIMITATIONS ON PHYSICIAN INCENTIVE PLANS.—

''(A) IN GENERAL.—Each Medicare Choice organization may not operate any physician incentive plan (as defined in subparagraph (B)) unless the following requirements are met:

''(i) No specific payment is made directly or indirectly under the plan to a physician or physician group as an inducement to reduce or limit medically necessary services provided with respect to a specific individual enrolled with the organization.

''(ii) If the plan places a physician or physician group at substantial financial risk (as determined by the Secretary) for services not provided by the physician or physician group, the organization—

''(I) provides stop-loss protection for the physician or group that is adequate and appropriate, based on standards developed by the Secretary that take into account the number of physicians placed at such substantial financial risk in the group or under the plan and the number of individuals enrolled with the organization who receive services from the physician or the physician group, and

''(II) conducts periodic surveys of both individuals enrolled and individuals previously enrolled with the organization to determine the degree of access of such individuals to services provided by the organization and satisfaction with the quality of such services.

''(iii) The organization provides the Secretary with descriptive information regarding the plan, sufficient to permit the Secretary to determine whether the plan is in compliance with the requirements of this subparagraph.

''(B) PHYSICIAN INCENTIVE PLAN DEFINED.—In this paragraph, the term 'physician incentive plan' means any compensation arrangement between a Medicare Choice organization and a physician or physician group that may directly or indirectly have the effect of reducing or limiting services provided with respect to individuals enrolled with the organization under this part.

''(4) EXCEPTION FOR CERTAIN FEE-FOR-SERVICE PLANS.—The previous provisions of this subsection shall not apply in the case of a Medicare Choice organization in relation to a Medicare Choice product if the organization does not have agreements between physicians and the organization for the provision of benefits under the product.

''(g) PROVISION OF INFORMATION.—A Medicare Choice organization shall provide the Secretary with such information on the organization and each Medicare Choice product it offers as may be required for the preparation of the information booklet described in section 1805(d)(3)(A).

''(h) COORDINATED ACUTE AND LONG-TERM CARE BENEFITS UNDER A MEDICARE CHOICE PRODUCT.—Nothing in this part shall be construed as preventing a State from coordinating benefits under its medicaid program under title XIX with those provided under a Medicare Choice product in a manner that assures continuity of a full-range of acute care and long-term care services to poor elderly or disabled individuals eligible for benefits under this title and under such program.

''PATIENT PROTECTION STANDARDS

''SEC. 1853. (a) DISCLOSURE TO ENROLLEES.—A Medicare Choice organization shall disclose in clear, accurate, and standardized form, information regarding all of the following for each Medicare Choice product it offers:

''(1) Benefits under the Medicare Choice product offered, including exclusions from coverage.

''(2) Rules regarding prior authorization or other review requirements that could result in nonpayment.

''(3) Potential liability for cost-sharing for out-of-network services.

''(4) The number, mix, and distribution of participating providers.

''(5) The financial obligations of the enrollee, including premiums, deductibles, copayments, and maximum limits on out-of-pocket losses for items and services (both in and out of network).

''(6) Statistics on enrollee satisfaction with the product and organization, including rates of reenrollment.

''(7) Enrollee rights and responsibilities, including the grievance process provided under subsection (f).

''(8) A statement that the use of the 911 emergency telephone number is appropriate in emergency situations and an explanation of what constitutes an emergency situation.

''(9) A description of the organization's quality assurance program under subsection (d).

Such information shall be disclosed to each enrollee under this part at the time of enrollment and at least annually thereafter.

''(b) ACCESS TO SERVICES.—

''(1) IN GENERAL.—A Medicare Choice organization offering a Medicare Choice product may restrict the providers from whom the benefits under the product are provided so long as—

''(A) the organization makes such benefits available and accessible to each individual electing the product within the product service area with reasonable promptness and in a manner which assures continuity in the provision of benefits;

''(B) when medically necessary the organization makes such benefits available and accessible 24 hours a day and 7 days a week;

''(C) the product provides for reimbursement with respect to services which are covered under subparagraphs (A) and (B) and which are provided to such an individual other than through the organization, if—

''(i) the services were medically necessary and immediately required because of an unforeseen illness, injury, or condition, and

''(ii) it was not reasonable given the circumstances to obtain the services through the organization; and

''(D) coverage is provided for emergency services (as defined in paragraph (5)) without regard to prior authorization or the emergency care provider's contractual relationship with the organization.

''(2) MINIMUM PAYMENT LEVELS WHERE PROVIDING POINT-OF-SERVICE COVERAGE.—If a Medicare Choice product provides benefits for items and services (not described in paragraph (1)(C)) through a network of providers and also permits payment to be made under the product for such items and services not provided through such a network, the payment level under the product with respect to such items and services furnished outside the network shall be at least 70 percent (or, if the effective cost-sharing rate is 50 percent, at least 35 percent) of the lesser of—

''(A) the payment basis (determined without regard to deductibles and cost-sharing) that would have applied for such items and services under parts A and B, or

''(B) the amount charged by the entity furnishing such items and services.

''(3) PROTECTION OF ENROLLEES FOR CERTAIN OUT-OF-NETWORK SERVICES.—

''(A) PARTICIPATING PROVIDERS.—In the case of physicians' services or renal dialysis services described in subparagraph (C) which are furnished by a participating physician or provider of services or renal dialysis facility to an individual enrolled with a Medicare Choice organization under this section, the applicable participation agreement is deemed to provide that the physician or provider of services or renal dialysis facility will accept as payment in full from the organization the amount that would be payable to the physician or provider of services or renal dialysis facility under part B and from the individual under such part, if the individual were not enrolled with such an organization under this part.

''(B) NONPARTICIPATING PROVIDERS.—In the case of physicians' services described in subparagraph (C) which are furnished by a

nonparticipating physician, the limitations on actual charges for such services otherwise applicable under part B (to services furnished by individuals not enrolled with a Medicare Choice organization under this section) shall apply in the same manner as such limitations apply to services furnished to individuals not enrolled with such an organization.

''(C) SERVICES DESCRIBED.—The physicians' services or renal dialysis services described in this subparagraph are physicians' services or renal dialysis services which are furnished to an enrollee of a Medicare Choice organization under this part by a physician, provider of services, or renal dialysis facility who is not under a contract with the organization.

''(4) PROTECTION FOR NEEDED SERVICES.—A Medicare Choice organization that provides covered services through a network of providers shall provide coverage of services provided by a provider that is not part of the network if the service cannot be provided by a provider that is part of the network and the organization authorized the service directly or through referral by the primary care physician who is designated by the organization for the individual involved.

''(5) EMERGENCY SERVICES.—In this subsection, the term 'emergency services' means—

''(A) health care items and services furnished in the emergency department of a hospital, and

''(B) ancillary services routinely available to such department,

to the extent they are required to evaluate and treat an emergency medical condition (as defined in paragraph (6)) until the condition is stabilized.

''(6) EMERGENCY MEDICAL CONDITION.—In paragraph (5), the term 'emergency medical condition' means a medical condition, the onset of which is sudden, that manifests itself by symptoms of sufficient severity, including severe pain, that a prudent layperson, who possesses an average knowledge of health and medicine, could reasonably expect the absence of immediate medical attention to result in—

''(A) placing the person's health in serious jeopardy,

''(B) serious impairment to bodily functions, or

''(C) serious dysfunction of any bodily organ or part.

''(7) PROTECTION AGAINST BALANCE BILLING.—The limitations on billing that apply to a provider (including a physician) under parts A and B in the case of an individual electing the non-Medicare Choice option shall apply to an individual who elects the Medicare Choice option in the case of any provider that (under the Medicare Choice option) may bill the enrollee directly for for services.

''(c) CONFIDENTIALITY AND ACCURACY OF ENROLLEE RECORDS.—Each Medicare Choice organization shall establish procedures—

''(1) to safeguard the privacy of individually identifiable enrollee information, and

''(2) to maintain accurate and timely medical records for enrollees.

''(d) QUALITY ASSURANCE PROGRAM.—

''(1) IN GENERAL.—Each Medicare Choice organization must have arrangements, established in accordance with regulations of the Secretary, for an ongoing quality assurance program for health care services it provides to such individuals.

''(2) ELEMENTS OF PROGRAM.—The quality assurance program shall—

''(A) stress health outcomes;

''(B) provide for the establishment of written protocols for utilization review, based on current standards of medical practice;

''(C) provide review by physicians and other health care professionals of the process followed in the provision of such health care services;

''(D) monitors and evaluates high volume and high risk services and the care of acute and chronic conditions;

''(E) evaluates the continuity and coordination of care that enrollees receive;

''(F) has mechanisms to detect both underutilization and overutilization of services;

''(G) after identifying areas for improvement, establishes or alters practice parameters;

''(H) takes action to improve quality and assesses the effectiveness of such action through systematic follow-up;

''(I) makes available information on quality and outcomes measures to facilitate beneficiary comparison and choice of health coverage options (in such form and on such quality and outcomes measures as the Secretary determines to be appropriate);

''(J) is evaluated on an ongoing basis as to its effectiveness; and

''(K) provide for external accreditation or review, by a utilization and quality control peer review organization under part B of title XI or other qualified independent review organization, of the quality of services furnished by the organization meets professionally recognized standards of health care (including providing adequate access of enrollees to services).

''(3) EXCEPTION FOR CERTAIN FEE-FOR-SERVICE PLANS.—Paragraph (1) and subsection (c)(2) shall not apply in the case of a Medicare Choice organization in relation to a Medicare Choice product to the extent the organization provides for coverage of benefits without restrictions relating to utilization and without regard to whether the provider has a contract or other arrangement with the plan for the provision of such benefits.

''(4) TREATMENT OF ACCREDITATION.—The Secretary shall provide that a Medicare Choice organization is deemed to meet the requirements of paragraphs (1) and (2) of this subsection and subsection (c) if the organization is accredited (and periodically reaccredited) by a private organization under a process that the Secretary has determined assures that the organization meets standards that are no less stringent than the standards established under section 1856 to carry out this subsection and subsection (c).

''(e) COVERAGE DETERMINATIONS.—

''(1) DECISIONS ON NONEMERGENCY CARE.—A Medicare Choice organization shall make determinations regarding authorization requests for nonemergency care on a timely basis, depending on the urgency of the situation.

''(2) APPEALS.—

''(A) IN GENERAL.—Appeals from a determination of an organization denying coverage shall be decided within 30 days of the date of receipt of medical information, but not later than 60 days after the date of the decision.

''(B) PHYSICIAN DECISION ON CERTAIN APPEALS.—Appeal decisions relating to a determination to deny coverage based on a lack of medical necessity shall be made only by a physician.

''(C) EMERGENCY CASES.—Appeals from such a determination involving a life-threatening or emergency situation shall be decided on an expedited basis.

''(f) GRIEVANCES AND APPEALS.—

''(1) GRIEVANCE MECHANISM.—Each Medicare Choice organization must provide meaningful procedures for hearing and resolving grievances between the organization (including any entity or individual through which the organization provides health care services) and enrollees under this part.

''(2) APPEALS.—An enrollee with an organization under this part who is dissatisfied by reason of the enrollee's failure to receive any health service to which the enrollee believes the enrollee is entitled and at no greater charge than the enrollee believes the enrollee is required to pay is entitled, if the amount in controversy is $100 or more, to a hearing before the Secretary to the same extent as is provided in section 205(b), and in any such hearing the Secretary shall make the organization a party. If the amount in controversy is $1,000 or more, the individual or organization shall, upon notifying the other party, be entitled to judicial review of the Secretary's final decision as provided in section 205(g), and both the individual and the organization shall be entitled to be parties to that judicial review. In applying sections 205(b) and 205(g) as provided in this subparagraph, and in applying section 205(l) thereto, any reference therein to the Commissioner of Social Security or the Social Security Administration shall be considered a reference to the Secretary or the Department of Health and Human Services, respectively.

''(3) COORDINATION WITH SECRETARY OF LABOR.—The Secretary shall consult with the Secretary of Labor so as to ensure that the requirements of this subsection, as they apply in the case of grievances referred to in paragraph (1) to which section 503 of the Employee Retirement Income Security Act of 1974 applies, are applied in a manner consistent with the requirements of such section 503.

''(g) INFORMATION ON ADVANCE DIRECTIVES.—Each Medicare Choice organization shall meet the requirement of section 1866(f) (relating to maintaining written policies and procedures respecting advance directives).

''(h) APPROVAL OF MARKETING MATERIALS.—

''(1) SUBMISSION.—Each Medicare Choice organization may not distribute marketing materials unless—

''(A) at least 45 days before the date of distribution the organization has submitted the material to the Secretary for review, and

''(B) the Secretary has not disapproved the distribution of such material.

''(2) REVIEW.—The standards established under section 1856 shall include guidelines for the review of all such material submitted and under such guidelines the Secretary shall disapprove such material if the material is materially inaccurate or misleading or otherwise makes a material misrepresentation.

''(3) DEEMED APPROVAL (1-STOP SHOPPING).—In the case of material that is submitted under paragraph (1)(A) to the Secretary or a regional office of the Department of Health and Human Services and the Secretary or the office has not disapproved the distribution of marketing materials under paragraph (1)(B) with respect to a Medicare Choice product in an area, the Secretary is deemed not to have disapproved such distribution in all other areas covered by the product and organization.

''(4) PROHIBITION OF CERTAIN MARKETING PRACTICES.—Each Medicare Choice organization shall conform to fair marketing standards in relation to Medicare Choice products offered under this part, included in the standards established under section 1856. Such standards shall include a prohibition against an organization (or agent of such an organization) completing any portion of any election form under section 1805 on behalf of any individual.

''(i) ADDITIONAL STANDARDIZED INFORMATION ON QUALITY, OUTCOMES, AND OTHER FACTORS.—

''(1) IN GENERAL.—In addition to any other information required to be provided under this part, each Medicare Choice organization shall provide the Secretary (at a time, not

less frequently than annually, and in an electronic, standardized form and manner specified by the Secretary) such information as the Secretary determines to be necessary, consistent with this part, to evaluate the performance of the organization in providing benefits to enrollees.

''(2) INFORMATION TO BE INCLUDED.—Subject to paragraph (3), information to be provided under this subsection shall include at least the following:

''(A) Information on the characteristics of enrollees that may affect their need for or use of health services and the determination of risk-adjusted payments under section 1855.

''(B) Information on the types of treatments and outcomes of treatments with respect to the clinical health, functional status, and well-being of enrollees.

''(C) Information on health care expenditures and the volume and prices of procedures.

''(D) Information on the flexibility permitted by plans to enrollees in their selection of providers.

''(3) SPECIAL TREATMENT.—The Secretary may waive the provision of such information under paragraph (2), or require such other information, as the Secretary finds appropriate in the case of a newly established Medicare Choice organization for which such information is not available.

''(j) DEMONSTRATION PROJECTS.—The Secretary shall provide for demonstration projects to determine the effectiveness, cost, and impact of alternative methods of providing comparative information about the performance of Medicare Choice organizations and products and the performance of medicare supplemental policies in relation to such products. Such projects shall include information about health care outcomes resulting from coverage under different products and policies.

''PROVIDER-SPONSORED ORGANIZATIONS

''SEC. 1854. (a) PROVIDER-SPONSORED ORGANIZATION DEFINED.—

''(1) IN GENERAL.—In this part, the term 'provider-sponsored organization' means a public or private entity that (in accordance with standards established under subsection (b)) is a provider, or group of affiliated providers, that provides a substantial proportion (as defined by the Secretary under such standards) of the health care items and services under the contract under this part directly through the provider or affiliated group of providers.

''(2) SUBSTANTIAL PROPORTION.—In defining what is a 'substantial proportion' for purposes of paragraph (1), the Secretary—

''(A) shall take into account the need for such an organization to assume responsibility for a substantial proportion of services in order to assure financial stability and the practical difficulties in such an organization integrating a very wide range of service providers; and

''(B) may vary such proportion based upon relevant differences among organizations, such as their location in an urban or rural area.

''(3) AFFILIATION.—For purposes of this subsection, a provider is 'affiliated' with another provider if, through contract, ownership, or otherwise—

''(A) one provider, directly or indirectly, controls, is controlled by, or is under common control with the other,

''(B) each provider is a participant in a lawful combination under which each provider shares, directly or indirectly, substantial financial risk in connection with their operations,

''(C) both providers are part of a controlled group of corporations under section 1563 of the Internal Revenue Code of 1986, or

''(D) both providers are part of an affiliated service group under section 414 of such Code.

''(4) CONTROL.—For purposes of paragraph (3), control is presumed to exist if one party, directly or indirectly, owns, controls, or holds the power to vote, or proxies for, not less than 51 percent of the voting rights or governance rights of another.

''(b) PREEMPTION OF STATE INSURANCE LICENSING REQUIREMENTS.—

''(1) IN GENERAL.—This section supersedes any State law which—

''(A) requires that a provider-sponsored organization meet requirements for insurers of health services or health maintenance organizations doing business in the State with respect to initial capitalization and establishment of financial reserves against insolvency, or

''(B) imposes requirements that would have the effect of prohibiting the organization from complying with the applicable requirements of this part,

insofar as such the law applies to individuals enrolled with the organization under this part.

''(2) EXCEPTION FOR IDENTICAL STANDARDS.—Paragraph (1) shall not apply with respect to any State law to the extent that such law provides the application of standards that are identical to the standards established for provider-sponsored organizations under this part.

''(3) CONSTRUCTION.—Nothing in this subsection shall be construed as affecting the operation of section 514 of the Employee Retirement Income Security Act of 1974.

''PAYMENTS TO MEDICARE CHOICE ORGANIZATIONS

''SEC. 1855. (a) PAYMENTS.—

''(1) IN GENERAL.—Under a contract under section 1858 the Secretary shall pay to each Medicare Choice organization, with respect to coverage of an individual under this part in a payment area for a month, an amount equal to the monthly adjusted Medicare Choice capitation rate (as provided under subsection (b)) with respect to that individual for that area.

''(2) ANNUAL ANNOUNCEMENT.—The Secretary shall annually determine, and shall announce (in a manner intended to provide notice to interested parties) not later than September 7 before the calendar year concerned—

''(A) the annual Medicare Choice capitation rate for each payment area for the year, and

''(B) the factors to be used in adjusting such rates under subsection (b) for payments for months in that year.

''(3) ADVANCE NOTICE OF METHODOLOGICAL CHANGES.—At least 45 days before making the announcement under paragraph (2) for a year, the Secretary shall provide for notice to Medicare Choice organizations of proposed changes to be made in the methodology or benefit coverage assumptions from the methodology and assumptions used in the previous announcement and shall provide such organizations an opportunity to comment on such proposed changes.

''(4) EXPLANATION OF ASSUMPTIONS.—In each announcement made under paragraph (2) for a year, the Secretary shall include an explanation of the assumptions (including any benefit coverage assumptions) and changes in methodology used in the announcement in sufficient detail so that Medicare Choice organizations can compute monthly adjusted Medicare Choice capitation rates for classes of individuals located in each payment area which is in whole or in part within the service area of such an organization.

''(b) MONTHLY ADJUSTED MEDICARE CHOICE CAPITATION RATE.—

''(1) IN GENERAL.—For purposes of this section, the 'monthly adjusted Medicare Choice capitation rate' under this subsection, for a month in a year for an individual in a payment area (specified under paragraph (3)) and in a class (established under paragraph (4)), is 1/12 of the annual Medicare Choice capitation rate specified in paragraph (2) for that area for the year, adjusted to reflect the actuarial value of benefits under this title with respect to individuals in such class compared to the national average for individuals in all classes.

''(2) ANNUAL MEDICARE CHOICE CAPITATION RATES.—

''(A) IN GENERAL.—For purposes of this section, the annual Medicare Choice capitation rate for a payment area for a year is equal to the annual Medicare Choice capitation rate for the area for the previous year (or, in the case of 1996, the average annual per capita rate of payment described in section 1876(a)(1)(C) for the area for 1995) increased by the per capita growth rate for that area and year (as determined under subsection (c)).

''(B) SPECIAL RULES FOR 1996.—

''(i) FLOOR AT 85 PERCENT OF NATIONAL AVERAGE.—In no case shall the annual Medicare Choice capitation rate for a payment area for 1996 be less than 85 percent of the national average of such rates for such year for all payment areas (weighted to reflect the number of medicare beneficiaries in each such area).

''(ii) REMOVAL OF MEDICAL EDUCATION AND DISPROPORTIONATE SHARE HOSPITAL PAYMENTS FROM CALCULATION OF ADJUSTED AVERAGE PER CAPITA COST.—In determining the annual Medicare Choice capitation rate for 1996, the average annual per capita rate of payment described in section 1876(a)(1)(C) for 1995 shall be determined as though the Secretary had excluded from such rate any amounts which the Secretary estimated would have been payable under this title during the year for—

''(I) payment adjustments under section 1886(d)(5)(F) for hospitals serving a disproportionate share of low-income patients; and

''(II) the indirect costs of medical education under section 1886(d)(5)(B) or for direct graduate medical education costs under section 1886(h).

''(3) PAYMENT AREA DEFINED.—

''(A) IN GENERAL.—In this section, the term 'payment area' means—

''(i) a metropolitan statistical area, or

''(ii) all areas of a State outside of such an area.

''(B) SPECIAL RULE FOR ESRD BENEFICIARIES.—Such term means, in the case of the population group described in paragraph (5)(C), each State.

''(4) CLASSES.—

''(A) IN GENERAL.—For purposes of this section, the Secretary shall define appropriate classes of enrollees, consistent with paragraph (5), based on age, gender, welfare status, institutionalization, and such other factors as the Secretary determines to be appropriate, so as to ensure actuarial equivalence. The Secretary may add to, modify, or substitute for such classes, if such changes will improve the determination of actuarial equivalence.

''(B) RESEARCH.—The Secretary shall conduct such research as may be necessary to provide for greater accuracy in the adjustment of capitation rates under this subsection. Such research may include research into the addition or modification of classes under subparagraph (A). The Secretary shall submit to Congress a report on such research by not later than January 1, 1997.

''(5) DIVISION OF MEDICARE POPULATION.—In carrying out paragraph (4) and this section,

the Secretary shall recognize the following separate population groups:

''(A) AGED.—Individuals 65 years of age or older who are not described in subparagraph (C).

''(B) DISABLED.—Disabled individuals who are under 65 years of age and not described in subparagraph (C).

''(C) INDIVIDUALS WITH END STAGE RENAL DISEASE.—Individuals who are determined to have end stage renal disease.

''(c) PER CAPITA GROWTH RATES.—

''(1) FOR 1996.—

''(A) IN GENERAL.—For purposes of this section and subject to subparagraph (B), the per capita growth rates for 1996, for a payment area assigned to a service utilization cohort under subsection (d), shall be the following:

''(i) BELOW AVERAGE SERVICE UTILIZATION COHORT.—For areas assigned to the below average service utilization cohort, 10.0 percent.

''(ii) ABOVE AVERAGE SERVICE UTILIZATION COHORT.—For areas assigned to the above average service utilization cohort, 5.6 percent.

''(iii) HIGHEST SERVICE UTILIZATION COHORT.—For areas assigned to the highest service utilization cohort, 3.2 percent.

''(B) BUDGET NEUTRAL ADJUSTMENT.—The Secretary shall adjust the per capita growth rates specified in subparagraph (A) for all the areas by such uniform factor as may be necessary to assure that the total capitation payments under this section during 1996 are the same as the amount such payments would have been if the per capita growth rate for all such areas for 1996 were equal to the national average per capita growth rate, specified in paragraph (3) for 1996.

''(2) FOR SUBSEQUENT YEARS.—

''(A) IN GENERAL.—For purposes of this section and subject to subparagraph (B), the Secretary shall compute a per capita growth rate for each year after 1996, for each payment area as assigned to a service utilization cohort under subsection (d), consistent with the following rules:

''(i) BELOW AVERAGE SERVICE UTILIZATION COHORT SET AT 143 PERCENT OF NATIONAL AVERAGE PER CAPITA GROWTH RATE.—The per capita growth rate for areas assigned to the below average service utilization cohort for the year shall be 143 percent of the national average per capita growth rate for the year (as specified under paragraph (3)).

''(ii) ABOVE AVERAGE SERVICE UTILIZATION COHORT SET AT 80 PERCENT OF NATIONAL AVERAGE PER CAPITA GROWTH RATE.—The per capita growth rate for areas assigned to the above average service utilization cohort for the year shall be 80 percent of the national average per capita growth rate for the year.

''(iii) HIGHEST SERVICE UTILIZATION COHORT SET AT 40 PERCENT OF NATIONAL AVERAGE PER CAPITA GROWTH RATE.—The per capita growth rate for areas assigned to the highest service utilization cohort for the year shall be 40 percent of the national average per capita growth rate for the year.

''(B) AVERAGE PER CAPITA GROWTH RATE AT NATIONAL AVERAGE TO ASSURE BUDGET NEUTRALITY.—The Secretary shall compute per capita growth rates for a year under subparagraph (A) in a manner so that the weighted average per capita growth rate for all areas for the year (weighted to reflect the number of medicare beneficiaries in each area) is equal to the national average per capita growth rate under paragraph (3) for the year.

''(3) NATIONAL AVERAGE PER CAPITA GROWTH RATES.—In this subsection, the 'national average per capita growth rate' for—

''(A) 1996 is 7.0 percent,

''(B) 1997 is 6.5 percent,

''(C) 1998 is 6.5 percent,

''(D) 1999 is 6.5 percent,

''(E) 2000 is 6.5 percent,

''(F) 2001 is 6.5 percent,

''(G) 2002 is 6.0 percent, and

''(H) each subsequent year is 6.0 percent.

''(d) ASSIGNMENT OF PAYMENT AREAS TO SERVICE UTILIZATION COHORTS.—

''(1) IN GENERAL.—For purposes of determining per capita growth rates under subsection (c) for areas for a year, the Secretary shall assign each payment area to a service utilization cohort (based on the service utilization index value for that area determined under paragraph (2)) as follows:

''(A) BELOW AVERAGE SERVICE UTILIZATION COHORT.—Areas with a service utilization index value of less than 1.00 shall be assigned to the below average service utilization cohort.

''(B) ABOVE AVERAGE SERVICE UTILIZATION COHORT.—Areas with a service utilization index value of at least 1.00 but less than 1.20 shall be assigned to the above average service utilization cohort.

''(C) HIGHEST SERVICE UTILIZATION COHORT.—Areas with a service utilization index value of at least 1.20 shall be assigned to the highest service utilization cohort.

''(2) DETERMINATION OF SERVICE UTILIZATION INDEX VALUES.—In order to determine the per capita growth rate for a payment area for each year (beginning with 1996), the Secretary shall determine for such area and year a service utilization index value, which is equal to—

''(A) the annual Medicare Choice capitation rate under this section for the area for the year in which the determination is made (or, in the case of 1996, the average annual per capita rate of payment (described in section 1876(a)(1)(C)) for the area for 1995); divided by

''(B) the input-price-adjusted annual national Medicare Choice capitation rate (as determined under paragraph (3)) for that area for the year in which the determination is made.

''(3) DETERMINATION OF INPUT-PRICE-ADJUSTED RATES.—

''(A) IN GENERAL.—For purposes of paragraph (2), the 'input-price-adjusted annual national Medicare Choice capitation rate' for a payment area for a year is equal to the sum, for all the types of medicare services (as classified by the Secretary), of the product (for each such type) of—

''(i) the national standardized Medicare Choice capitation rate (determined under subparagraph (B)) for the year,

''(ii) the proportion of such rate for the year which is attributable to such type of services, and

''(iii) an index that reflects (for that year and that type of services) the relative input price of such services in the area compared to the national average input price of such services.

In applying clause (iii), the Secretary shall, subject to subparagraph (C), apply those indices under this title that are used in applying (or updating) national payment rates for specific areas and localities.

''(B) NATIONAL STANDARDIZED MEDICARE CHOICE CAPITATION RATE.—In this paragraph, the 'national standardized Medicare Choice capitation rate' for a year is equal to—

''(i) the sum (for all payment areas) of the product of (I) the annual Medicare Choice capitation rate for that year for the area under subsection (b)(2), and (II) the average number of medicare beneficiaries residing in that area in the year; divided by

''(ii) the total average number of medicare beneficiaries residing in all the payment areas for that year.

''(C) SPECIAL RULES FOR 1996.—In applying this paragraph for 1996—

''(i) medicare services shall be divided into 2 types of services: part A services and part B services;

''(ii) the proportions described in subparagraph (A)(ii) for such types of services shall be—

''(I) for part A services, the ratio (expressed as a percentage) of the average annual per capita rate of payment for the area for part A for 1995 to the total average annual per capita rate of payment for the area for parts A and B for 1995, and

''(II) for part B services, 100 percent minus the ratio described in subclause (I);

''(iii) for the part A services, 70 percent of payments attributable to such services shall be adjusted by the index used under section 1886(d)(3)(E) to adjust payment rates for relative hospital wage levels for hospitals located in the payment area involved;

''(iv) for part B services—

''(I) 66 percent of payments attributable to such services shall be adjusted by the index of the geographic area factors under section 1848(e) used to adjust payment rates for physicians' services furnished in the payment area, and

''(II) of the remaining 34 percent of the amount of such payments, 70 percent shall be adjusted by the index described in clause (iii);

''(v) the index values shall be computed based only on the beneficiary population described in subsection (b)(5)(A).

The Secretary may continue to apply the rules described in this subparagraph (or similar rules) for 1997.

''(e) PAYMENT PROCESS.—

''(1) IN GENERAL.—Subject to section 1859(f), the Secretary shall make monthly payments under this section in advance and in accordance with the rate determined under subsection (a) to the plan for each individual enrolled with a Medicare Choice organization under this part.

''(2) ADJUSTMENT TO REFLECT NUMBER OF ENROLLEES.—

''(A) IN GENERAL.—The amount of payment under this subsection may be retroactively adjusted to take into account any difference between the actual number of individuals enrolled with an organization under this part and the number of such individuals estimated to be so enrolled in determining the amount of the advance payment.

''(B) SPECIAL RULE FOR CERTAIN ENROLLEES.—

''(i) IN GENERAL.—Subject to clause (ii), the Secretary may make retroactive adjustments under subparagraph (A) to take into account individuals enrolled during the period beginning on the date on which the individual enrolls with a Medicare Choice organization under a product operated, sponsored, or contributed to by the individual's employer or former employer (or the employer or former employer of the individual's spouse) and ending on the date on which the individual is enrolled in the organization under this part, except that for purposes of making such retroactive adjustments under this subparagraph, such period may not exceed 90 days.

''(ii) EXCEPTION.—No adjustment may be made under clause (i) with respect to any individual who does not certify that the organization provided the individual with the disclosure statement described in section 1853(a) at the time the individual enrolled with the organization.

''(f) PAYMENTS FROM TRUST FUND.—The payment to a Medicare Choice organization under this section for individuals enrolled under this part with the organization, and payments to a Medicare Choice MSA under subsection (f)(1)(B), shall be made from the Federal Hospital Insurance Trust Fund and the Federal Supplementary Medical Insurance Trust Fund in such proportion as the Secretary determines reflects the relative

weight that benefits under part A and under part B represents of the actuarial value of the total benefits under this title.

''(g) SPECIAL RULE FOR CERTAIN INPATIENT HOSPITAL STAYS.—In the case of an individual who is receiving inpatient hospital services from a subsection (d) hospital (as defined in section 1886(d)(1)(B)) as of the effective date of the individual's—

''(1) election under this part of a Medicare Choice product offered by a Medicare Choice organization—

''(A) payment for such services until the date of the individual's discharge shall be made under this title through the Medicare Choice product or Non-Medicare Choice option (as the case may be) elected before the election with such organization,

''(B) the elected organization shall not be financially responsible for payment for such services until the date after the date of the individual's discharge, and

''(C) the organization shall nonetheless be paid the full amount otherwise payable to the organization under this part; or

''(2) termination of election with respect to a Medicare Choice organization under this part—

''(A) the organization shall be financially responsible for payment for such services after such date and until the date of the individual's discharge,

''(B) payment for such services during the stay shall not be made under section 1886(d) or by any succeeding Medicare Choice organization, and

''(C) the terminated organization shall not receive any payment with respect to the individual under this part during the period the individual is not enrolled.

''ESTABLISHMENT OF STANDARDS FOR MEDICARE CHOICE ORGANIZATIONS AND PRODUCTS

''SEC. 1856. (a) INTERIM STANDARDS.—

''(1) IN GENERAL.—The Secretary shall issue regulations regarding standards for Medicare Choice organizations and products within 180 days after the date of the enactment of this section. Such regulations shall be issued on an interim basis, but shall become effective upon publication and shall be effective through the end of 1999.

''(2) SOLICITATION OF VIEWS.—In developing standards under this subsection relating to solvency of Medicare Choice organizations, the Secretary shall solicit the views of the American Academy of Actuaries.

''(3) EFFECT ON STATE REGULATIONS.—Regulations under this subsection shall not preempt State regulations for Medicare Choice organizations for products not offered under this part.

''(b) PERMANENT STANDARDS.—

''(1) IN GENERAL.—The Secretary shall develop permanent standards under this subsection.

''(2) CONSULTATION.—In developing standards under this subsection, the Secretary shall consult with the National Association of Insurance Commissioners, associations representing the various types of Medicare Choice organizations, and medicare beneficiaries.

''(3) EFFECTIVENESS.—The standards under this subsection shall take effect for periods beginning on or after January 1, 2000.

''(c) SOLVENCY.—In establishing interim and permanent standards under this section relating to solvency of organizations, the Secretary shall recognize the multiple means of demonstrating solvency, including—

''(1) reinsurance purchased through a recognized commerce company or through a capitive company owned directly or indirectly by 3 or more provider-sponsored organizations,

''(2) unrestricted surplus,

''(3) guarantees, and

''(4) letters of credit.

In such standards, the Secretary may treat as admitted assets the assets used by a provider-sponsored organization in delivering covered services.

''(d) APPLICATION OF NEW STANDARDS TO ENTITIES WITH A CONTRACT.—In the case of a Medicare Choice organization with a contract in effect under this part at the time standards applicable to the organization under this section are changed, the organization may elect not to have such changes apply to the organization until the end of the current contract year (or, if there is less than 6 months remaining in the contract year, until 1 year after the end of the current contract year).

''(e) RELATION TO STATE LAWS.—The standards established under this section shall supersede any State law. The standard or regulation with respect to Medicare Choice products which are offered by Medicare Choice organizations and are issued by organizations to which section 1851(b)(1) applies, to the extent such law or regulation is inconsistent with such standards.

''MEDICARE CHOICE CERTIFICATION

''SEC. 1857. (a) IN GENERAL.—

''(1) ESTABLISHMENT.—The Secretary shall establish a process for the certification of organizations and products offered by organizations as meeting the applicable standards for Medicare Choice organizations and Medicare Choice products established under section 1856.

''(2) INVOLVEMENT OF SECRETARY OF LABOR.—Such process shall be established and operated in cooperation with the Secretary of Labor with respect to union sponsors and Taft-Hartley sponsors.

''(3) USE OF PRIVATE ACCREDITATION PROCESSES.—

''(A) IN GENERAL.—The process under this subsection shall, to the maximum extent practicable, provide that Medicare Choice organizations and products that are licensed or certified through a qualified private accreditation process that the Secretary finds applies standards that are no less stringent than the requirements of this part are deemed to meet the corresponding requirements of this part for such an organization or product.

''(B) PERIODIC ACCREDITATION.—The use of an accreditation under subparagraph (A) shall be valid only for such period as the Secretary specifies.

''(4) USER FEES.—The Secretary may impose user fees on entities seeking certification under this subsection in such amounts as the Secretary deems sufficient to finance the costs of such certification.

''(b) NOTICE TO ENROLLEES IN CASE OF DECERTIFICATION.—If a Medicare Choice organization or product is decertified under this section, the organization shall notify each enrollee with the organization and product under this part of such decertification.

''(c) QUALIFIED ASSOCIATIONS.—In the case of Medicare Choice products offered by a Medicare Choice organization that is a qualified association (as defined in section 1854(c)(4)(C)) and issued by an organization to which section 1851(b)(1) applies or by a provider-sponsored organization (as defined in section 1854(a)), nothing in this section shall be construed as limiting the authority of States to regulate such products.

''CONTRACTS WITH MEDICARE CHOICE ORGANIZATIONS

''SEC. 1858. (a) IN GENERAL.—The Secretary shall not permit the election under section 1805 of a Medicare Choice product offered by a Medicare Choice organization under this part, and no payment shall be made under section 1856 to an organization, unless the Secretary has entered into a contract under this section with an organization with respect to the offering of such product. Such a contract with an organization may cover more than one Medicare Choice product. Such contract shall provide that the organization agrees to comply with the applicable requirements and standards of this part and the terms and conditions of payment as provided for in this part.

''(b) ENROLLMENT REQUIREMENTS.—

''(A) MINIMUM ENROLLMENT REQUIREMENT.—Subject to subparagraphs (B) and (C), the Secretary may not enter into a contract under this section with a Medicare Choice organization (other than a union sponsor or Taft-Hartley sponsor) unless the organization has at least 5,000 individuals (or 1,500 individuals in the case of an organization that is a provider-sponsored organization) who are receiving health benefits through the organization, except that the standards under section 1856 may permit the organization to have a lesser number of beneficiaries (but not less than 500 in the case of an organization that is a provider-sponsored organization) if the organization primarily serves individuals residing outside of urbanized areas.

''(B) ALLOWING TRANSITION.—The Secretary may waive the requirement of subparagraph (A) during the first 3 contract years with respect to an organization.

''(C) TREATMENT OF AREAS WITH LOW MANAGED CARE PENETRATION.—The Secretary may waive the requirement of subparagraph (A) in the case of organizations operating in areas in which there is a low proportion of medicare beneficiaries who have made the Medicare Choice election.

''(2) REQUIREMENT FOR ENROLLMENT OF NON-MEDICARE BENEFICIARIES.—

''(A) IN GENERAL.—Each Medicare Choice organization with which the Secretary enters into a contract under this section shall have, for the duration of such contract, an enrolled membership at least one-half of which consists of individuals who are not entitled to benefits under this title or under a State plan approved under title XIX.

''(B) EXCEPTION.—Subparagraph (A) shall not apply to—

''(i) an organization that has been certified by a national organization recognized by the Secretary and has been found to have met performance standards established by the Secretary for at least 2 years, or

''(ii) a provider-sponsored organization for which commercial payments to providers participating in the organization exceed the payments to the organization under this part.

''(C) MODIFICATION AND WAIVER.—The Secretary may modify or waive the requirement imposed by subparagraph (A)—

''(i) to the extent that more than 50 percent of the population of the area served by the organization consists of individuals who are entitled to benefits under this title or under a State plan approved under title XIX, or

''(ii) in the case of an organization that is owned and operated by a governmental entity, only with respect to a period of three years beginning on the date the organization first enters into a contract under this section, and only if the organization has taken and is making reasonable efforts to enroll individuals who are not entitled to benefits under this title or under a State plan approved under title XIX.

''(D) ENFORCEMENT.—If the Secretary determines that an organization has failed to comply with the requirements of this paragraph, the Secretary may provide for the suspension of enrollment of individuals under this part or of payment to the organization under this part for individuals newly

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enrolled with the organization, after the date the Secretary notifies the organization of such noncompliance.

''(c) CONTRACT PERIOD AND EFFECTIVENESS.—

''(1) PERIOD.—Each contract under this section shall be for a term of at least one year, as determined by the Secretary, and may be made automatically renewable from term to term in the absence of notice by either party of intention to terminate at the end of the current term.

''(2) TERMINATION AUTHORITY.—In accordance with procedures established under subsection (h), the Secretary may at any time terminate any such contract or may impose the intermediate sanctions described in an applicable paragraph of subsection (g) on the Medicare Choice organization if the Secretary determines that the organization—

''(A) has failed substantially to carry out the contract;

''(B) is carrying out the contract in a manner inconsistent with the efficient and effective administration of this part;

''(C) is operating in a manner that is not in the best interests of the individuals covered under the contract; or

''(D) no longer substantially meets the applicable conditions of this part.

''(3) EFFECTIVE DATE OF CONTRACTS.—The effective date of any contract executed pursuant to this section shall be specified in the contract.

''(4) PREVIOUS TERMINATIONS.—The Secretary may not enter into a contract with a Medicare Choice organization if a previous contract with that organization under this section was terminated at the request of the organization within the preceding five-year period, except in circumstances which warrant special consideration, as determined by the Secretary.

''(5) NO CONTRACTING AUTHORITY.—The authority vested in the Secretary by this part may be performed without regard to such provisions of law or regulations relating to the making, performance, amendment, or modification of contracts of the United States as the Secretary may determine to be inconsistent with the furtherance of the purpose of this title.

''(d) PROTECTIONS AGAINST FRAUD AND BENEFICIARY PROTECTIONS.—

''(1) INSPECTION AND AUDIT.—Each contract under this section shall provide that the Secretary, or any person or organization designated by the Secretary—

''(A) shall have the right to inspect or otherwise evaluate (i) the quality, appropriateness, and timeliness of services performed under the contract and (ii) the facilities of the organization when there is reasonable evidence of some need for such inspection, and

''(B) shall have the right to audit and inspect any books and records of the Medicare Choice organization that pertain (i) to the ability of the organization to bear the risk of potential financial losses, or (ii) to services performed or determinations of amounts payable under the contract.

''(2) ENROLLEE NOTICE AT TIME OF TERMINATION.—Each contract under this section shall require the organization to provide (and pay for) written notice in advance of the contract's termination, as well as a description of alternatives for obtaining benefits under this title, to each individual enrolled with the organization under this part.

''(3) DISCLOSURE.—

''(A) IN GENERAL.—Each Medicare Choice organization shall, in accordance with regulations of the Secretary, report to the Secretary financial information which shall include the following:

''(i) Such information as the Secretary may require demonstrating that the organization has a fiscally sound operation.

''(ii) A copy of the report, if any, filed with the Health Care Financing Administration containing the information required to be reported under section 1124 by disclosing entities.

''(iii) A description of transactions, as specified by the Secretary, between the organization and a party in interest. Such transactions shall include—

''(I) any sale or exchange, or leasing of any property between the organization and a party in interest;

''(II) any furnishing for consideration of goods, services (including management services), or facilities between the organization and a party in interest, but not including salaries paid to employees for services provided in the normal course of their employment and health services provided to members by hospitals and other providers and by staff, medical group (or groups), individual practice association (or associations), or any combination thereof; and

''(III) any lending of money or other extension of credit between an organization and a party in interest.

The Secretary may require that information reported respecting an organization which controls, is controlled by, or is under common control with, another entity be in the form of a consolidated financial statement for the organization and such entity.

''(B) PARTY IN INTEREST DEFINED.—For the purposes of this paragraph, the term 'party in interest' means—

''(i) any director, officer, partner, or employee responsible for management or administration of a Medicare Choice organization, any person who is directly or indirectly the beneficial owner of more than 5 percent of the equity of the organization, any person who is the beneficial owner of a mortgage, deed of trust, note, or other interest secured by, and valuing more than 5 percent of the organization, and, in the case of a Medicare Choice organization organized as a nonprofit corporation, an incorporator or member of such corporation under applicable State corporation law;

''(ii) any entity in which a person described in clause (i)—

''(I) is an officer or director;

''(II) is a partner (if such entity is organized as a partnership);

''(III) has directly or indirectly a beneficial interest of more than 5 percent of the equity; or

''(IV) has a mortgage, deed of trust, note, or other interest valuing more than 5 percent of the assets of such entity;

''(iii) any person directly or indirectly controlling, controlled by, or under common control with an organization; and

''(iv) any spouse, child, or parent of an individual described in clause (i).

''(C) ACCESS TO INFORMATION.—Each Medicare Choice organization shall make the information reported pursuant to subparagraph (A) available to its enrollees upon reasonable request.

''(4) LOAN INFORMATION.—The contract shall require the organization to notify the Secretary of loans and other special financial arrangements which are made between the organization and subcontractors, affiliates, and related parties.

''(f) ADDITIONAL CONTRACT TERMS.—The contract shall contain such other terms and conditions not inconsistent with this part (including requiring the organization to provide the Secretary with such information) as the Secretary may find necessary and appropriate.

''(g) INTERMEDIATE SANCTIONS.—

''(1) IN GENERAL.—If the Secretary determines that a Medicare Choice organization with a contract under this section—

''(A) fails substantially to provide medically necessary items and services that are required (under law or under the contract) to be provided to an individual covered under the contract, if the failure has adversely affected (or has substantial likelihood of adversely affecting) the individual;

''(B) imposes premiums on individuals enrolled under this part in excess of the premiums permitted;

''(C) acts to expel or to refuse to re-enroll an individual in violation of the provisions of this part;

''(D) engages in any practice that would reasonably be expected to have the effect of denying or discouraging enrollment (except as permitted by this part) by eligible individuals with the organization whose medical condition or history indicates a need for substantial future medical services;

''(E) misrepresents or falsifies information that is furnished—

''(i) to the Secretary under this part, or

''(ii) to an individual or to any other entity under this part;

''(F) fails to comply with the requirements of section 1852(f)(3); or

''(G) employs or contracts with any individual or entity that is excluded from participation under this title under section 1128 or 1128A for the provision of health care, utilization review, medical social work, or administrative services or employs or contracts with any entity for the provision (directly or indirectly) through such an excluded individual or entity of such services;

the Secretary may provide, in addition to any other remedies authorized by law, for any of the remedies described in paragraph (2).

''(2) REMEDIES.—The remedies described in this paragraph are—

''(A) civil money penalties of not more than $25,000 for each determination under paragraph (1) or, with respect to a determination under subparagraph (D) or (E)(i) of such paragraph, of not more than $100,000 for each such determination, plus, with respect to a determination under paragraph (1)(B), double the excess amount charged in violation of such paragraph (and the excess amount charged shall be deducted from the penalty and returned to the individual concerned), and plus, with respect to a determination under paragraph (1)(D), $15,000 for each individual not enrolled as a result of the practice involved,

''(B) suspension of enrollment of individuals under this part after the date the Secretary notifies the organization of a determination under paragraph (1) and until the Secretary is satisfied that the basis for such determination has been corrected and is not likely to recur, or

''(C) suspension of payment to the organization under this part for individuals enrolled after the date the Secretary notifies the organization of a determination under paragraph (1) and until the Secretary is satisfied that the basis for such determination has been corrected and is not likely to recur.

''(3) OTHER INTERMEDIATE SANCTIONS.—In the case of a Medicare Choice organization for which the Secretary makes a determination under subsection (c)(2) the basis of which is not described in paragraph (1), the Secretary may apply the following intermediate sanctions:

''(A) civil money penalties of not more than $25,000 for each determination under subsection (c)(2) if the deficiency that is the basis of the determination has directly adversely affected (or has the substantial likelihood of adversely affecting) an individual covered under the organization's contract;

''(B) civil money penalties of not more than $10,000 for each week beginning after the initiation of procedures by the Secretary under subsection (h) during which the deficiency that is the basis of a determination under subsection (c)(2) exists; and

''(C) suspension of enrollment of individuals under this part after the date the Secretary notifies the organization of a determination under subsection (c)(2) and until the Secretary is satisfied that the deficiency that is the basis for the determination has been corrected and is not likely to recur.

''(4) PROCEDURES FOR IMPOSING SANCTIONS.—The provisions of section 1128A (other than subsections (a) and (b)) shall apply to a civil money penalty under paragraph (1) or (2) in the same manner as they apply to a civil money penalty or proceeding under section 1128A(a).

''(h) PROCEDURES FOR IMPOSING SANCTIONS.—The Secretary may terminate a contract with a Medicare Choice organization under this section or may impose the intermediate sanctions described in subsection (g) on the organization in accordance with formal investigation and compliance procedures established by the Secretary under which—

''(1) the Secretary provides the organization with the opportunity to develop and implement a corrective action plan to correct the deficiencies that were the basis of the Secretary's determination under subsection (c)(2);

''(2) the Secretary shall impose more severe sanctions on organizations that have a history of deficiencies or that have not taken steps to correct deficiencies the Secretary has brought to their attention;

''(3) there are no unreasonable or unnecessary delays between the finding of a deficiency and the imposition of sanctions; and

''(4) the Secretary provides the organization with reasonable notice and opportunity for hearing (including the right to appeal an initial decision) before imposing any sanction or terminating the contract.

''DEMONSTRATION PROJECT FOR HIGH DEDUCTIBLE/MEDISAVE PRODUCTS

''SEC. 1859. (a) IN GENERAL.—The Secretary shall permit, on a demonstration project basis, the offering of high deductible/medisave products under this part, subject to the special rules provided under this section.

''(b) HIGH DEDUCTIBLE/MEDISAVE PRODUCT DEFINED.—

''(1) IN GENERAL.—In this part, the term 'high deductible/medisave product' means a Medicare Choice product that—

''(A) provides reimbursement for at least the items and services described in section 1852(a)(1) in a year but only after the enrollee incurs countable expenses (as specified under the product) equal to the amount of a deductible (described in paragraph (2));

''(B) counts as such expenses (for purposes of such deductible) at least all amounts that would have been payable under parts A and B or by the enrollee if the enrollee had elected to receive benefits through the provisions of such parts; and

''(C) provides, after such deductible is met for a year and for all subsequent expenses for benefits referred to in subparagraph (A) in the year, for a level of reimbursement that is not less than—

''(i) 100 percent of such expenses, or

''(ii) 100 percent of the amounts that would have been paid (without regard to any deductibles or coinsurance) under parts A and B with respect to such expenses,

whichever is less. Such term does not include the Medicare Choice MSA itself or any contribution into such account.

''(2) DEDUCTIBLE.—The amount of deductible under a high deductible/medisave product—

''(A) for contract year 1997 shall be not more than $10,000; and

''(B) for a subsequent contract year shall be not more than the maximum amount of such deductible for the previous contract year under this paragraph increased by the national average per capita growth rate under section 1855(c)(3) for the year.

If the amount of the deductible under subparagraph (B) is not a multiple of $50, the amount shall be rounded to the nearest multiple of $50.

''(c) SPECIAL RULES RELATING TO ENROLLMENT.—The rule under section 1805 relating to election of medicare choice products shall apply to election of high deductible/medisave products offered under the demonstration project under this section, except as follows:

''(1) SPECIAL RULE FOR CERTAIN ANNUITANTS.—An individual is not eligible to elect a high deductible/medisave product under section 1805 if the individual is entitled to benefits under chapter 89 of title 5, United States Code, as an annuitant or spouse of an annuitant.

''(2) TRANSITION PERIOD RULE.—During the transition period (as defined in section 1805(e)(1)(B)), an individual who has elected a high deductible/medisave product may not change such election to a Medicare Choice product that is not a high deductible/medisave product unless the individual has had such election in effect for 12 months.

''(3) NO 90-DAY DISENROLLMENT OPTION.—Paragraph (4)(A) of section 1805(e) shall not apply to an individual who elects a high deductible/medisave product.

''(4) TIMING OF ELECTION.—An individual may elect a high deductible/medisave product only during an annual, coordinated election period described in section 1805(e)(3)(B) or during the month of October, 1996.

''(5) EFFECTIVENESS OF ELECTION.—An election of coverage for a high deductible/medisave product made in a year shall take effect as of the first day of the following year.

''(d) SPECIAL RULES RELATING TO BENEFITS.—

''(1) IN GENERAL.—Paragraphs (1) and (3) of section 1852(a) shall not apply to high deductible/medisave products.

''(2) PREMIUMS.—

''(A) APPLICATION OF ALTERNATIVE PREMIUM.—In applying section 1852(d)(2) in the case of a high deductible/medisave product, instead of the amount specified in subparagraph (B) there shall be substituted the monthly adjusted Medicare Choice capitation rate specified in section 1855(b)(1) for the individual and period involved.

''(B) CLASS ADJUSTED PREMIUMS.—Notwithstanding section 1852(d)(3), a Medicare Choice organization shall establish premiums for any high deductible/medisave product it offers in a payment area based on each of the risk adjustment categories established for purposes of determining the amount of the payment to Medicare Choice organizations under section 1855(b)(1) and using the identical demographic and other adjustments among such categories as are used for such purposes.

''(C) REQUIREMENT FOR ADDITIONAL BENEFITS NOT APPLICABLE.—Section 1852(e)(1)(A) shall not apply to a high deductible/medisave product.

''(e) ADDITIONAL DISCLOSURE.—In any disclosure made pursuant to section 1853(a)(1) for a high deductible/medisave product, the disclosure shall include a comparison of benefits under such a product with benefits under other Medicare Choice products.

''(f) SPECIAL RULES FOR INDIVIDUALS ELECTING HIGH DEDUCTIBLE/MEDISAVE PRODUCT.—

''(1) IN GENERAL.—In the case of an individual who has elected a high deductible/medisave product, notwithstanding the provisions of section 1855—

''(A) the amount of the payment to the Medicare Choice organization offering the high deductible/medisave product shall not exceed the premium for the product, and

''(B) subject to paragraph (2), the difference between the amount of payment that would otherwise be made and the amount of payment to such organization shall be made directly into a Medicare Choice MSA established (and, if applicable, designated) by the individual under paragraph (2).

''(2) ESTABLISHMENT AND DESIGNATION OF MEDICARE CHOICE MEDICAL SAVINGS ACCOUNT AS REQUIREMENT FOR PAYMENT OF CONTRIBUTION.—In the case of an individual who has elected coverage under a high deductible/medisave product, no payment shall be made under paragraph (1)(B) on behalf of an individual for a month unless the individual—

''(A) has established before the beginning of the month (or by such other deadline as the Secretary may specify) a Medicare Choice MSA (as defined in section 137(b) of the Internal Revenue Code of 1986), and

''(B) if the individual has established more than one Medicare Choice MSA, has designated one of such accounts as the individual's Medicare Choice MSA for purposes of this part.

Under rules under this section, such an individual may change the designation of such account under subparagraph (B) for purposes of this part.

''(3) LUMP SUM DEPOSIT OF MEDICAL SAVINGS ACCOUNT CONTRIBUTION.—In the case of an individual electing a high deductible/medisave product effective beginning with a month in a year, the amount of the contribution to the Medicare Choice MSA on behalf of the individual for that month and all successive months in the year shall be deposited during that first month. In the case of a termination of such an election as of a month before the end of a year, the Secretary shall provide for a procedure for the recovery of deposits attributable to the remaining months in the year.

''(g) SPECIAL CONTRACT RULES.—

''(1) ENROLLMENT REQUIREMENTS WAIVED.—Subsection (b) of section 1858 shall not apply with respect to a contract that relates only to one or more high deductible/medisave products.

''(2) EFFECTIVE DATE OF CONTRACTS.—In no case shall a contract under section 1858 which provides for coverage under a high deductible/medisave account be effective before January 1997 with respect to such coverage.''.

(b) CONFORMING REFERENCES TO PREVIOUS PART C.—Any reference in law (in effect before the date of the enactment of this Act) to part C of title XVIII of the Social Security Act is deemed a reference to part D of such title (as in effect after such date).

(c) USE OF INTERIM, FINAL REGULATIONS.—In order to carry out the amendment made by subsection (a) in a timely manner, the Secretary of Health and Human Services may promulgate regulations that take effect on an interim basis, after notice and pending opportunity for public comment.

(d) ADVANCE DIRECTIVES.—Section 1866(f)(1) (42 U.S.C. 1395cc(f)(1)) is amended—

(1) in paragraph (1)—

(A) by inserting ''1853(g),'' after ''1833(s),'', and

(B) by inserting '', Medicare Choice organization,'' after ''provider of services'', and

(2) by adding at the end the following new paragraph:

''(4) Nothing in this subsection shall be construed to require the provision of information regarding assisted suicide, euthanasia, or mercy killing.''.

(e) CONFORMING AMENDMENT.—Section 1866(a)(1)(O) (42 U.S.C. 1395cc(a)(1)(O)) is amended by inserting before the semicolon at the end the following: ''and in the case of hospitals to accept as payment in full for inpatient hospital services that are covered under this title and are furnished to any individual enrolled under part C with a Medicare Choice organization which does not have a contract establishing payment amounts for services furnished to members of the organization the amounts that would be made as a payment in full under this title if the individuals were not so enrolled''.

SEC. 8003. REPORTS.

(a) ALTERNATIVE PAYMENT APPROACHES.—By not later than 18 months after the date of the enactment of this Act, the Secretary of Health and Human Services (in this title referred to as the ''Secretary'') shall submit to Congress a report on alternative provider payment approaches under the medicare program, including—

(1) combined hospital and physician payments per admission,

(2) partial capitation models for subsets of medicare benefits, and

(3) risk-sharing arrangements in which the Secretary defines the risk corridor and shares in gains and losses.

Such report shall include recommendations for implementing and testing such approaches and legislation that may be required to implement and test such approaches.

(b) COVERAGE OF RETIRED WORKERS.—

(1) IN GENERAL.—The Secretary shall work with employers and health benefit plans to develop standards and payment methodologies to allow retired workers to continue to participate in employer health plans instead of participating in the medicare program. Such standards shall also cover workers covered under the Federal Employees Health Benefits Program under chapter 89 of title 5, United States Code.

(2) REPORT.—Not later than 18 months after the date of the enactment of this Act, the Secretary shall submit to Congress a report on the development of such standards and payment methodologies. The report shall include recommendations relating to such legislation as may be necessary.

SEC. 8004. TRANSITIONAL RULES FOR CURRENT MEDICARE HMO PROGRAM.

(a) TRANSITION FROM CURRENT CONTRACTS.—

(1) LIMITATION ON NEW CONTRACTS.—The Secretary of Health and Human Services (in this section referred to as the ''Secretary'') shall not enter into any risk-sharing or cost reimbursement contract under section 1876 of the Social Security Act with an eligible organization for any contract year beginning on or after the date standards for Medicare Choice organizations and products are first established under section 1856(a) of such Act with respect to Medicare Choice organizations that are insurers or health maintenance organizations unless such a contract had been in effect under section 1876 of such Act for the organization for the previous contract year.

(2) TERMINATION OF CURRENT CONTRACTS.—

(A) RISK-SHARING CONTRACTS.—Notwithstanding any other provision of law, the Secretary shall not extend or continue any risk-sharing contract with an eligible organization under section 1876 of the Social Security Act (for which a contract was entered into consistent with paragraph (1)(A)) for any contract year beginning on or after 1 year after the date standards described in paragraph (1)(A) are established.

(B) COST REIMBURSEMENT CONTRACTS.—The Secretary shall not extend or continue any reasonable cost reimbursement contract with an eligible organization under section 1876 of the Social Security Act for any contract year beginning on or after January 1, 1998.

(b) CONFORMING PAYMENT RATES UNDER RISK-SHARING CONTRACTS.—Notwithstanding any other provision of law, the Secretary shall provide that payment amounts under risk-sharing contracts under section 1876(a) of the Social Security Act for months in a year (beginning with January 1996) shall be computed—

(1) with respect to individuals entitled to benefits under both parts A and B of title XVIII of such Act, by substituting payment rates under section 1855(a) of such Act for the payment rates otherwise established under section 1876(a) of such Act, and

(2) with respect to individuals only entitled to benefits under part B of such title, by substituting an appropriate proportion of such rates (reflecting the relative proportion of payments under such title attributable to such part) for the payment rates otherwise established under section 1876(a) of such Act.

For purposes of carrying out this paragraph for payment for months in 1996, the Secretary shall compute, announce, and apply the payment rates under section 1855(a) of such Act (notwithstanding any deadlines specified in such section) in as timely a manner as possible and may (to the extent necessary) provide for retroactive adjustment in payments made not in accordance with such rates.

PART 2—SPECIAL RULES FOR MEDICARE CHOICE MEDICAL SAVINGS ACCOUNTS

SEC. 8011. MEDICARE CHOICE MSA'S.

(a) IN GENERAL.—Part III of subchapter B of chapter 1 of the Internal Revenue Code of 1986 (relating to amounts specifically excluded from gross income) is amended by redesignating section 137 as section 138 and by inserting after section 136 the following new section:

''SEC. 137. MEDICARE CHOICE MSA'S.

''(a) EXCLUSION.—Gross income shall not include any payment to the Medicare Choice MSA of an individual by the Secretary of Health and Human Services under section 1859(f)(1)(B) of the Social Security Act.

''(b) MEDICARE CHOICE MSA.—For purposes of this section—

''(1) MEDICARE CHOICE MSA.—The term 'Medicare Choice MSA' means a trust created or organized in the United States exclusively for the purpose of paying the qualified medical expenses of the account holder, but only if the written governing instrument creating the trust meets the following requirements:

''(A) Except in the case of a trustee-to-trustee transfer described in subsection (d)(4), no contribution will be accepted unless it is made by the Secretary of Health and Human Services under section 1859(f)(1)(B) of the Social Security Act.

''(B) The trustee is a bank (as defined in section 408(n)), an insurance company (as defined in section 816), or another person who demonstrates to the satisfaction of the Secretary that the manner in which such person will administer the trust will be consistent with the requirements of this section.

''(C) No part of the trust assets will be invested in life insurance contracts.

''(D) The assets of the trust will not be commingled with other property except in a common trust fund or common investment fund.

''(E) The interest of an individual in the balance in his account is nonforfeitable.

''(F) Trustee-to-trustee transfers described in subsection (d)(4) may be made to and from the trust.

''(2) QUALIFIED MEDICAL EXPENSES.—

''(A) IN GENERAL.—The term 'qualified medical expenses' means, with respect to an account holder, amounts paid by such holder—

''(i) for medical care (as defined in section 213(d)) for the account holder, but only to the extent such amounts are not compensated for by insurance or otherwise, or

''(ii) for long-term care insurance for the account holder.

''(B) HEALTH INSURANCE MAY NOT BE PURCHASED FROM ACCOUNT.—Subparagraph (A)(i) shall not apply to any payment for insurance.

''(3) ACCOUNT HOLDER.—The term 'account holder' means the individual on whose behalf the Medicare Choice MSA is maintained.

''(4) CERTAIN RULES TO APPLY.—Rules similar to the rules of subsections (g) and (h) of section 408 shall apply for purposes of this section.

''(c) TAX TREATMENT OF ACCOUNTS.—

''(1) IN GENERAL.—A Medicare Choice MSA is exempt from taxation under this subtitle unless such MSA has ceased to be a Medicare Choice MSA by reason of paragraph (2). Notwithstanding the preceding sentence, any such MSA is subject to the taxes imposed by section 511 (relating to imposition of tax on unrelated business income of charitable, etc. organizations).

''(2) ACCOUNT ASSETS TREATED AS DISTRIBUTED IN THE CASE OF PROHIBITED TRANSACTIONS OR ACCOUNT PLEDGED AS SECURITY FOR LOAN.—Rules similar to the rules of paragraphs (2) and (4) of section 408(e) shall apply to Medicare Choice MSA's, and any amount treated as distributed under such rules shall be treated as not used to pay qualified medical expenses.

''(d) TAX TREATMENT OF DISTRIBUTIONS.—

''(1) INCLUSION OF AMOUNTS NOT USED FOR QUALIFIED MEDICAL EXPENSES.—No amount shall be included in the gross income of the account holder by reason of a payment or distribution from a Medicare Choice MSA which is used exclusively to pay the qualified medical expenses of the account holder. Any amount paid or distributed from a Medicare Choice MSA which is not so used shall be included in the gross income of such holder.

''(2) PENALTY FOR DISTRIBUTIONS NOT USED FOR QUALIFIED MEDICAL EXPENSES IF MINIMUM BALANCE NOT MAINTAINED.—

''(A) IN GENERAL.—The tax imposed by this chapter for any taxable year in which there is a payment or distribution from a Medicare Choice MSA which is not used exclusively to pay the qualified medical expenses of the account holder shall be increased by 50 percent of the excess (if any) of—

''(i) the amount of such payment or distribution, over

''(ii) the excess (if any) of—

''(I) the fair market value of the assets in the Medicare Choice MSA as of the close of the calendar year preceding the calendar year in which the taxable year begins, over

''(II) an amount equal to 60 percent of the deductible under the catastrophic health plan covering the account holder as of January 1 of the calendar year in which the taxable year begins.

''(B) EXCEPTIONS.—Subparagraph (A) shall not apply if the payment or distribution is made on or after the date the account holder—

''(i) becomes disabled within the meaning of section 72(m)(7), or

''(ii) dies.

''(C) SPECIAL RULES.—For purposes of subparagraph (A)—

''(i) all Medicare Choice MSA's of the account holder shall be treated as 1 account,

''(ii) all payments and distributions not used exclusively to pay the qualified medical expenses of the account holder during any

taxable year shall be treated as 1 distribution, and

''(iii) any distribution of property shall be taken into account at its fair market value on the date of the distribution.

''(3) WITHDRAWAL OF ERRONEOUS CONTRIBUTIONS.—Paragraphs (1) and (2) shall not apply to any payment or distribution from a Medicare Choice MSA to the Secretary of Health and Human Services of an erroneous contribution to such MSA and of the net income attributable to such contribution.

''(4) TRUSTEE-TO-TRUSTEE TRANSFERS.—Paragraphs (1) and (2) shall not apply to any trustee-to-trustee transfer from a Medicare Choice MSA of an account holder to another Medicare Choice MSA of such account holder.

''(5) COORDINATION WITH MEDICAL EXPENSE DEDUCTION.—For purposes of section 213, any payment or distribution out of a Medicare Choice MSA for qualified medical expenses shall not be treated as an expense paid for medical care.

''(e) TREATMENT OF ACCOUNT AFTER DEATH OF ACCOUNT HOLDER.—

''(1) TREATMENT IF DESIGNATED BENEFICIARY IS SPOUSE.—

''(A) IN GENERAL.—In the case of an account holder's interest in a Medicare Choice MSA which is payable to (or for the benefit of) such holder's spouse upon the death of such holder, such Medicare Choice MSA shall be treated as a Medicare Choice MSA of such spouse as of the date of such death.

''(B) SPECIAL RULES IF SPOUSE NOT MEDICARE ELIGIBLE.—If, as of the date of such death, such spouse is not entitled to benefits under title XVIII of the Social Security Act, then after the date of such death—

''(i) the Secretary of Health and Human Services may not make any payments to such Medicare Choice MSA, other than payments attributable to periods before such date,

''(ii) in applying subsection (b)(2) with respect to such Medicare Choice MSA, references to the account holder shall be treated as including references to any dependent (as defined in section 152) of such spouse and any subsequent spouse of such spouse, and

''(iii) in lieu of applying subsection (d)(2), the rules of section 220(f)(2) shall apply.

''(2) TREATMENT IF DESIGNATED BENEFICIARY IS NOT SPOUSE.—In the case of an account holder's interest in a Medicare Choice MSA which is payable to (or for the benefit of) any person other than such holder's spouse upon the death of such holder—

''(A) such account shall cease to be a Medicare Choice MSA as of the date of death, and

''(B) an amount equal to the fair market value of the assets in such account on such date shall be includible—

''(i) if such person is not the estate of such holder, in such person's gross income for the taxable year which includes such date, or

''(ii) if such person is the estate of such holder, in such holder's gross income for last taxable year of such holder.

''(f) REPORTS.—

''(1) IN GENERAL.—The trustee of a Medicare Choice MSA shall make such reports regarding such account to the Secretary and to the account holder with respect to—

''(A) the fair market value of the assets in such Medicare Choice MSA as of the close of each calendar year, and

''(B) contributions, distributions, and other matters,

as the Secretary may require by regulations.

''(2) TIME AND MANNER OF REPORTS.—The reports required by this subsection—

''(A) shall be filed at such time and in such manner as the Secretary prescribes in such regulations, and

''(B) shall be furnished to the account holder—

''(i) not later than January 31 of the calendar year following the calendar year to which such reports relate, and

''(ii) in such manner as the Secretary prescribes in such regulations.''

(b) EXCLUSION OF MEDICARE CHOICE MSA'S FROM ESTATE TAX.—Part IV of subchapter A of chapter 11 of such Code is amended by adding at the end the following new section:

''SEC. 2057. MEDICARE CHOICE MSA'S.

''For purposes of the tax imposed by section 2001, the value of the taxable estate shall be determined by deducting from the value of the gross estate an amount equal to the value of any Medicare Choice MSA (as defined in section 137(b)) included in the gross estate.''

(c) TAX ON PROHIBITED TRANSACTIONS.—

(1) Section 4975 of such Code (relating to tax on prohibited transactions) is amended by adding at the end of subsection (c) the following new paragraph:

''(5) SPECIAL RULE FOR MEDICARE CHOICE MSA'S.—An individual for whose benefit a Medicare Choice MSA (within the meaning of section 137(b)) is established shall be exempt from the tax imposed by this section with respect to any transaction concerning such account (which would otherwise be taxable under this section) if, with respect to such transaction, the account ceases to be a Medicare Choice MSA by reason of the application of section 137(c)(2) to such account.''

(2) Paragraph (1) of section 4975(e) of such Code is amended to read as follows:

''(1) PLAN.—For purposes of this section, the term 'plan' means—

''(A) a trust described in section 401(a) which forms a part of a plan, or a plan described in section 403(a), which trust or plan is exempt from tax under section 501(a),

''(B) an individual retirement account described in section 408(a),

''(C) an individual retirement annuity described in section 408(b),

''(D) a medical savings account described in section 220(d),

''(E) a Medicare Choice MSA described in section 137(b), or

''(F) a trust, plan, account, or annuity which, at any time, has been determined by the Secretary to be described in any preceding subparagraph of this paragraph.''

(d) FAILURE TO PROVIDE REPORTS ON MEDICARE CHOICE MSA'S.—

(1) Subsection (a) of section 6693 of such Code (relating to failure to provide reports on individual retirement accounts or annuities) is amended to read as follows:

''(a) REPORTS.—

''(1) IN GENERAL.—If a person required to file a report under a provision referred to in paragraph (2) fails to file such report at the time and in the manner required by such provision, such person shall pay a penalty of $50 for each failure unless it is shown that such failure is due to reasonable cause.

''(2) PROVISIONS.—The provisions referred to in this paragraph are—

''(A) subsections (i) and (l) of section 408 (relating to individual retirement plans),

''(B) section 220(h) (relating to medical savings accounts), and

''(C) section 137(f) (relating to Medicare Choice MSA's).''

(2) The section heading for section 6693 of such Code is amended to read as follows:

''SEC. 6693. FAILURE TO FILE REPORTS ON INDIVIDUAL RETIREMENT PLANS AND CERTAIN OTHER TAX-FAVORED ACCOUNTS; PENALTIES RELATING TO DESIGNATED NONDEDUCTIBLE CONTRIBUTIONS.''

(e) CLERICAL AMENDMENTS.—

(1) The table of sections for part III of subchapter B of chapter 1 of such Code is amended by striking the last item and inserting the following:

''Sec. 137. Medicare Choice MSA's.

''Sec. 138. Cross references to other Acts.''

(2) The table of sections for subchapter B of chapter 68 of such Code is amended by striking the item relating to section 6693 and inserting the following new item:

''Sec. 6693. Failure to file reports on individual retirement plans and certain other tax-favored accounts; penalties relating to designated nondeductible contributions.''

(3) The table of sections for part IV of subchapter A of chapter 11 of such Code is amended by adding at the end the following new item:

''Sec. 2057. Medicare Choice MSA's.''

(f) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1996.

SEC. 8012. CERTAIN REBATES EXCLUDED FROM GROSS INCOME.

(a) IN GENERAL.—Section 105 of the Internal Revenue Code of 1986 (relating to amounts received under accident and health plans) is amended by adding at the end the following new subsection:

''(j) CERTAIN REBATES UNDER SOCIAL SECURITY ACT.—Gross income does not include any rebate received under section 1852(e)(1)(A) of the Social Security Act during the taxable year.''

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to amounts received after the date of the enactment of this Act.

PART 3—SPECIAL ANTITRUST RULE FOR PROVIDER SERVICE NETWORKS

SEC. 8021. APPLICATION OF ANTITRUST RULE OF REASON TO PROVIDER SERVICE NETWORKS.

(a) RULE OF REASON STANDARD.—In any action under the antitrust laws, or under any State law similar to the antitrust laws—

(1) the conduct of a provider service network in negotiating, making, or performing a contract (including the establishment and modification of a fee schedule and the development of a panel of physicians), to the extent such contract is for the purpose of providing health care services to individuals under the terms of a Medicare Choice PSO product, and

(2) the conduct of any member of such network for the purpose of providing such health care services under such contract to such extent,

shall not be deemed illegal per se. Such conduct shall be judged on the basis of its reasonableness, taking into account all relevant factors affecting competition, including the effects on competition in properly defined markets.

(b) DEFINITIONS.—For purposes of subsection (a):

(1) ANTITRUST LAWS.—The term ''antitrust laws'' has the meaning given it in subsection (a) of the first section of the Clayton Act (15 U.S.C. 12), except that such term includes section 5 of the Federal Trade Commission Act (15 U.S.C. 45) to the extent that such section 5 applies to unfair methods of competition.

(2) HEALTH CARE PROVIDER.—The term ''health care provider'' means any individual or entity that is engaged in the delivery of health care services in a State and that is required by State law or regulation to be licensed or certified by the State to engage in the delivery of such services in the State.

(3) HEALTH CARE SERVICE.—The term ''health care service'' means any service for which payment may be made under a Medicare Choice PSO product including services related to the delivery or administration of such service.

(4) MEDICARE CHOICE PROGRAM.—The term ''Medicare Choice program'' means the program under part C of title XVIII of the Social Security Act.

(5) MEDICARE CHOICE PSO PRODUCT.—The term ''Medicare Choice PSO product'' means a Medicare Choice product offered by a provider-sponsored organization under part C of title XVIII of the Social Security Act.

(6) PROVIDER SERVICE NETWORK.—The term ''provider service network'' means an organization that—

(A) is organized by, operated by, and composed of members who are health care providers and for purposes that include providing health care services,

(B) is funded in part by capital contributions made by the members of such organization,

(C) with respect to each contract made by such organization for the purpose of providing a type of health care service to individuals under the terms of a Medicare Choice PSO product—

(i) requires all members of such organization who engage in providing such type of health care service to agree to provide health care services of such type under such contract,

(ii) receives the compensation paid for the health care services of such type provided under such contract by such members, and

(iii) provides for the distribution of such compensation,

(D) has established, consistent with the requirements of the Medicare Choice program for provider-sponsored organizations, a program to review, pursuant to written guidelines, the quality, efficiency, and appropriateness of treatment methods and setting of services for all health care providers and all patients participating in such product, along with internal procedures to correct identified deficiencies relating to such methods and such services,

(E) has established, consistent with the requirements of the Medicare Choice program for provider-sponsored organizations, a program to monitor and control utilization of health care services provided under such product, for the purpose of improving efficient, appropriate care and eliminating the provision of unnecessary health care services,

(F) has established a management program to coordinate the delivery of health care services for all health care providers and all patients participating in such product, for the purpose of achieving efficiencies and enhancing the quality of health care services provided, and

(G) has established, consistent with the requirements of the Medicare Choice program for provider-sponsored organizations, a grievance and appeal process for such organization designed to review and promptly resolve beneficiary or patient grievances and complaints.

Such term may include a provider-sponsored organization.

(7) PROVIDER-SPONSORED ORGANIZATION.—The term ''provider-sponsored organization'' means a Medicare Choice organization under the Medicare Choice program that is a provider-sponsored organization (as defined in section 1854(a)(1) of the Social Security Act).

(8) STATE.—The term ''State'' has the meaning given it in section 4G(2) of the Clayton Act (15 U.S.C. 15g(2)).

(c) ISSUANCE OF GUIDELINES.—Not later than 120 days after the date of the enactment of this Act, the Attorney General and the Federal Trade Commission shall issue jointly guidelines specifying the enforcement policies and analytical principles that will be applied by the Department of Justice and the Commission with respect to the operation of subsection (a).

PART 4—COMMISSIONS

SEC. 8031. MEDICARE PAYMENT REVIEW COMMISSION.

(a) IN GENERAL.—Title XVIII, as amended by section 8001(a), is amended by inserting after section 1805 the following new section:

''MEDICARE PAYMENT REVIEW COMMISSION

''SEC. 1806. (a) ESTABLISHMENT.—There is hereby established the Medicare Payment Review Commission (in this section referred to as the 'Commission').

''(b) DUTIES.—

''(1) GENERAL DUTIES AND REPORTS.—The Commission shall review, and make recommendations to Congress concerning, payment policies under this title. By not later than June 1 of each year, the Commission shall submit a report to Congress containing an examination of issues affecting the medicare program, including the implications of changes in health care delivery in the United States and in the market for health care services on the medicare program. The Commission may submit to Congress from time to time such other reports as the Commission deems appropriate. The Secretary shall respond to recommendations of the Commission in notices of rulemaking proceedings under this title.

''(2) SPECIFIC DUTIES RELATING TO MEDICARE CHOICE PROGRAM.—Specifically, the Commission shall review, with respect to the Medicare Choice program under part C—

''(A) the appropriateness of the methodology for making payment to plans under such program, including the making of differential payments and the distribution of differential updates among different payment areas,

''(B) the appropriateness of the mechanisms used to adjust payments for risk and the need to adjust such mechanisms to take into account health status of beneficiaries,

''(C) the implications of risk selection both among Medicare Choice organizations and between the Medicare Choice option and the non-Medicare Choice option,

''(D) in relation to payment under part C, the development and implementation of mechanisms to assure the quality of care for those enrolled with Medicare Choice organizations,

''(F) the impact of the Medicare Choice program on access to care for medicare beneficiaries, and

''(G) other major issues in implementation and further development of the Medicare Choice program.

''(3) SPECIFIC DUTIES RELATING TO THE FEE-FOR-SERVICE SYSTEM.—Specifically, the Commission shall review payment policies under parts A and B, including—

''(A) the factors affecting expenditures for services in different sectors, including the process for updating hospital, physician, and other fees,

''(B) payment methodologies; and

''(C) the impact of payment policies on access and quality of care for medicare beneficiaries.

''(4) SPECIFIC DUTIES RELATING TO INTERACTION OF PAYMENT POLICIES WITH HEALTH CARE DELIVERY GENERALLY.—Specifically the Commission shall review the effect of payment policies under this title on the delivery of health care services under this title and assess the implications of changes in the health services market on the medicare program.

''(c) MEMBERSHIP.—

''(1) NUMBER AND APPOINTMENT.—The Commission shall be composed of 15 members appointed by the Comptroller General.

''(2) QUALIFICATIONS.—The membership of the Commission shall include individuals with national recognition for their expertise in health finance and economics, actuarial science, health facility management, health plans and integrated delivery systems, reimbursement of health facilities, physicians, and other providers of services, and other related fields, who provide a mix of different professionals, broad geographic representation, and a balance between urban and rural representatives, including physicians and other health professionals, employers, third party payors, individuals skilled in the conduct and interpretation of biomedical, health services, and health economics research and expertise in outcomes and effectiveness research and technology assessment. Such membership shall also include representatives of consumers and the elderly.

''(3) CONSIDERATIONS IN INITIAL APPOINTMENT.—To the extent possible, in first appointing members to the Commission the Comptroller General shall consider appointing individuals who (as of the date of the enactment of this section) were serving on the Prospective Payment Assessment Commission or the Physician Payment Review Commission.

''(4) TERMS.—

''(A) IN GENERAL.—The terms of members of the Commission shall be for 3 years except that the Comptroller General shall designate staggered terms for the members first appointed.

''(B) VACANCIES.—Any member appointed to fill a vacancy occurring before the expiration of the term for which the member's predecessor was appointed shall be appointed only for the remainder of that term. A member may serve after the expiration of that member's term until a successor has taken office. A vacancy in the Commission shall be filled in the manner in which the original appointment was made.

''(5) COMPENSATION.—While serving on the business of the Commission (including traveltime), a member of the Commission shall be entitled to compensation at the per diem equivalent of the rate provided for level IV of the Executive Schedule under section 5315 of title 5, United States Code; and while so serving away from home and member's regular place of business, a member may be allowed travel expenses, as authorized by the Chairman of the Commission. Physicians serving as personnel of the Commission may be provided a physician comparability allowance by the Commission in the same manner as Government physicians may be provided such an allowance by an agency under section 5948 of title 5, United States Code, and for such purpose subsection (i) of such section shall apply to the Commission in the same manner as it applies to the Tennessee Valley Authority. For purposes of pay (other than pay of members of the Commission) and employment benefits, rights, and privileges, all personnel of the Commission shall be treated as if they were employees of the United States Senate.

''(6) CHAIRMAN; VICE CHAIRMAN.—The Comptroller General shall designate a member of the Commission, at the time of appointment of the member, as Chairman and a member as Vice Chairman for that term of appointment.

''(7) MEETINGS.—The Commission shall meet at the call of the Chairman.

''(d) DIRECTOR AND STAFF; EXPERTS AND CONSULTANTS.—Subject to such review as the Comptroller General deems necessary to assure the efficient administration of the Commission, the Commission may—

''(1) employ and fix the compensation of an Executive Director (subject to the approval of the Comptroller General) and such other personnel as may be necessary to carry out its duties (without regard to the provisions of title 5, United States Code, governing appointments in the competitive service);

''(2) seek such assistance and support as may be required in the performance of its duties from appropriate Federal departments and agencies;

''(3) enter into contracts or make other arrangements, as may be necessary for the conduct of the work of the Commission (without regard to section 3709 of the Revised Statutes (41 U.S.C. 5));

''(4) make advance, progress, and other payments which relate to the work of the Commission;

''(5) provide transportation and subsistence for persons serving without compensation; and

''(6) prescribe such rules and regulations as it deems necessary with respect to the internal organization and operation of the Commission.

''(e) POWERS.—

''(1) OBTAINING OFFICIAL DATA.—The Commission may secure directly from any department or agency of the United States information necessary to enable it to carry out this section. Upon request of the Chairman, the head of that department or agency shall furnish that information to the Commission on an agreed upon schedule.

''(2) DATA COLLECTION.—In order to carry out its functions, the Commission shall collect and assess information

''(A) utilize existing information, both published and unpublished, where possible, collected and assessed either by its own staff or under other arrangements made in accordance with this section,

''(B) carry out, or award grants or contracts for, original research and experimentation, where existing information is inadequate, and

''(C) adopt procedures allowing any interested party to submit information for the Commission's use in making reports and recommendations.

''(3) ACCESS OF GAO TO INFORMATION.—The Comptroller General shall have unrestricted access to all deliberations, records, and data of the Commission, immediately upon request.

''(4) PERIODIC AUDIT.—The Commission shall be subject to periodic audit by the General Accounting Office.

''(f) AUTHORIZATION OF APPROPRIATIONS.—

''(1) REQUEST FOR APPROPRIATIONS.—The Commission shall submit requests for appropriations in the same manner as the Comptroller General submits requests for appropriations, but amounts appropriated for the Commission shall be separate from amounts appropriated for the Comptroller General.

''(2) AUTHORIZATION.—There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this section. 60 percent of such appropriation shall be payable from the Federal Hospital Insurance Trust Fund, and 40 percent of such appropriation shall be payable from the Federal Supplementary Medical Insurance Trust Fund.''.

(b) ABOLITION OF PROPAC AND PPRC.—

(1) PROPAC.—

(A) IN GENERAL.—Section 1886(e) (42 U.S.C. 1395ww(e)) is amended—

(i) by striking paragraphs (2) and (6); and

(ii) in paragraph (3), by striking ''(A) The Commission'' and all that follows through ''(B)''.

(B) CONFORMING AMENDMENT.—Section 1862 (42 U.S.C. 1395y) is amended by striking ''Prospective Payment Assessment Commission'' each place it appears in subsection (a)(1)(D) and subsection (i) and inserting ''Medicare Payment Review Commission''.

(2) PPRC.—

(A) IN GENERAL.—Title XVIII is amended by striking section 1845 (42 U.S.C. 1395w–1).

(B) CONFORMING AMENDMENTS.—

(i) Section 1834(b)(2) (42 U.S.C. 1395m(b)(2)) is amended by striking ''Physician Payment Review Commission'' and inserting ''Medicare Payment Review Commission''.

(ii) Section 1842(b) (42 U.S.C. 1395u(b)) is amended by striking ''Physician Payment Review Commission'' each place it appears in paragraphs (2)(C), (9)(D), and (14)(C)(i) and inserting ''Medicare Payment Review Commission''.

(iii) Section 1848 (42 U.S.C. 1395w@4) is amended by striking ''Physician Payment Review Commission'' and inserting ''Medicare Payment Review Commission'' each place it appears in paragraph (2)(A)(ii), (2)(B)(iii), and (5) of subsection (c), subsection (d)(2)(F), paragraphs (1)(B), (3), and (4)(A)of subsection (f), and paragraphs (6)(C) and (7)(C) of subsection (g).

(c) EFFECTIVE DATE; TRANSITION.—

(1) IN GENERAL.—The Comptroller General shall first provide for appointment of members to the Medicare Payment Review Commission (in this subsection referred to as ''MPRC'') by not later than March 31, 1996.

(2) TRANSITION.—Effective on a date (not later than 30 days after the date a majority of members of the MPRC have first been appointed, the Prospective Payment Assessment Commission (in this subsection referred to as ''ProPAC'') and the Physician Payment Review Commission (in this subsection referred to as ''PPRC''), and amendments made by subsection (b), are terminated. The Comptroller General, to the maximum extent feasible, shall provide for the transfer to the MPRC of assets and staff of ProPAC and PPRC, without any loss of benefits or seniority by virtue of such transfers. Fund balances available to the ProPAC or PPRC for any period shall be available to the MPRC for such period for like purposes.

(3) CONTINUING RESPONSIBILITY FOR REPORTS.—The MPRC shall be responsible for the preparation and submission of reports required by law to be submitted (and which have not been submitted by the date of establishment of the MPRC) by the ProPAC and PPRC, and, for this purpose, any reference in law to either such Commission is deemed, after the appointment of the MPRC, to refer to the MPRC.

SEC. 8032. COMMISSION ON THE EFFECT OF THE BABY BOOM GENERATION ON THE MEDICARE PROGRAM.

(a) ESTABLISHMENT.—There is established a commission to be known as the Commission on the Effect of the Baby Boom Generation on the Medicare Program (in this section referred to as the ''Commission'').

(b) DUTIES.—

(1) IN GENERAL.—The Commission shall—

(A) examine the financial impact on the medicare program of the significant increase in the number of medicare eligible individuals which will occur beginning approximately during 2010 and lasting for approximately 25 years, and

(B) make specific recommendations to the Congress respecting a comprehensive approach to preserve the medicare program for the period during which such individuals are eligible for medicare.

(2) CONSIDERATIONS IN MAKING RECOMMENDATIONS.—In making its recommendations, the Commission shall consider the following:

(A) The amount and sources of Federal funds to finance the medicare program, including the potential use of innovative financing methods.

(B) The most efficient and effective manner of administering the program, including the appropriateness of continuing the enforcement of medicare budget targets under section 8701 for fiscal years after fiscal year 2002 and the appropriate long-term growth rates for contributions electing coverage under Medicare Choice under part C of title XVIII of such Act.

(C) Methods used by other nations to respond to comparable demographic patterns in eligibility for health care benefits for elderly and disabled individuals.

(D) Modifying age-based eligibility to correspond to changes in age-based eligibility under the OASDI program.

(E) Trends in employment-related health care for retirees, including the use of medical savings accounts and similar financing devices.

(c) MEMBERSHIP.—

(1) APPOINTMENT.—The Commission shall be composed of 15 members appointed as follows:

(A) The President shall appoint 3 members.

(B) The Majority Leader of the Senate shall appoint, after consultation with the minority leader of the Senate, 6 members, of whom not more than 4 may be of the same political party.

(C) The Speaker of the House of Representatives shall appoint, after consultation with the minority leader of the House of Representatives, 6 members, of whom not more than 4 may be of the same political party.

(2) CHAIRMAN AND VICE CHAIRMAN.—The Commission shall elect a Chairman and Vice Chairman from among its members.

(3) VACANCIES.—Any vacancy in the membership of the Commission shall be filled in the manner in which the original appointment was made and shall not affect the power of the remaining members to execute the duties of the Commission.

(4) QUORUM.—A quorum shall consist of 8 members of the Commission, except that 4 members may conduct a hearing under subsection (e).

(5) MEETINGS.—The Commission shall meet at the call of its Chairman or a majority of its members.

(6) COMPENSATION AND REIMBURSEMENT OF EXPENSES.—Members of the Commission are not entitled to receive compensation for service on the Commission. Members may be reimbursed for travel, subsistence, and other necessary expenses incurred in carrying out the duties of the Commission.

(d) STAFF AND CONSULTANTS.—

(1) STAFF.—The Commission may appoint and determine the compensation of such staff as may be necessary to carry out the duties of the Commission. Such appointments and compensation may be made without regard to the provisions of title 5, United States Code, that govern appointments in the competitive services, and the provisions of chapter 51 and subchapter III of chapter 53 of such title that relate to classifications and the General Schedule pay rates.

(2) CONSULTANTS.—The Commission may procure such temporary and intermittent services of consultants under section 3109(b) of title 5, United States Code, as the Commission determines to be necessary to carry out the duties of the Commission.

(e) POWERS.—

(1) HEARINGS AND OTHER ACTIVITIES.—For the purpose of carrying out its duties, the Commission may hold such hearings and undertake such other activities as the Commission determines to be necessary to carry out its duties.

(2) STUDIES BY GAO.—Upon the request of the Commission, the Comptroller General shall conduct such studies or investigations as the Commission determines to be necessary to carry out its duties.

(3) COST ESTIMATES BY CONGRESSIONAL BUDGET OFFICE.—

(A) Upon the request of the Commission, the Director of the Congressional Budget Office shall provide to the Commission such cost estimates as the Commission determines to be necessary to carry out its duties.

(B) The Commission shall reimburse the Director of the Congressional Budget Office for expenses relating to the employment in the office of the Director of such additional staff as may be necessary for the Director to comply with requests by the Commission under subparagraph (A).

(4) DETAIL OF FEDERAL EMPLOYEES.—Upon the request of the Commission, the head of any Federal agency is authorized to detail, without reimbursement, any of the personnel of such agency to the Commission to assist the Commission in carrying out its duties. Any such detail shall not interrupt or otherwise affect the civil service status or privileges of the Federal employee.

(5) TECHNICAL ASSISTANCE.—Upon the request of the Commission, the head of a Federal agency shall provide such technical assistance to the Commission as the Commission determines to be necessary to carry out its duties.

(6) USE OF MAILS.—The Commission may use the United States mails in the same manner and under the same conditions as Federal agencies and shall, for purposes of the frank, be considered a commission of Congress as described in section 3215 of title 39, United States Code.

(7) OBTAINING INFORMATION.—The Commission may secure directly from any Federal agency information necessary to enable it to carry out its duties, if the information may be disclosed under section 552 of title 5, United States Code. Upon request of the Chairman of the Commission, the head of such agency shall furnish such information to the Commission.

(8) ADMINISTRATIVE SUPPORT SERVICES.—Upon the request of the Commission, the Administrator of General Services shall provide to the Commission on a reimbursable basis such administrative support services as the Commission may request.

(9) ACCEPTANCE OF DONATIONS.—The Commission may accept, use, and dispose of gifts or donations of services or property.

(10) PRINTING.—For purposes of costs relating to printing and binding, including the cost of personnel detailed from the Government Printing Office, the Commission shall be deemed to be a committee of the Congress.

(f) REPORT.—Not later than May 1, 1997, the Commission shall submit to Congress a report containing its findings and recommendations regarding how to protect and preserve the medicare program in a financially solvent manner until 2030 (or, if later, throughout the period of projected solvency of the Federal Old-Age and Survivors Insurance Trust Fund). The report shall include detailed recommendations for appropriate legislative initiatives respecting how to accomplish this objective.

(g) TERMINATION.—The Commission shall terminate 60 days after the date of submission of the report required in subsection (f).

(h) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated $1,500,000 to carry out this section. Amounts appropriated to carry out this section shall remain available until expended.

PART 5—PREEMPTION OF STATE ANTI-MANAGED CARE LAWS

SEC. 8041. PREEMPTION OF STATE LAW RESTRICTIONS ON MANAGED CARE ARRANGEMENTS.

(a) LIMITATION ON RESTRICTIONS ON NETWORK PLANS.—Effective as of January 1, 1997—

(1) a State may not prohibit or limit a carrier or group health plan providing health coverage from including incentives for enrollees to use the services of participating providers;

(2) a State may not prohibit or limit such a carrier or plan from limiting coverage of services to those provided by a participating provider, except as provided in section 1013;

(3) a State may not prohibit or limit the negotiation of rates and forms of payments for providers by such a carrier or plan with respect to health coverage;

(4) a State may not prohibit or limit such a carrier or plan from limiting the number of participating providers;

(5) a State may not prohibit or limit such a carrier or plan from requiring that services be provided (or authorized) by a practitioner selected by the enrollee from a list of available participating providers or, except for services of a physician who specializes in obstetrics and gynecology, from requiring enrollees to obtain referral in order to have coverage for treatment by a specialist or health institution; and

(6) a State may not prohibit or limit the corporate practice of medicine.

(b) DEFINITIONS.—In this section:

(1) MANAGED CARE COVERAGE.—The term ''managed care coverage'' means health coverage to the extent the coverage is provided through a managed care arrangement (as defined in paragraph (3)) that meets the applicable requirements of such section.

(2) PARTICIPATING PROVIDER.—The term ''participating provider'' means an entity or individual which provides, sells, or leases health care services as part of a provider network (as defined in paragraph (4)).

(3) MANAGED CARE ARRANGEMENT.—The term ''managed care arrangement'' means, with respect to a group health plan or under health insurance coverage, an arrangement under such plan or coverage under which providers agree to provide items and services covered under the arrangement to individuals covered under the plan or who have such coverage.

(4) PROVIDER NETWORK.—The term ''provider network'' means, with respect to a group health plan or health insurance coverage, providers who have entered into an agreement described in paragraph (3).

SEC. 8042. PREEMPTION OF STATE LAWS RESTRICTING UTILIZATION REVIEW PROGRAMS.

(a) IN GENERAL.—Effective January 1, 1997, no State law or regulation shall prohibit or regulate activities under a utilization review program (as defined in subsection (b)).

(b) UTILIZATION REVIEW PROGRAM DEFINED.—In this section, the term ''utilization review program'' means a system of reviewing the medical necessity and appropriateness of patient services (which may include inpatient and outpatient services) using specified guidelines. Such a system may include preadmission certification, the application of practice guidelines, continued stay review, discharge planning, preauthorization of ambulatory procedures, and retrospective review.

(c) EXEMPTION OF LAWS PREVENTING DENIAL OF LIFESAVING MEDICAL TREATMENT PENDING TRANSFER TO ANOTHER HEALTH CARE PROVIDER.—Nothing in this subtitle shall be construed to invalidate any State law that has the effect of preventing involuntary denial of life-preserving medical treatment when such denial would cause the involuntary death of the patient pending transfer of the patient to a health care provider willing to provide such treatment.

Subtitle B—Provisions Relating to Regulatory Relief

PART 1—PROVISIONS RELATING TO PHYSICIAN FINANCIAL RELATIONSHIPS

SEC. 8101. REPEAL OF PROHIBITIONS BASED ON COMPENSATION ARRANGEMENTS.

(a) IN GENERAL.—Section 1877(a)(2) (42 U.S.C. 1395nn(a)(2)) is amended by striking ''is—'' and all that follows through ''equity,'' and inserting the following: ''is (except as provided in subsection (c)) an ownership or investment interest in the entity through equity,''.

(b) CONFORMING AMENDMENTS.—Section 1877 (42 U.S.C. 1395nn) is amended as follows:

(1) In subsection (b)—

(A) in the heading, by striking ''TO BOTH OWNERSHIP AND COMPENSATION ARRANGEMENT PROVISIONS'' and inserting ''WHERE FINANCIAL RELATIONSHIP EXISTS''; and

(B) by redesignating paragraph (4) as paragraph (7).

(2) In subsection (c)—

(A) by amending the heading to read as follows: ''EXCEPTION FOR OWNERSHIP OR INVESTMENT INTEREST IN PUBLICLY TRADED SECURITIES AND MUTUAL FUNDS''; and

(B) in the matter preceding paragraph (1), by striking ''subsection (a)(2)(A)'' and inserting ''subsection (a)(2)''.

(3) In subsection (d)—

(A) by striking the matter preceding paragraph (1);

(B) in paragraph (3), by striking ''paragraph (1)'' and inserting ''paragraph (4)''; and

(C) by redesignating paragraphs (1), (2), and (3) as paragraphs (4), (5), and (6), and by transferring and inserting such paragraphs after paragraph (3) of subsection (b).

(4) By striking subsection (e).

(5) In subsection (f)(2), as amended by section 152(a) of the Social Security Act Amendments of 1994—

(A) in the matter preceding paragraph (1), by striking ''ownership, investment, and compensation'' and inserting ''ownership and investment'';

(B) in paragraph (2), by striking ''subsection (a)(2)(A)'' and all that follows through ''subsection (a)(2)(B)),'' and inserting ''subsection (a)(2),''; and

(C) in paragraph (2), by striking ''or who have such a compensation relationship with the entity''.

(6) In subsection (h)—

(A) by striking paragraphs (1), (2), and (3);

(B) in paragraph (4)(A), by striking clauses (iv) and (vi);

(C) in paragraph (4)(B), by striking ''RULES.—'' and all that follows through ''(ii) FACULTY'' and inserting ''RULES FOR FACULTY; and

(D) by adding at the end of paragraph (4) the following new subparagraph:

''(C) MEMBER OF A GROUP.—A physician is a 'member' of a group if the physician is an owner or a bona fide employee, or both, of the group.''.

SEC. 8102. REVISION OF DESIGNATED HEALTH SERVICES SUBJECT TO PROHIBITION.

(a) IN GENERAL.—Section 1877(h)(6) (42 U.S.C. 1395nn(h)(6)) is amended by striking subparagraphs (B) through (K) and inserting the following:

''(B) Items and services furnished by a community pharmacy (as defined in paragraph (1)).

''(C) Magnetic resonance imaging and computerized tomography services.

''(D) Outpatient physical therapy services.''.

(b) COMMUNITY PHARMACY DEFINED.—Section 1877(h) (42 U.S.C. 1395nn(h)), as amended by section 8101(b)(6), is amended by inserting before paragraph (4) the following new paragraph:

''(1) COMMUNITY PHARMACY.—The term 'community pharmacy' means any entity licensed or certified to dispense prescription drugs by the State in which the entity is located (including an entity which dispenses such drugs by mail order).''.

(c) CONFORMING AMENDMENTS.—

(1) Section 1877(b)(2) (42 U.S.C. 1395nn(b)(2)) is amended in the matter preceding subparagraph (A) by striking ''services'' and all that

follows through ''supplies)—'' and inserting ''services—''.

(2) Section 1877(h)(5)(C) (42 U.S.C. 1395nn(h)(5)(C)) is amended—

(A) by striking '', a request by a radiologist for diagnostic radiology services, and a request by a radiation oncologist for radiation therapy,'' and inserting ''and a request by a radiologist for magnetic resonance imaging or for computerized tomography'', and

(B) by striking ''radiologist, or radiation oncologist'' and inserting ''or radiologist''.

SEC. 8103. DELAY IN IMPLEMENTATION UNTIL PROMULGATION OF REGULATIONS.

(a) IN GENERAL.—Section 13562(b) of OBRA–1993 (42 U.S.C. 1395nn note) is amended—

(1) in paragraph (1), by striking ''paragraph (2)'' and inserting ''paragraphs (2) and (3)''; and

(2) by adding at the end the following new paragraph:

''(3) PROMULGATION OF REGULATIONS.—Notwithstanding paragraphs (1) and (2), the amendments made by this section shall not apply to any referrals made before the effective date of final regulations promulgated by the Secretary of Health and Human Services to carry out such amendments.''.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall take effect as if included in the enactment of OBRA–1993.

SEC. 8104. EXCEPTIONS TO PROHIBITION.

(a) REVISIONS TO EXCEPTION FOR IN-OFFICE ANCILLARY SERVICES.—

(1) REPEAL OF SITE-OF-SERVICE REQUIREMENT.—Section 1877 (42 U.S.C. 1395nn) is amended—

(A) by amending subparagraph (A) of subsection (b)(2) to read as follows:

''(A) that are furnished personally by the referring physician, personally by a physician who is a member of the same group practice as the referring physician, or personally by individuals who are under the general supervision of the physician or of another physician in the group practice, and'', and

(B) by adding at the end of subsection (h) the following new paragraph:

''(7) GENERAL SUPERVISION.—An individual is considered to be under the 'general supervision' of a physician if the physician (or group practice of which the physician is a member) is legally responsible for the services performed by the individual and for ensuring that the individual meets licensure and certification requirements, if any, applicable under other provisions of law, regardless of whether or not the physician is physically present when the individual furnishes an item or service.''.

(2) CLARIFICATION OF TREATMENT OF PHYSICIAN OWNERS OF GROUP PRACTICE.—Section 1877(b)(2)(B) (42 U.S.C. 1395nn(b)(2)(B)) is amended by striking ''physician or such group practice'' and inserting ''physician, such group practice, or the physician owners of such group practice''.

(3) CONFORMING AMENDMENT.—Section 1877(b)(2) (42 U.S.C. 1395nn(b)(2)) is amended by amending the heading to read as follows: ''ANCILLARY SERVICES FURNISHED PERSONALLY OR THROUGH GROUP PRACTICE.—''.

(b) CLARIFICATION OF EXCEPTION FOR SERVICES FURNISHED IN A RURAL AREA.—Paragraph (5) of section 1877(b) (42 U.S.C. 1395nn(b)), as transferred by section 8101(b)(3)(C), is amended by striking ''substantially all'' and inserting ''not less than 75 percent''.

(c) REVISION OF EXCEPTION FOR CERTAIN MANAGED CARE ARRANGEMENTS.—Section 1877(b)(3) (42 U.S.C. 1395nn(b)(3)) is amended—

(1) in the heading by inserting ''MANAGED CARE ARRANGEMENTS'' after ''PREPAID PLANS'';

(2) in the matter preceding subparagraph (A), by striking ''organization—'' and inserting ''organization, directly or through contractual arrangements with other entities, to individuals enrolled with the organization—'';

(3) in subparagraph (A), by inserting ''or part C'' after ''section 1876'';

(4) by striking ''or'' at the end of subparagraph (C);

(5) by striking the period at the end of subparagraph (D) and inserting a comma; and

(6) by adding at the end the following new subparagraphs:

''(E) with a contract with a State to provide services under the State plan under title XIX (in accordance with section 1903(m)) or a State MediGrant plan under title XXI; or

''(F) which—

''(i) provides health care items or services directly or through one or more subsidiary entities or arranges for the provision of health care items or services substantially through the services of health care providers under contract with the organization, and

''(ii)(I) assumes financial risk for the provision of health services through mechanisms (such as capitation, risk pools, withholds, and per diem payments) or offers its network of contract health providers to an entity (including self-insured employers and indemnity plans) which assumes financial risk for the provision of such health services, or

''(II) has in effect a written agreement with the provider of services under which the provider is at significant financial risk (whether through a withhold, capitation, incentive pool, per diem payments, or similar risk sharing arrangement) for the cost or utilization of services that the provider is obligated to provide.''.

(d) NEW EXCEPTION FOR SHARED FACILITY SERVICES.—

(1) IN GENERAL.—Section 1877(b) (42 U.S.C. 1395nn(b)), as amended by section 8101(b)(3)(C), is amended—

(A) by redesignating paragraphs (4) through (7) as paragraphs (5) through (8); and

(B) by inserting after paragraph (3) the following new paragraph:

''(4) SHARED FACILITY SERVICES.—In the case of a designated health service consisting of a shared facility service of a shared facility—

''(A) that is furnished—

''(i) personally by the referring physician who is a shared facility physician or personally by an individual directly employed or under the general supervision of such a physician,

''(ii) by a shared facility in a building in which the referring physician furnishes substantially all of the services of the physician that are unrelated to the furnishing of shared facility services, and

''(iii) to a patient of a shared facility physician; and

''(B) that is billed by the referring physician or a group practice of which the physician is a member.''.

(2) DEFINITIONS.—Section 1877(h) (42 U.S.C. 1395nn(h)), as amended by section 8101(b)(6) and section 8102(b), is amended by inserting after paragraph (1) the following new paragraph:

''(2) SHARED FACILITY RELATED DEFINITIONS.—

''(A) SHARED FACILITY SERVICE.—The term 'shared facility service' means, with respect to a shared facility, a designated health service furnished by the facility to patients of shared facility physicians.

''(B) SHARED FACILITY.—The term 'shared facility' means an entity that furnishes shared facility services under a shared facility arrangement.

''(C) SHARED FACILITY PHYSICIAN.—The term 'shared facility physician' means, with respect to a shared facility, a physician (or a group practice of which the physician is a member) who has a financial relationship under a shared facility arrangement with the facility.

''(D) SHARED FACILITY ARRANGEMENT.—The term 'shared facility arrangement' means, with respect to the provision of shared facility services in a building, a financial arrangement—

''(i) which is only between physicians who are providing services (unrelated to shared facility services) in the same building,

''(ii) in which the overhead expenses of the facility are shared, in accordance with methods previously determined by the physicians in the arrangement, among the physicians in the arrangement, and

''(iii) which, in the case of a corporation, is wholly owned and controlled by shared facility physicians.''.

(e) NEW EXCEPTION FOR SERVICES FURNISHED IN COMMUNITIES WITH NO ALTERNATIVE PROVIDERS.—Section 1877(b) (42 U.S.C. 1395nn(b)), as amended by section 8101(b)(3)(C) and subsection (d)(1), is amended—

(1) by redesignating paragraphs (5) through (8) as paragraphs (6) through (9); and

(2) by inserting after paragraph (4) the following new paragraph:

''(5) NO ALTERNATIVE PROVIDERS IN AREA.—In the case of a designated health service furnished in any area with respect to which the Secretary determines that individuals residing in the area do not have reasonable access to such a designated health service for which subsection (a)(1) does not apply.''.

(f) NEW EXCEPTION FOR SERVICES FURNISHED IN AMBULATORY SURGICAL CENTERS.—Section 1877(b) (42 U.S.C. 1395nn(b)), as amended by section 8101(b)(3)(C), subsection (d)(1), and subsection (e)(1), is amended—

(1) by redesignating paragraphs (6) through (9) as paragraphs (7) through (10); and

(2) by inserting after paragraph (5) the following new paragraph:

''(6) SERVICES FURNISHED IN AMBULATORY SURGICAL CENTERS.—In the case of a designated health service furnished in an ambulatory surgical center described in section 1832(a)(2)(F)(i).''.

(g) NEW EXCEPTION FOR SERVICES FURNISHED IN RENAL DIALYSIS FACILITIES.—Section 1877(b) (42 U.S.C. 1395nn(b)), as amended by section 8101(b)(3)(C), subsection (d)(1), subsection (e)(1), and subsection (f), is amended—

(1) by redesignating paragraphs (7) through (10) as paragraphs (8) through (11); and

(2) by inserting after paragraph (6) the following new paragraph:

''(7) SERVICES FURNISHED IN RENAL DIALYSIS FACILITIES.—In the case of a designated health service furnished in a renal dialysis facility under section 1881.''.

(h) NEW EXCEPTION FOR SERVICES FURNISHED IN A HOSPICE.—Section 1877(b) (42 U.S.C. 1395nn(b)), as amended by section 8101(b)(3)(C), subsection (d)(1), subsection (e)(1), subsection (f), and subsection (g), is amended—

(1) by redesignating paragraphs (8) through (11) as paragraphs (9) through (12); and

(2) by inserting after paragraph (7) the following new paragraph:

''(8) SERVICES FURNISHED BY A HOSPICE PROGRAM.—In the case of a designated health service furnished by a hospice program under section 1861(dd)(2).''.

(i) NEW EXCEPTION FOR SERVICES FURNISHED IN A COMPREHENSIVE OUTPATIENT REHABILITATION FACILITY.—Section 1877(b) (42 U.S.C. 1395nn(b)), as amended by section 8101(b)(3)(C), subsection (d)(1), subsection (e)(1), subsection (f), subsection (g), and subsection (h), is amended—

(1) by redesignating paragraphs (9) through (12) as paragraphs (10) through (13); and

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

''(9) SERVICES FURNISHED IN A COMPREHENSIVE OUTPATIENT REHABILITATION FACILITY.—In the case of a designated health service furnished in a comprehensive outpatient rehabilitation facility (as defined in section 1861(cc)(2)).''.

(i) DEFINITION OF REFERRAL.—Section 1877(h)(5)(A) (42 U.S.C. 1395nn(h)(5)(A)) is amended—

(1) by striking ''an item or service'' and inserting ''a designated health service'', and

(2) by striking ''the item or service'' and inserting ''the designated health service''.

SEC. 8105. REPEAL OF REPORTING REQUIREMENTS.

Section 1877 (42 U.S.C. 1395nn) is amended—

(1) by striking subsection (f); and

(2) by striking subsection (g)(5).

SEC. 8106. PREEMPTION OF STATE LAW.

Section 1877 (42 U.S.C. 1395nn) is amended by adding at the end the following new subsection:

''(i) PREEMPTION OF STATE LAW.—This section preempts State law to the extent State law is inconsistent with this section.''.

SEC. 8107. EFFECTIVE DATE.

Except as provided in section 8103(b), the amendments made by this part shall apply to referrals made on or after August 14, 1995, regardless of whether or not regulations are promulgated to carry out such amendments.

PART 2—ANTITRUST REFORM

SEC. 8111. PUBLICATION OF ANTITRUST GUIDELINES ON ACTIVITIES OF HEALTH PLANS.

(a) IN GENERAL.—The Attorney General shall provide for the development and publication of explicit guidelines on the application of antitrust laws to the activities of health plans. The guidelines shall be designed to facilitate development and operation of plans, consistent with the antitrust laws.

(b) REVIEW PROCESS.—The Attorney General shall establish a review process under which the administrator or sponsor of a health plan (or organization that proposes to administer or sponsor a health plan) may submit a request to the Attorney General to obtain a prompt opinion (but in no event later than 90 days after the Attorney General receives the request) from the Department of Justice on the plan's conformity with the Federal antitrust laws.

SEC. 8112. ISSUANCE OF HEALTH CARE CERTIFICATES OF PUBLIC ADVANTAGE.

(a) ISSUANCE AND EFFECT OF CERTIFICATE.—The Attorney General, after consultation with the Secretary, shall issue in accordance with this section a certificate of public advantage to each eligible health care collaborative activity that complies with the requirements in effect under this section on or after the expiration of the 1-year period that begins on the date of the enactment of this Act (without regard to whether or not the Attorney General has promulgated regulations to carry out this section by such date). Such activity, and the parties to such activity, shall not be liable under any of the antitrust laws for conduct described in such certificate and engaged in by such activity if such conduct occurs while such certificate is in effect.

(b) REQUIREMENTS APPLICABLE TO ISSUANCE OF CERTIFICATES.—

(1) STANDARDS TO BE MET.—The Attorney General shall issue a certificate to an eligible health care collaborative activity if the Attorney General finds that—

(A) the benefits that are likely to result from carrying out the activity outweigh the reduction in competition (if any) that is likely to result from the activity, and

(B) such reduction in competition is necessary to obtain such benefits.

(2) FACTORS TO BE CONSIDERED.—

(A) WEIGHING OF BENEFITS AGAINST REDUCTION IN COMPETITION.—For purposes of making the finding described in paragraph (1)(A), the Attorney General shall consider whether the activity is likely—

(i) to maintain or to increase the quality of health care by providing new services not currently offered in the relevant market,

(ii) to increase access to health care,

(iii) to achieve cost efficiencies that will be passed on to health care consumers, such as economies of scale, reduced transaction costs, and reduced administrative costs, that cannot be achieved by the provision of available services and facilities in the relevant market,

(iv) to preserve the operation of health care facilities located in underserved geographical areas,

(v) to improve utilization of health care resources, and

(vi) to reduce inefficient health care resource duplication.

(B) NECESSITY OF REDUCTION IN COMPETITION.—For purposes of making the finding described in paragraph (1)(B), the Attorney General shall consider—

(i) the ability of the providers of health care services that are (or likely to be) affected by the health care collaborative activity and the entities responsible for making payments to such providers to negotiate societally optimal payment and service arrangements,

(ii) the effects of the health care collaborative activity on premiums and other charges imposed by the entities described in clause (i), and

(iii) the availability of equally efficient, less restrictive alternatives to achieve the benefits that are intended to be achieved by carrying out the activity.

(c) ESTABLISHMENT OF CRITERIA AND PROCEDURES.—Subject to subsections (d) and (e), not later than 1 year after the date of the enactment of this Act, the Attorney General and the Secretary shall establish jointly by rule the criteria and procedures applicable to the issuance of certificates under subsection (a). The rules shall specify the form and content of the application to be submitted to the Attorney General to request a certificate, the information required to be submitted in support of such application, the procedures applicable to denying and to revoking a certificate, and the procedures applicable to the administrative appeal (if such appeal is authorized by rule) of the denial and the revocation of a certificate. Such information may include the terms of the health care collaborative activity (in the case of an activity in existence as of the time of the application) and implementation plan for the collaborative activity.

(d) ELIGIBLE HEALTH CARE COLLABORATIVE ACTIVITY.—To be an eligible health care collaborative activity for purposes of this section, a health care collaborative activity shall submit to the Attorney General an application that complies with the rules in effect under subsection (c) and that includes—

(1) an agreement by the parties to the activity that the activity will not foreclose competition by entering into contracts that prevent health care providers from providing health care in competition with the activity,

(2) an agreement that the activity will submit to the Attorney General annually a report that describes the operations of the activity and information regarding the impact of the activity on health care and on competition in health care, and

(3) an agreement that the parties to the activity will notify the Attorney General and the Secretary of the termination of the activity not later than 30 days after such termination occurs.

(e) REVIEW OF APPLICATIONS FOR CERTIFICATES.—Not later than 90 days after an eligible health care collaborative activity submits to the Attorney General an application that complies with the rules in effect under subsection (c) and with subsection (d), the Attorney General shall issue or deny the issuance of such certificate. If, before the expiration of such 90-day period, the Attorney General may extend the time for issuance for good cause.

(f) REVOCATION OF CERTIFICATE.—Whenever the Attorney General finds that a health care collaborative activity with respect to which a certificate is in effect does not meet the standards specified in subsection (b), the Attorney General shall revoke such certificate.

(g) WRITTEN REASONS; JUDICIAL REVIEW.—

(1) DENIAL AND REVOCATION OF CERTIFICATES.—If the Attorney General denies an application for a certificate or revokes a certificate, the Attorney General shall include in the notice of denial or revocation a statement of the reasons relied upon for the denial or revocation of such certificate.

(2) JUDICIAL REVIEW.—

(A) AFTER ADMINISTRATIVE PROCEEDING.—(i) If the Attorney General denies an application submitted or revokes a certificate issued under this section after an opportunity for hearing on the record, then any party to the health care collaborative activity involved may commence a civil action, not later than 60 days after receiving notice of the denial or revocation, in an appropriate district court of the United States for review of the record of such denial or revocation.

(ii) As part of the Attorney General's answer, the Attorney General shall file in such court a certified copy of the record on which such denial or revocation is based. The findings of fact of the Attorney General may be set aside only if found to be unsupported by substantial evidence in such record taken as a whole.

(B) DENIAL OR REVOCATION WITHOUT ADMINISTRATIVE PROCEEDING.—If the Attorney General denies an application submitted or revokes a certificate issued under this section without an opportunity for hearing on the record, then any party to the health care collaborative activity involved may commence a civil action, not later than 60 days after receiving notice of the denial or revocation, in an appropriate district court of the United States for de novo review of such denial or revocation.

(h) EXEMPTION.—A person shall not be liable under any of the antitrust laws for conduct necessary—

(1) to prepare, agree to prepare, or attempt to agree to prepare an application to request a certificate under this section, or

(2) to attempt to enter into any health care collaborative activity with respect to which such a certificate is in effect.

(i) DEFINITIONS.—In this section:

(1) The term ''certificate'' means a certificate of public advantage authorized to be issued under subsection (a).

(2) The term ''health care collaborative activity'' means an agreement (whether existing or proposed) between 2 or more providers of health care services that is entered into solely for the purpose of sharing in the provision and coordination of health care services and that involves substantial integration and financial risk-sharing between the parties, but does not include the exchanging of information, the entering into of any agreement, or the engagement in any other conduct that is not reasonably required to carry out such agreement.

(3) The term ''health care services'' includes services related to the delivery or administration of health care services.

(4) The term ''liable'' means liable for any civil or criminal violation of the antitrust laws.

(5) The term ''provider of health care services'' means any individual or entity that is engaged in the delivery of health care services in a State and that is required by State law or regulation to be licensed or certified by the State to engage in the delivery of such services in the State.

SEC. 8113. STUDY OF IMPACT ON COMPETITION.

The Attorney General, in consultation with the Chairman of the Federal Trade Commission, annually shall submit to the Congress a report as part of the annual budget oversight proceedings concerning the Antitrust Division of the Department of Justice. The report shall enable the Congress to determine how enforcement of antitrust laws is affecting the formation of efficient, cost-saving joint ventures and if the certificate of public advantage procedure set forth in section 8112 has resulted in undesirable reduction in competition in the health care marketplace. The report shall include an evaluation of the factors set forth in paragraphs (2)(A) and (2)(B) of section 8112(b).

SEC. 8114. ANTITRUST EXEMPTION.

The antitrust laws shall not apply with respect to—

(1) the merger of, or the attempt to merge, 2 or more hospitals,

(2) a contract entered into solely by 2 or more hospitals to allocate hospital services, or

(3) the attempt by only 2 or more hospitals to enter into a contract to allocate hospital services,

if each of such hospitals satisfies all of the requirements of section 8115 at the time such hospitals engage in the conduct described in paragraph (1), (2), or (3), as the case may be.

SEC. 8115. REQUIREMENTS.

The requirements referred to in section 8114 are as follows:

(1) The hospital is located outside of a city, or in a city that has less than 150,000 inhabitants, as determined in accordance with the most recent data available from the Bureau of the Census.

(2) In the most recently concluded calendar year, the hospital received more than 40 percent of its gross revenue from payments made under Federal programs.

(3) There is in effect with respect to the hospital a certificate issued by the Health Care Financing Administration specifying that such Administration has determined that Federal expenditures would be reduced, consumer costs would not increase, and access to health care services would not be reduced, if the hospital and the other hospitals that requested such certificate merge, or allocate the hospital services specified in such request, as the case may be.

SEC. 8116. DEFINITION.

For purposes of this subtitle, the term 'antitrust laws' has the meaning given such term in subsection (a) of the first section of the Clayton Act (15 U.S.C. 12), except that such term includes section 5 of the Federal Trade Commission Act (15 U.S.C. 45) to the extent that such section 5 applies with respect to unfair methods of competition.

PART 3—MALPRACTICE REFORM

Subpart A—Uniform Standards for Malpractice Claims

SEC. 8121. APPLICABILITY.

Except as provided in section 8131, this subpart shall apply to any medical malpractice liability action brought in a Federal or State court, and to any medical malpractice claim subject to an alternative dispute resolution system, that is initiated on or after January 1, 1996.

SEC. 8122. REQUIREMENT FOR INITIAL RESOLUTION OF ACTION THROUGH ALTERNATIVE DISPUTE RESOLUTION.

(a) IN GENERAL.—

(1) STATE CASES.—A medical malpractice liability action may not be brought in any State court during a calendar year unless the medical malpractice liability claim that is the subject of the action has been initially resolved under an alternative dispute resolution system certified for the year by the Secretary under section 8132(a), or, in the case of a State in which such a system is not in effect for the year, under the alternative Federal system established under section 8132(b).

(2) FEDERAL DIVERSITY ACTIONS.—A medical malpractice liability action may not be brought in any Federal court under section 1332 of title 28, United States Code, during a calendar year unless the medical malpractice liability claim that is the subject of the action has been initially resolved under the alternative dispute resolution system referred to in paragraph (1) that applied in the State whose law applies in such action.

(3) CLAIMS AGAINST UNITED STATES.—

(A) ESTABLISHMENT OF PROCESS FOR CLAIMS.—The Attorney General shall establish an alternative dispute resolution process for the resolution of tort claims consisting of medical malpractice liability claims brought against the United States under chapter 171 of title 28, United States Code. Under such process, the resolution of a claim shall occur after the completion of the administrative claim process applicable to the claim under section 2675 of such title.

(B) REQUIREMENT FOR INITIAL RESOLUTION UNDER PROCESS.—A medical malpractice liability action based on a medical malpractice liability claim described in subparagraph (A) may not be brought in any Federal court unless the claim has been initially resolved under the alternative dispute resolution process established by the Attorney General under such subparagraph.

(b) INITIAL RESOLUTION OF CLAIMS UNDER ADR.—For purposes of subsection (a), an action is ''initially resolved'' under an alternative dispute resolution system if—

(1) the ADR reaches a decision on whether the defendant is liable to the plaintiff for damages; and

(2) if the ADR determines that the defendant is liable, the ADR reaches a decision on the amount of damages assessed against the defendant.

(c) PROCEDURES FOR FILING ACTIONS.—

(1) NOTICE OF INTENT TO CONTEST DECISION.—Not later than 60 days after a decision is issued with respect to a medical malpractice liability claim under an alternative dispute resolution system, each party affected by the decision shall submit a sealed statement to a court of competent jurisdiction indicating whether or not the party intends to contest the decision.

(2) DEADLINE FOR FILING ACTION.—A medical malpractice liability action may not be brought by a party unless—

(A) the party has filed the notice of intent required by paragraph (1); and

(B) the party files the action in a court of competent jurisdiction not later than 90 days after the decision resolving the medical malpractice liability claim that is the subject of the action is issued under the applicable alternative dispute resolution system.

(3) COURT OF COMPETENT JURISDICTION.—For purposes of this subsection, the term ''court of competent jurisdiction'' means—

(A) with respect to actions filed in a State court, the appropriate State trial court; and

(B) with respect to actions filed in a Federal court, the appropriate United States district court.

(d) LEGAL EFFECT OF UNCONTESTED ADR DECISION.—The decision reached under an alternative dispute resolution system shall, for purposes of enforcement by a court of competent jurisdiction, have the same status in the court as the verdict of a medical malpractice liability action adjudicated in a State or Federal trial court. The previous sentence shall not apply to a decision that is contested by a party affected by the decision pursuant to subsection (c)(1).

SEC. 8123. OPTIONAL APPLICATION OF PRACTICE GUIDELINES.

(a) DEVELOPMENT AND CERTIFICATION OF GUIDELINES.—Each State may develop, for certification by the Secretary, a set of specialty clinical practice guidelines, based on recommended guidelines from national specialty societies, to be updated annually. In the absence of recommended guidelines from such societies, each State may develop such guidelines based on such criteria as the State considers appropriate (including based on recommended guidelines developed by the Agency for Health Care Policy and Research).

(b) PROVISION OF HEALTH CARE UNDER GUIDELINES.—Notwithstanding any other provision of law, in any medical malpractice liability action arising from the conduct of a health care provider or health care professional, if such conduct was in accordance with a guideline developed by the State in which the conduct occurred and certified by the Secretary under subsection (a), the guideline—

(1) may be introduced by any party to the action (including a health care provider, health care professional, or patient); and

(2) if introduced, shall establish a rebuttable presumption that the conduct was in accordance with the appropriate standard of medical care, which may only be overcome by the presentation of clear and convincing evidence on behalf of the party against whom the presumption operates.

SEC. 8124. TREATMENT OF NONECONOMIC AND PUNITIVE DAMAGES.

(a) LIMITATION ON NONECONOMIC DAMAGES.—The total amount of noneconomic damages that may be awarded to a claimant and the members of the claimant's family for losses resulting from the injury which is the subject of a medical malpractice liability action may not exceed $500,000, regardless of the number of parties against whom the action is brought or the number of actions brought with respect to the injury.

(b) NO AWARD OF PUNITIVE DAMAGES AGAINST MANUFACTURER OF MEDICAL PRODUCT.—In the case of a medical malpractice liability action in which the plaintiff alleges a claim against the manufacturer of a medical product, no punitive or exemplary damages may be awarded against such manufacturer.

(c) JOINT AND SEVERAL LIABILITY FOR NONECONOMIC DAMAGES.—The liability of each defendant for noneconomic damages shall be several only and shall not be joint, and each defendant shall be liable only for the amount of noneconomic damages allocated to the defendant in direct proportion to the defendant's percentage of responsibility (as determined by the trier of fact).

(d) USE OF PUNITIVE DAMAGE AWARDS FOR OPERATION OF ADR SYSTEMS IN STATES.—

(1) IN GENERAL.—The total amount of any punitive damages awarded in a medical malpractice liability action shall be paid to the State in which the action is brought (or, in a case brought in Federal court, in the State in which the health care services that caused the injury that is the subject of the action were provided), and shall be used by the State solely to implement and operate the State alternative dispute resolution system certified by the Secretary under section 8132 (except as provided in paragraph (2)).

(2) USE OF REMAINING AMOUNTS FOR PROVIDER LICENSING AND DISCIPLINARY ACTIVITIES.—If the amount of punitive damages paid to a State under paragraph (1) for a year is greater than the State's costs of implementing and operating the State alternative dispute resolution system during the year, the balance of such punitive damages paid to the State shall be used solely to carry out activities to assure the safety and quality of health care services provided in the State, including (but not limited to)—

(A) licensing or certifying health care professionals and health care providers in the State; and

(B) carrying out programs to reduce malpractice-related costs for providers volunteering to provide services in medically underserved areas.

(3) MAINTENANCE OF EFFORT.—A State shall use any amounts paid pursuant to paragraph (1) to supplement and not to replace amounts spent by the State for implementing and operating the State alternative dispute resolution system or carrying out the activities described in paragraph (2).

(e) DRUGS AND DEVICES.—

(1)(A) Punitive damages shall not be awarded against a manufacturer or product seller of a drug (as defined in section 201(g)(1) of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 321(g)(1)) or medical device (as defined in section 201(h) of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 321(h)) which caused the claimant's harm where—

(i) such drug or device was subject to premarket approval by the Food and Drug Administration with respect to the safety of the formulation or performance of the aspect of such drug or device which caused the claimant's harm or the adequacy of the packaging or labeling of such drug or device, and such drug was approved by the Food and Drug Administration; or

(ii) the drug is generally recognized as safe and effective pursuant to conditions established by the Food and Drug Administration and applicable regulations, including packaging and labeling regulations.

(B) Subparagraph (A) shall not apply in any case in which the defendant, before or after premarket approval of a drug or device—

(i) intentionally and wrongfully withheld from or misrepresented to the Food and Drug Administration information concerning such drug or device required to be submitted under the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 301 et seq.) or section 351 of the Public Health Service Act (42 U.S.C. 262) that is material and relevant to the harm suffered by the claimant, or

(ii) made an illegal payment to an official or employee of the Food and Drug Administration for the purpose of securing or maintaining approval of such drug or device.

(2) PACKAGING.—In a product liability action for harm which is alleged to relate to the adequacy of the packaging (or labeling relating to such packaging) of a drug which is required to have tamper-resistant packaging under regulations of the Secretary of Health and Human Services (including labeling regulations related to such packaging), the manufacturer of the drug shall not be held liable for punitive damages unless the drug is found by the court by clear and convincing evidence to be substantially out of compliance with such regulations.

SEC. 8125. PERIODIC PAYMENTS FOR FUTURE LOSSES.

(a) IN GENERAL.—In any medical malpractice liability action in which the damages awarded for future economic loss exceeds $100,000, a defendant may not be required to pay such damages in a single, lump-sum payment, but may be permitted to make such payments on a periodic basis. The periods for such payments shall be determined by the court, based upon projections of when such expenses are likely to be incurred.

(b) WAIVER.—A court may waive the application of subsection (a) with respect to a defendant if the court determines that it is not in the best interests of the plaintiff to receive payments for damages on such a periodic basis.

SEC. 8126. TREATMENT OF ATTORNEY'S FEES AND OTHER COSTS.

(a) REQUIRING PARTY CONTESTING ADR RULING TO PAY ATTORNEY'S FEES AND OTHER COSTS.—

(1) IN GENERAL.—The court in a medical malpractice liability action shall require the party that (pursuant to section 8122(c)(1)) contested the ruling of the alternative dispute resolution system with respect to the medical malpractice liability claim that is the subject of the action to pay to the opposing party the costs incurred by the opposing party under the action, including attorney's fees, fees paid to expert witnesses, and other litigation expenses (but not including court costs, filing fees, or other expenses paid directly by the party to the court, or any fees or costs associated with the resolution of the claim under the alternative dispute resolution system), but only if—

(A) in the case of an action in which the party that contested the ruling is the claimant, the amount of damages awarded to the party under the action is less than the amount of damages awarded to the party under the ADR system; and

(B) in the case of an action in which the party that contested the ruling is the defendant, the amount of damages assessed against the party under the action is greater than the amount of damages assessed under the ADR system.

(2) EXCEPTIONS.—Paragraph (1) shall not apply if—

(A) the party contesting the ruling made under the previous alternative dispute resolution system shows that—

(i) the ruling was procured by corruption, fraud, or undue means,

(ii) there was partiality or corruption under the system,

(iii) there was other misconduct under the system that materially prejudiced the party's rights, or

(iv) the ruling was based on an error of law;

(B) the party contesting the ruling made under the alternative dispute resolution system presents new evidence before the trier of fact that was not available for presentation under the ADR system;

(C) the medical malpractice liability action raised a novel issue of law; or

(D) the court finds that the application of such paragraph to a party would constitute an undue hardship, and issues an order waiving or modifying the application of such paragraph that specifies the grounds for the court's decision.

(3) LIMIT ON ATTORNEYS' FEES PAID.—Attorneys' fees that are required to be paid under paragraph (1) by the contesting party shall not exceed the amount of the attorneys' fees incurred by the contesting party in the action. If the attorneys' fees of the contesting party are based on a contingency fee agreement, the amount of attorneys' fees for purposes of the preceding sentence shall not exceed the reasonable value of those services.

(4) RECORDS.—In order to receive attorneys' fees under paragraph (1), counsel of record in the medical malpractice liability action involved shall maintain accurate, complete records of hours worked on the action, regardless of the fee arrangement with the client involved.

(b) CONTINGENCY FEE DEFINED.—As used in this section, the term ''contingency fee'' means any fee for professional legal services which is, in whole or in part, contingent upon the recovery of any amount of damages, whether through judgment or settlement.

SEC. 8127. UNIFORM STATUTE OF LIMITATIONS.

(a) IN GENERAL.—Except as provided in subsection (b), no medical malpractice claim may be initiated after the expiration of the 2-year period that begins on the date on which the alleged injury that is the subject of such claim was discovered, but in no event may such a claim be initiated after the expiration of the 4-year period that begins on the date on which the alleged injury that is the subject of such claim occurred.

(b) EXCEPTION FOR MINORS.—In the case of an alleged injury suffered by a minor who has not attained 6 years of age, a medical malpractice claim may not be initiated after the expiration of the 2-year period that begins on the date on which the alleged injury that is the subject of such claim was discovered or should reasonably have been discovered, but in no event may such a claim be initiated after the date on which the minor attains 12 years of age.

SEC. 8128. SPECIAL PROVISION FOR CERTAIN OBSTETRIC SERVICES.

(a) IN GENERAL.—In the case of a medical malpractice claim relating to services provided during labor or the delivery of a baby, if the health care professional or health care provider against whom the claim is brought did not previously treat the claimant for the pregnancy, the trier of fact may not find that such professional or provider committed malpractice and may not assess damages against such professional or provider unless the malpractice is proven by clear and convincing evidence.

(b) APPLICABILITY TO GROUP PRACTICES OR AGREEMENTS AMONG PROVIDERS.—For purposes of subsection (a), a health care professional shall be considered to have previously treated an individual for a pregnancy if the professional is a member of a group practice whose members previously treated the individual for the pregnancy or is providing services to the individual during labor or the delivery of a baby pursuant to an agreement with another professional.

SEC. 8129. JURISDICTION OF FEDERAL COURTS.

Nothing in this subpart shall be construed to establish any jurisdiction over any medical malpractice liability action in the district courts of the United States on the basis of sections 1331 or 1337 of title 28, United States Code.

SEC. 8130. PREEMPTION.

(a) IN GENERAL.—The provisions of this subpart shall preempt any State law to the extent such law is inconsistent with such provisions, except that the provisions of this subpart shall not preempt any State law that provides for defenses or places limitations on a person's liability in addition to those contained in this part, places greater limitations on the amount of attorneys' fees that can be collected, or otherwise imposes greater restrictions than those provided in this part.

(b) EFFECT ON SOVEREIGN IMMUNITY AND CHOICE OF LAW OR VENUE.—Nothing in this subpart shall be construed to—

(1) waive or affect any defense of sovereign immunity asserted by any State under any provision of law;

(2) waive or affect any defense of sovereign immunity asserted by the United States;

(3) affect the applicability of any provision of the Foreign Sovereign Immunities Act of 1976;

(4) preempt State choice-of-law rules with respect to claims brought by a foreign nation or a citizen of a foreign nation; or

(5) affect the right of any court to transfer venue or to apply the law of a foreign nation

or to dismiss a claim of a foreign nation or of a citizen of a foreign nation on the ground in inconvenient forum.

Subpart B—Requirements for State Alternative Dispute Resolution Systems (ADR)

SEC. 8131. BASIC REQUIREMENTS.

(a) IN GENERAL.—A State's alternative dispute resolution system meets the requirements of this section if the system—

(1) applies to all medical malpractice liability claims under the jurisdiction of the courts of that State;

(2) requires that a written opinion resolving the dispute be issued not later than 6 months after the date by which each party against whom the claim is filed has received notice of the claim (other than in exceptional cases for which a longer period is required for the issuance of such an opinion), and that the opinion contain—

(A) findings of fact relating to the dispute, and

(B) a description of the costs incurred in resolving the dispute under the system (including any fees paid to the individuals hearing and resolving the claim), together with an appropriate assessment of the costs against any of the parties;

(3) requires individuals who hear and resolve claims under the system to meet such qualifications as the State may require (in accordance with regulations of the Secretary);

(4) is approved by the State or by local governments in the State;

(5) with respect to a State system that consists of multiple dispute resolution procedures—

(A) permits the parties to a dispute to select the procedure to be used for the resolution of the dispute under the system, and

(B) if the parties do not agree on the procedure to be used for the resolution of the dispute, assigns a particular procedure to the parties;

(6) provides for the transmittal to the State agency responsible for monitoring or disciplining health care professionals and health care providers of any findings made under the system that such a professional or provider committed malpractice, unless, during the 90-day period beginning on the date the system resolves the claim against the professional or provider, the professional or provider brings an action contesting the decision made under the system; and

(7) provides for the regular transmittal to the Administrator for Health Care Policy and Research of information on disputes resolved under the system, in a manner that assures that the identity of the parties to a dispute shall not be revealed.

(b) APPLICATION OF MALPRACTICE LIABILITY STANDARDS TO ALTERNATIVE DISPUTE RESOLUTION.—The provisions of subpart A (other than section 8122) shall apply with respect to claims brought under a State alternative dispute resolution system or the alternative Federal system in the same manner as such provisions apply with respect to medical malpractice liability actions brought in the State.

SEC. 8132. CERTIFICATION OF STATE SYSTEMS; APPLICABILITY OF ALTERNATIVE FEDERAL SYSTEM.

(a) CERTIFICATION.—

(1) IN GENERAL.—Not later than October 1 of each year (beginning with 1995), the Secretary, in consultation with the Attorney General, shall determine whether a State's alternative dispute resolution system meets the requirements of this subpart for the following calendar year.

(2) BASIS FOR CERTIFICATION.—The Secretary shall certify a State's alternative dispute resolution system under this subsection for a calendar year if the Secretary determines under paragraph (1) that the system meets the requirements of section 8131, including the requirement described in section 8124 that punitive damages awarded under the system are paid to the State for purposes described in such section.

(b) APPLICABILITY OF ALTERNATIVE FEDERAL SYSTEM.—

(1) ESTABLISHMENT AND APPLICABILITY.—Not later than October 1, 1995, the Secretary, in consultation with the Attorney General, shall establish by rule an alternative Federal ADR system for the resolution of medical malpractice liability claims during a calendar year in States that do not have in effect an alternative dispute resolution system certified under subsection (a) for the year.

(2) REQUIREMENTS FOR SYSTEM.—Under the alternative Federal ADR system established under paragraph (1)—

(A) paragraphs (1), (2), (6), and (7) of section 8131(a) shall apply to claims brought under the system;

(B) if the system provides for the resolution of claims through arbitration, the claims brought under the system shall be heard and resolved by arbitrators appointed by the Secretary in consultation with the Attorney General; and

(C) with respect to a State in which the system is in effect, the Secretary may (at the State's request) modify the system to take into account the existence of dispute resolution procedures in the State that affect the resolution of medical malpractice liability claims.

(3) TREATMENT OF STATES WITH ALTERNATIVE SYSTEM IN EFFECT.—If the alternative Federal ADR system established under this subsection is applied with respect to a State for a calendar year, the State shall make a payment to the United States (at such time and in such manner as the Secretary may require) in an amount equal to 110 percent of the costs incurred by the United States during the year as a result of the application of the system with respect to the State.

SEC. 8133. REPORTS ON IMPLEMENTATION AND EFFECTIVENESS OF ALTERNATIVE DISPUTE RESOLUTION SYSTEMS.

(a) IN GENERAL.—Not later than 5 years after the date of the enactment of this Act, the Secretary shall prepare and submit to the Congress a report describing and evaluating State alternative dispute resolution systems operated pursuant to this subpart and the alternative Federal system established under section 8132(b).

(b) CONTENTS OF REPORT.—The Secretary shall include in the report prepared and submitted under subsection (a)—

(1) information on—

(A) the effect of the alternative dispute resolution systems on the cost of health care within each State,

(B) the impact of such systems on the access of individuals to health care within the State, and

(C) the effect of such systems on the quality of health care provided within the State; and

(2) to the extent that such report does not provide information on no-fault systems operated by States as alternative dispute resolution systems pursuant to this part, an analysis of the feasibility and desirability of establishing a system under which medical malpractice liability claims shall be resolved on a no-fault basis.

Subpart C—Definitions

SEC. 8141. DEFINITIONS.

As used in this part:

(1) ALTERNATIVE DISPUTE RESOLUTION SYSTEM.—The term ''alternative dispute resolution system'' means a system that is enacted or adopted by a State to resolve medical malpractice claims other than through a medical malpractice liability action.

(2) CLAIMANT.—The term ''claimant'' means any person who brings a health care liability action and, in the case of an individual who is deceased, incompetent, or a minor, the person on whose behalf such an action is brought.

(3) CLEAR AND CONVINCING EVIDENCE.—The term ''clear and convincing evidence'' is that measure or degree of proof that will produce in the mind of the trier of fact a firm belief or conviction as to the truth of the allegations sought to be established, except that such measure or degree of proof is more than that required under preponderance of the evidence, but less than that required for proof beyond a reasonable doubt.

(4) ECONOMIC DAMAGES.—The term ''economic damages'' means damages paid to compensate an individual for losses for hospital and other medical expenses, lost wages, lost employment, and other pecuniary losses.

(5) HEALTH CARE PROFESSIONAL.—The term ''health care professional'' means any individual who provides health care services in a State and who is required by State law or regulation to be licensed or certified by the State to provide such services in the State.

(6) HEALTH CARE PROVIDER.—The term ''health care provider'' means any organization or institution that is engaged in the delivery of health care services in a State that is required by State law or regulation to be licensed or certified by the State to engage in the delivery of such services in the State.

(7) INJURY.—The term ''injury'' means any illness, disease, or other harm that is the subject of a medical malpractice claim.

(8) MEDICAL MALPRACTICE LIABILITY ACTION.—The term ''medical malpractice liability action'' means any civil action brought pursuant to State law in which a plaintiff alleges a medical malpractice claim against a health care provider or health care professional, but does not include any action in which the plaintiff's sole allegation is an allegation of an intentional tort.

(9) MEDICAL MALPRACTICE CLAIM.—The term ''medical malpractice claim'' means any claim relating to the provision of (or the failure to provide) health care services or the use of a medical product, without regard to the theory of liability asserted, and includes any third-party claim, cross-claim, counterclaim, or contribution claim in a medical malpractice liability action.

(10) MEDICAL PRODUCT.—

(A) IN GENERAL.—The term ''medical product'' means, with respect to the allegation of a claimant, a drug (as defined in section 201(g)(1) of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 321(g)(1)) or a medical device (as defined in section 201(h) of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 321(h)) if—

(i) such drug or device was subject to premarket approval under section 505, 507, or 515 of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 355, 357, or 360e) or section 351 of the Public Health Service Act (42 U.S.C. 262) with respect to the safety of the formulation or performance of the aspect of such drug or device which is the subject of the claimant's allegation or the adequacy of the packaging or labeling of such drug or device, and such drug or device is approved by the Food and Drug Administration; or

(ii) the drug or device is generally recognized as safe and effective under regulations issued by the Secretary of Health and Human Services under section 201(p) of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 321(p)).

(B) EXCEPTION IN CASE OF MISREPRESENTATION OR FRAUD.—Notwithstanding subparagraph (A), the term ''medical product'' shall not include any product described in such subparagraph if the claimant shows that the product is approved by the Food and Drug

Administration for marketing as a result of withheld information, misrepresentation, or an illegal payment by manufacturer of the product.

(11) NONECONOMIC DAMAGES.—The term ''noneconomic damages'' means damages paid to compensate an individual for losses for physical and emotional pain, suffering, inconvenience, physical impairment, mental anguish, disfigurement, loss of enjoyment of life, loss of consortium, and other nonpecuniary losses, but does not include punitive damages.

(12) PUNITIVE DAMAGES.—The term ''punitive damages'' means compensation, in addition to compensation for actual harm suffered, that is awarded for the purpose of punishing a person for conduct deemed to be malicious, wanton, willful, or excessively reckless.

PART 4—PAYMENT AREAS FOR PHYSICIANS' SERVICES UNDER MEDICARE

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SEC. 8151. MODIFICATION OF PAYMENT AREAS USED TO DETERMINE PAYMENTS FOR PHYSICIANS' SERVICES UNDER MEDICARE.

(a) IN GENERAL.—Section 1848(j)(2) (42 U.S.C. 1395w@4(j)(2)) is amended to read as follows:

''(2) FEE SCHEDULE AREA.—

''(A) GENERAL RULE.—Except as provided in subparagraph (B), the term 'fee schedule area' means, with respect to physicians' services furnished in a State, the State.

''(B) EXCEPTION FOR STATES WITH HIGHEST VARIATION AMONG AREAS.—In the case of the 15 States with the greatest variation in cost associated with physicians' services among various geographic areas of the State (as determined by the Secretary in accordance with such standards as the Secretary considers appropriate), the fee schedule area applicable with respect to physicians' services furnished in the State shall be a locality used under section 1842(b) for purposes of computing payment amounts for physicians' services, except that the Secretary shall revise the localities used under such section so that there are no more than 5 such localities in any State.''.

(b) BUDGET-NEUTRALITY REQUIREMENT.—The Secretary of Health and Human Services shall carry out the amendment made by subsection (a) in a manner which ensures that the aggregate amount of payment made for physicians' services under part B of the medicare program in any year does not exceed the aggregate amount of payment which would have been made for such services under part B during the year if the amendment were not in effect.

(c) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to physicians' services furnished on or after January 1, 1997.

Subtitle C—Medicare Payments to Health Care Providers

PART 1—PROVISIONS AFFECTING ALL PROVIDERS

SEC. 8201. ONE-YEAR FREEZE IN PAYMENTS TO PROVIDERS.

(a) FREEZE IN UPDATES.—

(1) IN GENERAL.—Notwithstanding any other provision of law, except as otherwise provided in paragraph (2), for purposes of determining the amount to paid for an item or service under title XVIII of the Social Security Act, the percentage increase in any economic index by which a payment amount under title XVIII of the Social Security Act is required to be increased during fiscal year 1996 shall be deemed to be zero.

(2) EXCEPTIONS.—Paragraph (1) shall not apply—

(A) to payments for the operating costs of inpatient hospital services of a subsection (d) hospital (as defined in section 1886(d)(1)(B) of the Social Security Act); or

(B) to the determination of hospital-specific FTE resident amounts under section 1886(h) of such Act.

(b) ECONOMIC INDEX.— The term ''economic index'' includes—

(1) the hospital market basket index (described in section 1886(b)(3)(B)(iii) of the Social Security Act),

(2) the medicare economic index (referred to in the fourth sentence of section 1842(b)(3) of such Act),

(3) the consumer price index for all urban consumers (U.S. city average), and

(4) any other index used to adjust payment amounts under title XVIII of such Act.

(c) EXTENSION OF PAYMENT FREEZE FOR SNFS AND HHAS.—

(1) SKILLED NURSING FACILITIES.—

(A) NO CHANGE IN COST LIMITS.—Section 13503(a)(1) of OBRA–1993 is amended by striking ''1994 and 1995'' and inserting ''1994, 1995, and 1996''.

(B) DELAY IN UPDATES; NO CATCH UP.—The last sentence of section 1888(a) (42 U.S.C. 1395yy(a)) is amended—

(i) by striking ''1995'' and inserting ''1996'', and

(ii) by striking ''subsection.'' and inserting ''subsection (except that such updates may not take into account any changes in the routine service costs of skilled nursing facilities during cost reporting periods which began during fiscal year 1994, 1995, or 1996).''.

(C) PROSPECTIVE PAYMENTS.—Section 13505(b) of OBRA–1993 is amended by striking ''fiscal years 1994 and 1995'' and inserting ''fiscal years 1994, 1995, and 1996''.

(2) HOME HEALTH AGENCIES.—

(A) NO CHANGE IN COST LIMITS.—Section 13564(a)(1) of OBRA–1993 is amended by striking ''1996'' and inserting ''1997''.

(B) DELAY IN UPDATES; NO CATCH UP.—Section 1861(v)(1)(L)(iii) (42 U.S.C. 1395x(v)(1)(L)(iii)) is amended—

(i) by striking ''1996'' and inserting ''1997'', and

(ii) by adding at the end the following: ''In establishing limits under this subparagraph, the Secretary may not take into account any changes in the routine service costs of the provision of services furnished by home health agencies with respect to cost reporting periods which began on or after July 1, 1994, and before July 1,1997.''.

PART 2—PROVISIONS AFFECTING DOCTORS

SEC. 8211. UPDATING FEES FOR PHYSICIANS' SERVICES.

(a) ESTABLISHMENT OF SINGLE, CUMULATIVE MVPS.— Section 1848(f) (42 U.S.C. 1395w-4(f)) is amended—

(1) in subparagraphs (A) and (C) of paragraph (1), by striking ''rates of increase for all physicians' services and for each category of such services'' each place it appears and inserting ''rate of increase for all physicians' services (and, in the case of fiscal years beginning before fiscal year 1996, for each category of such services)''; and

(2) in paragraph (2)—

(A) in subparagraph (A)—

(i) by striking ''IN GENERAL.—'' and inserting ''FISCAL YEARS 1991 THROUGH 1995.—'',

(ii) in the matter preceding clause (i), by striking ''a fiscal year (beginning with fiscal year 1991)'' and inserting ''fiscal years 1991 through 1995'', and

(iii) in the matter following clause (iv), by striking ''subparagraph (B)) and inserting ''subparagraph (C))'',

(B) by redesignating subparagraphs (B) and (C) as subparagraphs (C) and (D), and

(C) by inserting after subparagraph (A) the following:

''(B) FISCAL YEAR 1996 AND THEREAFTER.—Unless Congress otherwise provides, the performance standard rate of increase for all physicians' services for a fiscal year beginning with fiscal year 1996 shall be equal to the performance standard rate of increase determined under this paragraph for the previous fiscal year, increased by the product of—

''(i) 1 plus the Secretary's estimate of the weighted average percentage increase (divided by 100) in the fees for all physicians' services under this part for portions of calendar years included in the fiscal year involved,

''(ii) 1 plus the Secretary's estimate of the percentage increase or decrease (divided by 100) in the average number of individuals enrolled under this part (other than HMO enrollees) from the previous fiscal year to the fiscal year involved,

''(iii) 1 plus the Secretary's estimate of the average annual percentage growth (divided by 100) in volume and intensity of all physicians' services under this part for the 5-fiscal year period ending with the preceding fiscal year, and

''(iv) 1 plus the Secretary's estimate of the percentage increase or decrease (divided by 100) in expenditures for all physicians' services in the fiscal year (compared with the previous fiscal year) that are estimated to result from changes in law or regulations affecting the percentage increase described in clause (i) and that is not taken into account in the percentage increase described in clause (i),minus 1, multiplied by 100, and reduced by the performance standard factor (specified in subparagraph (C)).''.

(b) ANNUAL UPDATE BASED ON CUMULATIVE PERFORMANCE.—

(1) IN GENERAL.—Section 1848(d)(3)(B) (42 U.S.C. 1395w- 4(d)(3)(B)) is amended—

(A) in clause (i)—

(i) by striking ''IN GENERAL.—'' and inserting ''For 1992 through 1995'',

(ii) by striking ''for a year'' and inserting ''for each of the years 1992 through 1995'', and

(iii) by striking '', subject to clause (ii),'' and inserting ''subject to clause (iii),'';

(B) by redesignating clause (ii) as clause (iii); and

(C) by inserting after clause (i) the following:

''(ii) YEARS BEGINNING AFTER 1996.—

''(I) IN GENERAL.—The update for all physicians'' services for a year beginning after 1996 provided under subparagraph (A) shall, subject to clause (iii), be increased or decreased by the same percentage by which the cumulative percentage increase in actual expenditures for all physicians' services in the second previous fiscal year over the third previous fiscal year, was less or greater, respectively, than the performance standard rate of increase (established under subsection (f)) for such services for the second previous fiscal year.

''(II) CUMULATIVE PERCENTAGE INCREASE DEFINED.—In subclause (I), the 'cumulative percentage increase in actual expenditures' for a year shall be equal to the product of the adjusted increases for each year beginning with 1995 up to and including the year involved, minus 1 and multiplied by 100. In the previous sentence, the 'adjusted increase' for a year is equal to 1 plus the percentage increase in actual expenditures for the year (over the preceding year).''.

(3) ESTABLISHMENT OF CONVERSION FACTOR FOR 1996.—Section 1848(d)(1) (42 U.S.C. 1395w@4(d)(1)) is amended—

(A) by redesignating subparagraph (C) as subparagraph (D); and

(B) by inserting after subparagraph (B) the following new subparagraph:

''(C) SPECIAL RULE FOR 1996.—For 1996, the conversion factor under this subsection shall be $36.40 for all physicians' services.''.

(c) ESTABLISHING UPPER LIMIT ON MVPS REWARDS.—

(1) IN GENERAL.—Clause (iii) of section 1848(d)(3)(B), as redesignated by subsection (b)(1)(B), is amended by striking ''a decrease'' and inserting ''an increase or decrease''.

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall apply to physicians' services furnished on or after January 1, 1996.

SEC. 8212. USE OF REAL GDP TO ADJUST FOR VOLUME AND INTENSITY.

Section 1848(f)(2)(B)(iii) (42 U.S.C. 1395w–4(f)(2)(B)(iii)), as added by section 8211(a)(2)(C), is amended to read as follows:

''(iii) 1 plus the average per capita growth in the real gross domestic product (divided by 100) for the 5-fiscal-year period ending with the previous fiscal year (increased by 1.5 percentage points for the category of services consisting of primary care services), and''.

PART 3—PROVISIONS AFFECTING HOSPITALS

SEC. 8221. REDUCTION IN UPDATE FOR INPATIENT HOSPITAL SERVICES.

(a) PPS HOSPITALS.—Section 1886(b)(3)(B)(i) (42 U.S.C. 1395ww(b)(3)(B)(i)) is amended—

(1) by amending subclause (XII) to read as follows:

''(XII) for each of the fiscal years 1997 through 2002, the market basket percentage increase minus 0.5 percentage point for hospitals in a rural area, and the market basket percentage increase minus 1.5 percentage points for all other hospitals, and''; and

(2) in subclause (XIII), by striking ''1998'' and inserting ''2003''.

(b) PPS-EXEMPT HOSPITALS.—

(1) IN GENERAL.—Section 1886(b)(3)(B)(ii) (42 U.S.C. 1395ww(b)(3)(B)(ii)) is amended—

(A) in subclause (V)—

(i) by striking ''thorugh 1997'' and inserting ''through 1996'', and

(ii) by striking ''and'' at the end;

(B) by redesignating subclause (VI) as subclause (VII); and

(C) by inserting after subclause (V) the following new subclause:

''(VI) fiscal years 1997 through 2002, is the market basket percentage increase minus 1.0 percentage point, and''.

(2) CONFORMING AMENDMENT.—Section 1886(b)(3)(B) (42 U.S.C. 1395ww(b)(3)(B)) is amended by striking clause (v).

SEC. 8222. ELIMINATION OF FORMULA-DRIVEN OVERPAYMENTS FOR CERTAIN OUTPATIENT HOSPITAL SERVICES.

(a) AMBULATORY SURGICAL CENTER PROCEDURES.—Section 1833(i)(3)(B)(i)(II) (42 U.S.C. 1395l(i)(3)(B)(i)(II)) is amended—

(1) by striking ''of 80 percent''; and

(2) by striking the period at the end and inserting the following: '', less the amount a provider may charge as described in clause (ii) of section 1866(a)(2)(A).''.

(b) RADIOLOGY SERVICES AND DIAGNOSTIC PROCEDURES.—Section 1833(n)(1)(B)(i)(II) (42 U.S.C. 1395l(n)(1)(B)(i)(II)) is amended—

(1) by striking ''of 80 percent''; and

(2) by striking the period at the end and inserting the following: '', less the amount a provider may charge as described in clause (ii) of section 1866(a)(2)(A).''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to services furnished during portions of cost reporting periods occurring on or after July 1, 1994.

SEC. 8223. ESTABLISHMENT OF PROSPECTIVE PAYMENT SYSTEM FOR OUTPATIENT SERVICES.

(a) IN GENERAL.—Section 1833(a)(2)(B) (42 U.S.C. 1395l(a)(2)(B)) is amended by striking ''section 1886)—'' and all that follows and inserting the following: ''section 1886), an amount equal to a prospectively determined payment rate established by the Secretary that provides for payments for such items and services to be based upon a national rate adjusted to take into account the relative costs of furnishing such items and services in various geographic areas, except that for items and services furnished during cost reporting periods (or portions thereof) in years beginning with 1996, such amount shall be equal to 95 percent of the amount that would otherwise have been determined;''.

(b) ESTABLISHMENT OF PROSPECTIVE PAYMENT SYSTEM.—Not later than July 1, 1995, the Secretary of Health and Human Services shall establish the prospective payment system for hospital outpatient services necessary to carry out section 1833(a)(2)(B) of the Social Security Act (as amended by subsection (a)).

(c) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to items and services furnished on or after January 1, 1996.

SEC. 8224. REDUCTION IN MEDICARE PAYMENTS TO HOSPITALS FOR INPATIENT CAPITAL-RELATED COSTS.

(a) PPS HOSPITALS.—Section 1886(g)(1)(A) (42 U.S.C. 1395ww(g)(1)(A)) is amended by striking ''1995'' and inserting ''1996''.

(b) PPS-EXEMPT HOSPITALS.—Section 1861(v)(1) (42 U.S.C. 1395x(v)(1)) is amended by adding at the end the following:

''(T) Such regulations shall provide that, in determining the amount of the payments that may be made under this title with respect to the capital-related costs of inpatient hospital services furnished by a hospital that is not a subsection (d) hospital (as defined in section 1886(d)(1)(B)) or a subsection (d) Puerto Rico hospital (as defined in section 1886(d)(9)(A)), the Secretary shall reduce the amounts of such payments otherwise established under this title by 10 percent for payments attributable to portions of cost reporting periods occurring during fiscal year 1996.''.

SEC. 8225. MORATORIUM ON PPS EXEMPTION FOR LONG-TERM CARE HOSPITALS.

(a) IN GENERAL.—Section 1886(d)(1)(B)(iv) (42 U.S.C. 1395ww(d)(1)(B)(iv)) is amended by striking ''Secretary)'' and inserting ''Secretary on or before September 30, 1995)''.

(b) RECOMMENDATIONS ON APPROPRIATE STANDARDS FOR LONG-TERM CARE HOSPITALS.—Not later than 1 year after the date of the enactment of this Act, the Secretary of Health and Human Services shall submit to Congress recommendations for modifications to the standards used by the Secretary to determine whether a hospital (including a distinct part of another hospital) is classified as a long-term care hospital for purposes of determining the amount of payment to the hospital under part A of the medicare program for the operating costs of inpatient hospital services.

PART 4—PROVISIONS AFFECTING OTHER PROVIDERS

SEC. 8231. REVISION OF PAYMENT METHODOLOGY FOR HOME HEALTH SERVICES.

(a) ADDITIONS TO COST LIMITS.—Section 1861(v)(1)(L) (42 U.S.C. 1395x(v)(1)(L)) is amended by adding at the end the following new clauses:

''(iv) For services furnished by home health agencies for cost reporting periods beginning on or after October 1, 1996, the Secretary shall provide for an interim system of limits. Payment shall be the lower of—

''(I) costs determined under the preceding provisions of this subparagraph, or

''(II) an agency-specific per beneficiary annual limit calculated from the agency's 12-month cost reporting period ending on or after January 1, 1994 and on or before December 31, 1994 based on reasonable costs (including non-routine medical supplies), updated by the home health market basket index. The per beneficiary limitation shall be multiplied by the agency's unduplicated census count of Medicare patients for the year subject to the limitation. The limitation shall represent total Medicare reasonable costs divided by the unduplicated census count of Medicare patients.

''(v) For services furnished by home health agencies for cost reporting periods beginning on or after October 1, 1996, the following rules shall apply:

''(I) For new providers and those providers without a 12-month cost reporting period ending in calendar year 1994, the per beneficiary limit shall be equal to the mean of these limits (or the Secretary's best estimates thereof) applied to home health agencies as determined by the Secretary. Home health agencies that have altered their corporate structure or name may not be considered new providers for payment purposes.

''(II) For beneficiaries who use services furnished by more than one home health agency, the per beneficiary limitation shall be pro-rated among agencies.

''(vi) Home health agencies whose cost or utilization experience is below 125 percent of the mean national or census region aggregate per beneficiary cost or utilization experience for 1994, or best estimates thereof, and whose year-end reasonable costs are below the agency-specific per beneficiary limit, shall receive payment equal to 50 percent of the difference between the agency's reasonable costs and its limit for fiscal years 1996, 1997, 1998, and 1999. Such payments may not exceed 5 percent of an agency's aggregate Medicare reasonable cost in a year.

''(vii) Effective January 1, 1997, or as soon as feasible, the Secretary shall modify the agency specific per beneficiary annual limit described in clause (iv) to provide for regional or national variations in utilization. For purposes of determining payment under clause (iv), the limit shall be calculated through a blend of 75 percent of the agency-specific cost or utilization experience in 1994 with 25 percent of the national or census region cost or utilization experience in 1994, or the Secretary's best estimates thereof.''.

(b) USE OF INTERIM FINAL REGULATIONS.—The Secretary shall implement the payment limits described in section 1861(v)(1)(L)(iv) of the Social Security Act by publishing in the Federal Register a notice of interim final payment limits by August 1, 1996 and allowing for a period of public comments thereon. Payments subject to these limits will be effective for cost reporting periods beginning on or after October 1, 1996, without the necessity for consideration of comments received, but the Secretary shall, by Federal Register notice, affirm or modify the limits after considering those comments.

(c) STUDIES.—The Secretary shall expand research on a prospective payment system for home health agencies that shall tie prospective payments to an episode of care, including an intensive effort to develop a reliable case mix adjuster that explains a significant amount of the variances in costs. The Secretary shall develop such a system for implementation in fiscal year 2000.

(d) PAYMENTS DETERMINED ON PROSPECTIVE BASIS.—Title XVIII is amended by adding at the end the following new section:

''PROSPECTIVE PAYMENT FOR HOME HEALTH SERVICES

''SEC. 1893. (a) Notwithstanding section 1861(v), the Secretary shall, for cost reporting periods beginning on or after fiscal year 2000, provide for payments for home health services in accordance with a prospective payment system, which pays home health agencies on a per episode basis, established by the Secretary.

''(b) Such a system shall include the following:

''(1) Per episode rates under the system shall be 15 percent less than those that would otherwise occur under fiscal year 2000 Medicare expenditures for home health services.

''(2) All services covered and paid on a reasonable cost basis under the Medicare home health benefit as of the date of the enactment of the Medicare Enhancement Act of 1995, including medical supplies, shall be subject to the per episode amount. In defining an episode of care, the Secretary shall consider an appropriate length of time for an episode the use of services and the number of visits provided within an episode, potential changes in the mix of services provided within an episode and their cost, and a general system design that will provide for continued access to quality services. The per episode amount shall be based on the most current audited cost report data available to the Secretary.

''(c) The Secretary shall employ an appropriate case mix adjuster that explains a significant amount of the variation in cost.

''(d) The episode payment amount shall be adjusted annually by the home health market basket index. The labor portion of the episode amount shall be adjusted for geographic differences in labor-related costs based on the most current hospital wage index.

''(e) The Secretary may designate a payment provision for outliers, recognizing the need to adjust payments due to unusual variations in the type or amount of medically necessary care.

''(f) A home health agency shall be responsible for coordinating all care for a beneficiary. If a beneficiary elects to transfer to, or receive services from, another home health agency within an episode period, the episode payment shall be pro-rated between home health agencies.''.

SEC. 8232. LIMITATION OF HOME HEALTH COVERAGE UNDER PART A.

(a) IN GENERAL.—Section 1812(a)(3) (42 U.S.C. 1395d(a)(3)) is amended by striking the semicolon and inserting ''for up to 150 days during any spell of illness;''.

(b) CONFORMING AMENDMENT.—Section 1812(b) (42 U.S.C. 1395d(b)) is amended—

(1) by striking ''or'' at the end of paragraph (2),

(2) by striking the period at the end of paragraph (3) and inserting ''; or'', and

(3) by adding at the end the following new paragraph:

''(4) home health services furnished to the individual during such spell after such services have been furnished to the individual for 150 days during such spell.''.

(c) EXCLUSION OF ADDITIONAL PART B COSTS FROM DETERMINATION OF PART B MONTHLY PREMIUM.—Section 1839(a) (42 U.S.C. 1395r(a)) is amended—

(1) in the second sentence of paragraph (1), by striking ''enrollees.'' and inserting ''enrollees (except as provided in paragraph (5)).''; and

(2) by adding at the end the following new paragraph:

''(5) In estimating the benefits and administrative costs which will be payable from the Federal Supplementary Medical Insurance Trust Fund for a year (beginning with 1996), the Secretary shall exclude an estimate of any benefits and costs attributable to home health services for which payment would have been made under part A during the year but for paragraph (4) of section 1812(b).''.

(d) EFFECTIVE DATE.—The amendments made by this subsection shall apply to spells of illness beginning on or after October 1, 1995.

SEC. 8233. REDUCTION IN FEE SCHEDULE FOR DURABLE MEDICAL EQUIPMENT.

(a) IN GENERAL.—

(1) FREEZE IN UPDATE FOR COVERED ITEMS.—Section 1834(a)(14) (42 U.S.C. 1395m(a)(14)) is amended—

(A) by striking ''and'' at the end of subparagraph (A);

(B) in subparagraph (B)—

(i) by striking ''a subsequent year'' and inserting ''1993, 1994, and 1995'', and

(ii) by striking the period at the end and inserting ''; and''; and

(C) by adding at the end the following:

''(C) for each of the years 1996 through 1999, 0 percent; and

''(D) for a subsequent year, the percentage increase in the consumer price index for all urban consumers (U.S. urban average) for the 12-month period ending with June of the previous year.''.

(2) UPDATE FOR ORTHOTICS AND PROSTHETICS.—Section 1834(h)(4)(A)(iii) (42 U.S.C. 1395m(h)(4)(A)(iii)) is amended by striking ''1994 and 1995'' and inserting ''each of the years 1994 through 1999''.

(b) OXYGEN AND OXYGEN EQUIPMENT.—Section 1834(a)(9)(C) (42 U.S.C. 1395m(a)(9)(C)) is amended—

(1) by striking ''and'' at the end of clause (iii);

(2) in clause (iv)—

(A) by striking ''a subsequent year'' and inserting ''1993, 1994, and 1995'', and

(B) by striking the period at the end and inserting ''; and''; and

(3) by adding at the end the following new clause:

''(v) in 1996 and each subsequent year, is 90 percent of the national limited monthly payment rate computed under subparagraph (B) for the item for the year.''.

SEC. 8234. NURSING HOME BILLING.

(a) PAYMENTS FOR ROUTINE SERVICE COSTS.—

(1) CLARIFICATION OF DEFINITION OF ROUTINE SERVICE COSTS.—Section 1888 (42 U.S.C. 1395yy) is amended by adding at the end the following new subsection:

''(e) For purposes of this section, the 'routine service costs' of a skilled nursing facility are all costs which are attributable to nursing services, room and board, administrative costs, other overhead costs, and all other ancillary services (including supplies and equipment), excluding costs attributable to covered non-routine services subject to payment limits under section 1888A.''.

(2) CONFORMING AMENDMENT.—Section 1888 (42 U.S.C. 1395yy) is amended in the heading by inserting ''AND CERTAIN ANCILLARY'' after ''SERVICE''.

(b) INCENTIVES FOR COST EFFECTIVE MANAGEMENT OF COVERED NONROUTINE SERVICES.—

(1) IN GENERAL.—Title XVIII is amended by inserting after section 1888 the following new section:

''INCENTIVES FOR COST-EFFECTIVE MANAGEMENT OF COVERED NON-ROUTINE SERVICES OF SKILLED NURSING FACILITIES

''SEC. 1888A. (a) DEFINITIONS.—For purposes of this section:

''(1) COVERED NON-ROUTINE SERVICES.—The term 'covered non-routine services' means post-hospital extended care services consisting of any of the following:

''(A) Physical or occupational therapy or speech-language pathology services, or respiratory therapy.

''(B) Prescription drugs.

''(C) Complex medical equipment.

''(D) Intravenous therapy and solutions (including enteral and parenteral nutrients, supplies, and equipment).

''(E) Radiation therapy.

''(F) Diagnostic services, including laboratory, radiology (including computerized tomography services and imaging services), and pulmonary services.

''(2) SNF MARKET BASKET PERCENTAGE INCREASE.—The term 'SNF market basket percentage increase' for a fiscal year means a percentage equal to the percentage increase in routine service cost limits for the year under section 1888(a).

''(3) STAY.—The term 'stay' means, with respect to an individual who is a resident of a skilled nursing facility, a period of continuous days during which the facility provides extended care services for which payment may be made under this title to the individual during the individual's spell of illness.

''(b) NEW PAYMENT METHOD FOR COVERED NON-ROUTINE SERVICES.—

''(1) IN GENERAL.—Subject to subsection (c), a skilled nursing facility shall receive interim payments under this title for covered non-routine services furnished to an individual during a cost reporting period beginning during a fiscal year (after fiscal year 1996) in an amount equal to the reasonable cost of providing such services in accordance with section 1861(v). The Secretary may adjust such payments if the Secretary determines (on the basis of such estimated information as the Secretary considers appropriate) that payments to the facility under this paragraph for a cost reporting period would substantially exceed the cost reporting period limit determined under subsection (c)(1)(B).

''(2) RESPONSIBILITY OF SKILLED NURSING FACILITY TO MANAGE BILLINGS.—

''(A) CLARIFICATION RELATING TO PART A BILLING.—In the case of a covered non-routine service furnished to an individual who (at the time the service is furnished) is a resident of a skilled nursing facility who is entitled to coverage under section 1812(a)(2) for such service, the skilled nursing facility shall submit a claim for payment under this title for such service under part A (without regard to whether or not the item or service was furnished by the facility, by others under arrangement with them made by the facility, under any other contracting or consulting arrangement, or otherwise).

''(B) PART B BILLING.—In the case of a covered non-routine service furnished to an individual who (at the time the service is furnished) is a resident of a skilled nursing facility who is not entitled to coverage under section 1812(a)(2) for such service but is entitled to coverage under part B for such service, the skilled nursing facility shall submit a claim for payment under this title for such service under part B (without regard to whether or not the item or service was furnished by the facility, by others under arrangement with them made by the facility, under any other contracting or consulting arrangement, or otherwise).

''(C) MAINTAINING RECORDS ON SERVICES FURNISHED TO RESIDENTS.—Each skilled nursing facility receiving payments for extended care services under this title shall document on the facility's cost report all covered non-routine services furnished to all residents of the facility to whom the facility provided extended care services for which payment was made under part A during a fiscal year (beginning with fiscal year 1996) (without regard to whether or not the services were furnished by the facility, by others under arrangement with them made by the facility, under any other contracting or consulting arrangement, or otherwise).

''(c) RECONCILIATION OF AMOUNTS.—

''(1) LIMIT BASED ON PER STAY LIMIT AND NUMBER OF STAYS.—

''(A) IN GENERAL.—If a skilled nursing facility has received aggregate payments under subsection (b) for covered non-routine services during a cost reporting period beginning during a fiscal year in excess of an amount equal to the cost reporting period limit determined under subparagraph (B), the Secretary shall reduce the payments

made to the facility with respect to such services for cost reporting periods beginning during the following fiscal year in an amount equal to such excess. The Secretary shall reduce payments under this subparagraph at such times and in such manner during a fiscal year as the Secretary finds necessary to meet the requirement of this subparagraph.

''(B) COST REPORTING PERIOD LIMIT.—The cost reporting period limit determined under this subparagraph is an amount equal to the product of—

''(i) the per stay limit applicable to the facility under subsection (d) for the period; and

''(ii) the number of stays beginning during the period for which payment was made to the facility for such services.

''(C) PROSPECTIVE REDUCTION IN PAYMENTS.—In addition to the process for reducing payments described in subparagraph (A), the Secretary may reduce payments made to a facility under this section during a cost reporting period if the Secretary determines (on the basis of such estimated information as the Secretary considers appropriate) that payments to the facility under this section for the period will substantially exceed the cost reporting period limit for the period determined under this paragraph.

''(2) INCENTIVE PAYMENTS.—

''(A) IN GENERAL.—If a skilled nursing facility has received aggregate payments under subsection (b) for covered non-routine services during a cost reporting period beginning during a fiscal year in an amount that is less than the amount determined under paragraph (1)(B), the Secretary shall pay the skilled nursing facility in the following fiscal year an incentive payment equal to 50 percent of the difference between such amounts, except that the incentive payment may not exceed 5 percent of the aggregate payments made to the facility under subsection (b) for the previous fiscal year (without regard to subparagraph (B)).

''(B) INSTALLMENT INCENTIVE PAYMENTS.—The Secretary may make installment payments during a fiscal year to a skilled nursing facility based on the estimated incentive payment that the facility would be eligible to receive with respect to such fiscal year.

''(d) DETERMINATION OF FACILITY PER STAY LIMIT.—

''(1) LIMIT FOR FISCAL YEAR 1997.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), the Secretary shall establish separate per stay limits for hospital-based and freestanding skilled nursing facilities for the 12-month cost reporting period beginning during fiscal year 1997 that are equal to the sum of—

''(i) 50 percent of the facility-specific stay amount for the facility (as determined under subsection (e)) for the last 12-month cost reporting period ending on or before September 30, 1994, increased (in a compounded manner) by the SNF market basket percentage increase for fiscal years 1995 through 1997; and

''(ii) 50 percent of the average of all facility-specific stay amounts for all hospital-based facilities or all freestanding facilities (whichever is applicable) during the cost reporting period described in clause (i), increased (in a compounded manner) by the SNF market basket percentage increase for fiscal years 1995 through 1997.

''(B) FACILITIES NOT HAVING 1994 COST REPORTING PERIOD.—In the case of a skilled nursing facility for which payments were not made under this title for covered non-routine services for the last 12-month cost reporting period ending on or before September 30, 1994, the per stay limit for the 12-month cost reporting period beginning during fiscal year 1997 shall be twice the amount determined under subparagraph (A)(ii).

''(2) LIMIT FOR SUBSEQUENT FISCAL YEARS.—The per stay limit for a skilled nursing facility for a 12-month cost reporting period beginning during a fiscal year after fiscal year 1997 is equal to the per stay limit established under this subsection for the 12-month cost reporting period beginning during the previous fiscal year, increased by the SNF market basket percentage increase for such subsequent fiscal year minus 2 percentage points.

''(3) REBASING OF AMOUNTS.—

''(A) IN GENERAL.—The Secretary shall provide for an update to the facility-specific amounts used to determine the per stay limits under this subsection for cost reporting periods beginning on or after October 1, 1999, and every 2 years thereafter.

''(B) TREATMENT OF FACILITIES NOT HAVING REBASED COST REPORTING PERIODS.—Paragraph (1)(B) shall apply with respect to a skilled nursing facility for which payments were not made under this title for covered non-routine services for the 12-month cost reporting period used by the Secretary to update facility-specific amounts under subparagraph (A) in the same manner as such paragraph applies with respect to a facility for which payments were not made under this title for covered non-routine services for the last 12-month cost reporting period ending on or before September 30, 1994.

''(e) DETERMINATION OF FACILITY-SPECIFIC STAY AMOUNTS.—The 'facility-specific stay amount' for a skilled nursing facility for a cost reporting period is the sum of—

''(1) the average amount of payments made to the facility under part A during the period which are attributable to covered non-routine services furnished during a stay (as determined on a per diem basis); and

''(2) the Secretary's best estimate of the average amount of payments made under part B during the period for covered non-routine services furnished to all residents of the facility to whom the facility provided extended care services for which payment was made under part A during the period (without regard to whether or not the services were furnished by the facility, by others under arrangement with them made by the facility, under any other contracting or consulting arrangement, or otherwise), as estimated by the Secretary.

''(f) INTENSIVE NURSING OR THERAPY NEEDS.—

''(1) IN GENERAL.—In applying subsection (b) to covered non-routine services furnished during a stay beginning during a cost reporting period beginning during a fiscal year (beginning with fiscal years after fiscal year 1997) to a resident of a skilled nursing facility who requires intensive nursing or therapy services, the per stay limit for such resident shall be the per stay limit developed under paragraph (2) instead of the per stay limit determined under subsection (d)(1)(A).

''(2) PER STAY LIMIT FOR INTENSIVE NEED RESIDENTS.—Not later than June 30, 1997, the Secretary, after consultation with the Medicare Payment Review Commission and skilled nursing facility experts, shall develop and publish a per stay limit for residents of a skilled nursing facility who require intensive nursing or therapy services.

''(3) BUDGET NEUTRALITY.—The Secretary shall adjust payments under subsection (b) in a manner that ensures that total payments for covered non-routine services under this section are not greater or less than total payments for such services would have been but for the application of paragraph (1).

''(g) SPECIAL TREATMENT FOR SMALL SKILLED NURSING FACILITIES.—This section shall not apply with respect to a skilled nursing facility for which payment is made for routine service costs during a cost reporting period on the basis of prospective payments under section 1888(d).

''(h) EXCEPTIONS AND ADJUSTMENTS TO LIMITS.—

''(1) IN GENERAL.—The Secretary may make exceptions and adjustments to the cost reporting limits applicable to a skilled nursing facility under subsection (c)(1)(B) for a cost reporting period, except that the total amount of any additional payments made under this section for covered non-routine services during the cost reporting period as a result of such exceptions and adjustments may not exceed 5 percent of the aggregate payments made to all skilled nursing facilities for covered non-routine services during the cost reporting period (determined without regard to this paragraph).

''(2) BUDGET NEUTRALITY.—The Secretary shall adjust payments under subsection (b) in a manner that ensures that total payments for covered non-routine services under this section are not greater or less than total payments for such services would have been but for the application of paragraph (1).

''(i) SPECIAL RULE FOR X-RAY SERVICES.—Before furnishing a covered non-routine service consisting of an X-ray service for which payment may be made under part A or part B to a resident, a skilled nursing facility shall consider whether furnishing the service through a provider of portable X-ray service services would be appropriate, taking into account the cost effectiveness of the service and the convenience to the resident.''.

(2) CONFORMING AMENDMENT.—Section 1814(b) (42 U.S.C. 1395f(b)) is amended in the matter preceding paragraph (1) by striking ''1813 and 1886'' and inserting ''1813, 1886, 1888, and 1888A''.

SEC. 8235. FREEZE IN PAYMENTS FOR CLINICAL DIAGNOSTIC LABORATORY TESTS.

Section 1833(h)(2)(A)(ii)(IV) (42 U.S.C. 1395l(h)(2)(A)(ii)(IV)) is amended by striking ''1994 and 1995'' and inserting ''1994 through 1999''.

PART 5—GRADUATE MEDICAL EDUCATION AND TEACHING HOSPITALS

SEC. 8241. TEACHING HOSPITAL AND GRADUATE MEDICAL EDUCATION TRUST FUND.

(a) TEACHING HOSPITAL AND GRADUATE MEDICAL EDUCATION TRUST FUND.—The Social Security Act (42 U.S.C. 300 et seq.) is amended by adding at the end the following title:

''TITLE XXI—TEACHING HOSPITAL AND GRADUATE MEDICAL EDUCATION TRUST FUND

''PART A—ESTABLISHMENT OF FUND

''SEC. 2101. ESTABLISHMENT OF FUND.

''(a) IN GENERAL.—There is established in the Treasury of the United States a fund to be known as the Teaching Hospital and Graduate Medical Education Trust Fund (in this title referred to as the 'Fund'), consisting of amounts transferred to the Fund under subsection (c), amounts appropriated to the Fund pursuant to subsections (d) and (e)(3), and such gifts and bequests as may be deposited in the Fund pursuant to subsection (f). Amounts in the Fund are available until expended.

''(b) EXPENDITURES FROM FUND.—Amounts in the Fund are available to the Secretary for making payments under section 2111.

''(c) TRANSFERS TO FUND.—

''(1) IN GENERAL.—From the Federal Hospital Insurance Trust Fund and the Federal Supplementary Medical Insurance Trust Fund, the Secretary shall, for fiscal year 1996 and each subsequent fiscal year, transfer to the Fund an amount determined by the Secretary for the fiscal year involved in accordance with paragraph (2).

''(2) DETERMINATION OF AMOUNTS.—For purposes of paragraph (1), the amount determined under this paragraph for a fiscal year

is an estimate by the Secretary of an amount equal to 75 percent of the difference between—

''(A) the nationwide total of the amounts that would have been paid under sections 1855 and 1876 during the year but for the operation of section 1855(b)(2)(B)(ii); and

''(B) the nationwide total of the amounts paid under such sections during the year.

''(3) ALLOCATION BETWEEN MEDICARE TRUST FUNDS.—In providing for a transfer under paragraph (1) for a fiscal year, the Secretary shall provide for an allocation of the amounts involved between part A and part B of title XVIII (and the trust funds established under the respective parts) as reasonably reflects the proportion of payments for the indirect costs of medical education and direct graduate medical education costs of hospitals associated with the provision of services under each respective part.

''(d) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to the Fund such sums as may be necessary for each of the fiscal years 1996 through 2002.

''(e) INVESTMENT.—

''(1) IN GENERAL.—The Secretary of the Treasury shall invest such amounts of the Fund as such Secretary determines are not required to meet current withdrawals from the Fund. Such investments may be made only in interest-bearing obligations of the United States. For such purpose, such obligations may be acquired on original issue at the issue price, or by purchase of outstanding obligations at the market price.

''(2) SALE OF OBLIGATIONS.—Any obligation acquired by the Fund may be sold by the Secretary of the Treasury at the market price.

''(3) AVAILABILITY OF INCOME.—Any interest derived from obligations acquired by the Fund, and proceeds from any sale or redemption of such obligations, are hereby appropriated to the Fund.

''(f) ACCEPTANCE OF GIFTS AND BEQUESTS.—The Fund may accept on behalf of the United States money gifts and bequests made unconditionally to the Fund for the benefit of the Fund or any activity financed through the Fund.

''PART B—PAYMENTS TO TEACHING HOSPITALS

''SEC. 2111. FORMULA PAYMENTS TO TEACHING HOSPITALS.

''(a) IN GENERAL.—In the case of each teaching hospital that in accordance with subsection (b) submits to the Secretary a payment document for fiscal year 1996 or any subsequent fiscal year, the Secretary shall make payments for the year to the teaching hospital for the direct and indirect costs of operating approved medical residency training programs. Such payments shall be made from the Fund, and shall be made in accordance with a formula established by the Secretary.

''(b) PAYMENT DOCUMENT.—For purposes of subsection (a), a payment document is a document containing such information as may be necessary for the Secretary to make payments under such subsection to a teaching hospital for a fiscal year. The document is submitted in accordance with this subsection if the document is submitted not later than the date specified by the Secretary, and the document is in such form and is made in such manner as the Secretary may require. The Secretary may require that information under this subsection be submitted to the Secretary in periodic reports.''.

(b) NATIONAL ADVISORY COUNCIL ON POSTGRADUATE MEDICAL EDUCATION.—

(1) IN GENERAL.—There is established within the Department of Health and Human Services an advisory council to be known as the National Advisory Council on Postgraduate Medical Education (in this title referred to as the ''Council'').

(2) DUTIES.—The council shall provide advice to the Secretary on appropriate policies for making payments for the support of postgraduate medical education in order to assure an adequate supply of physicians trained in various specialities, consistent with the health care needs of the United States.

(3) COMPOSITION.—

(A) IN GENERAL.—The Secretary shall appoint to the Council 15 individuals who are not officers or employees of the United States. Such individuals shall include not less than 1 individual from each of the following categories of individuals or entities:

(i) Organizations representing consumers of health care services.

(ii) Physicians who are faculty members of medical schools, or who supervise approved physician training programs.

(iii) Physicians in private practice who are not physicians described in clause (ii).

(iv) Practitioners in public health.

(v) Advanced-practice nurses.

(vi) Other health professionals who are not physicians.

(vii) Medical schools.

(viii) Teaching hospitals.

(ix) The Accreditation Council on Graduate Medical Education.

(x) The American Board of Medical Specialities.

(xi) The Council on Postdoctoral Training of the American Osteopathic Association.

(xii) The Council on Podiatric Medical Education of the American Podiatric Medical Association.

(B) REQUIREMENTS REGARDING REPRESENTATIVE MEMBERSHIP.—To the greatest extent feasible, the membership of the Council shall represent the various geographic regions of the United States, shall reflect the racial, ethnic, and gender composition of the population of the United States, and shall be broadly representative of medical schools and teaching hospitals in the United States.

(C) EX OFFICIO MEMBERS; OTHER FEDERAL OFFICERS OR EMPLOYEES.—The membership of the Council shall include individuals designated by the Secretary to serve as members of the Council from among Federal officers or employees who are appointed by the President, or by the Secretary (or by other Federal officers who are appointed by the President with the advice and consent of the Senate). Individuals designated under the preceding sentence shall include each of the following officials (or a designee of the official):

(i) The Secretary of Health and Human Services.

(ii) The Secretary of Veterans Affairs.

(iii) The Secretary of Defense.

(4) CHAIR.—The Secretary shall, from among members of the council appointed under paragraph (3)(A), designate an individual to serve as the chair of the council.

(5) TERMINATION.—The Council terminates December 31, 1999.

(c) REMOVE MEDICAL EDUCATION AND DISPROPORTIONATE SHARE HOSPITAL PAYMENTS FROM CALCULATION OF ADJUSTED AVERAGE PER CAPITA COST.—For provision removing medical education and disproportionate share hospital payments from calculation of payment amounts for organizations paid on a capitated basis, see section 1855(b)(2)(B)(ii).

(2) PAYMENTS TO HOSPITALS OF AMOUNTS ATTRIBUTABLE TO DSH.—Section 1886 (42 U.S.C. 1395ww) is amended by adding at the end the following new subsection:

''(j)(1) In addition to amounts paid under subsection (d)(5)(F), the Secretary is authorized to pay hospitals which are eligible for such payments for a fiscal year supplemental amounts that do not exceed the limit provided for in paragraph (2).

''(2) The sum of the aggregate amounts paid pursuant to paragraph (1) for a fiscal year shall not exceed the Secretary's estimate of 75 percent of the amount of reductions in payments under section 1855 that are attributable to the operation of subsection (b)(2)(B)(ii) of such section. ''.

SEC. 8242. REDUCTION IN PAYMENT ADJUSTMENTS FOR INDIRECT MEDICAL EDUCATION.

(a) MODIFICATION REGARDING 6.8 PERCENT.—Section 1886(d)(5)(B)(ii) (42 U.S.C. 1395ww(d)(5)(B)(ii)) is amended—

(1) by striking ''on or after October 1, 1988,'' and inserting ''on or after October 1, 1999,''; and

(2) by striking ''1.89'' and inserting ''1.68''.

(b) SPECIAL RULE REGARDING FISCAL YEARS 1996 THROUGH 1998; MODIFICATION REGARDING 6 PERCENT .—Section 1886(d)(5)(B)(ii), as amended by paragraph (1), is amended by adding at the end the following: ''In the case of discharges occurring on or after October 1, 1995, and before October 1, 1999, the preceding sentence applies to the same extent and in the same manner as the sentence applies to discharges occurring on or after October 1, 1999, except that the term '1.68' is deemed to be 1.48.''.

Subtitle D—Provisions Relating to Medicare Beneficiaries

SEC. 8301. PART B PREMIUM.

(a) FREEZE IN PREMIUM FOR 1996.—Section 1839(e)(1) (42 U.S.C. 1395r(e)(1)) is amended—

(1) in subparagraph (A), by striking ''December 1995'' and inserting ''December 1996''; and

(2) in subparagraph (B)(v), by striking ''1995'' and inserting ''1995 and 1996''.

(b) ESTABLISHING PREMIUM AT 25 Percent of Program Costs Through 2002.—Section 1839(e)(1)(A) (42 U.S.C. 1395r(e)(1)(A)) is amended by striking ''January 1999'' and inserting ''January 2003''.

SEC. 8302. FULL COST OF MEDICARE PART B COVERAGE PAYABLE BY HIGH-INCOME INDIVIDUALS.

(a) IN GENERAL.—Subchapter A of chapter 1 of the Internal Revenue Code of 1986 is amended by adding at the end thereof the following new part:

''PART VIII—SUPPLEMENTAL MEDICARE PART B PREMIUMS FOR HIGH-INCOME INDIVIDUALS

''Sec. 59B. Supplemental Medicare part B premium.

''SEC. 59B. SUPPLEMENTAL MEDICARE PART B PREMIUM.

''(a) REQUIREMENT TO PAY PREMIUM.—In the case of an individual to whom this section applies for the taxable year, there is hereby imposed (in addition to any other amount imposed by this subtitle) an amount equal to the aggregate of the supplemental Medicare part B premiums (if any) for months during such year that such individual is covered under Medicare part B.

''(b) INDIVIDUALS TO WHOM SECTION APPLIES.—This section shall apply to any individual for any taxable year if—

''(1) such individual is covered under Medicare part B for any month during such year, and

''(2) the modified adjusted gross income of the taxpayer for such taxable year exceeds the threshold amount.

''(c) SUPPLEMENTAL MEDICARE PART B PREMIUM.—

''(1) IN GENERAL.—For purposes of subsection (a), the supplemental Medicare part B premium for any month is an amount equal to the excess of—

''(A) subject to adjustment under paragraph (2), 200 percent of the monthly actuarial rate for enrollees age 65 and over determined under subsection 1839(a)(1) of the Social Security Act for such month, over

''(B) the total monthly premium under section 1839 of the Social Security Act (determined without regard to subsections (b) and (f) of section 1839 of such Act).

''(2) ADJUSTING MONTHLY ACTUARIAL RATE BY GEOGRAPHIC AREA.—

''(A) IN GENERAL.—In determining the amount described in paragraph (1)(A) for an individual residing in a premium area, the Secretary shall adjust such amount for a year by a geographic adjustment factor established by the Secretary which reflects the relative benefits and administrative costs payable from the Federal Supplementary Medical Insurance Trust Fund for services performed and related administrative costs incurred in the year with respect to enrollees residing in such are compared to the national average of such benefits and costs.

''(B) PREMIUM AREA.—In this paragraph, a 'premium area' means a metropolitan statistical area or the portion of a State outside of any metropolitan statistical area.

''(d) PHASEIN.—

''(1) IN GENERAL.—If the modified adjusted gross income of the taxpayer for any taxable year exceeds the threshold amount by less than $25,000, the amount imposed by this section for such taxable year shall be an amount which bears the same ratio to the amount which would (but for this subsection) be imposed by this section for such taxable year as such excess bears to $25,000. The preceding sentence shall not apply to any individual whose threshold amount is zero.

''(2) PHASEIN RANGE FOR JOINT RETURNS WHERE BOTH SPOUSES ARE COVERED BY MEDICARE PART B.—In the case of a joint return filed by spouses both of whom are covered by Medicare part B for any month during the taxable year, paragraph (1) shall be applied by substituting '$50,000' for '$25,000'.

''(e) OTHER DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

''(1) THRESHOLD AMOUNT.—The term 'threshold amount' means—

''(A) except as otherwise provided in this paragraph, $50,000,

''(B) $75,000 in the case of a joint return, and

''(C) zero in the case of a taxpayer who—

''(i) is married at the close of the taxable year but does not file a joint return for such year, and

''(ii) does not live apart from his spouse at all times during the taxable year.

''(2) MODIFIED ADJUSTED GROSS INCOME.—The term 'modified adjusted gross income' means adjusted gross income determined without regard to sections 931 and 933.

''(3) JOINT RETURNS.—In the case of a joint return—

''(A) the amount imposed by subsection (a) shall be the sum of the amounts so imposed determined separately for each spouse, and

''(B) subsections (a) and (d) shall be applied by taking into account the combined modified adjusted gross income of the spouses.

''(4) MEDICARE PART B COVERAGE.—An individual shall be treated as covered under Medicare part B for any month if a premium is paid under part B of title XVIII of the Social Security Act for the coverage of the individual under such part for the month.

''(5) MARRIED INDIVIDUAL.—The determination of whether an individual is married shall be made in accordance with section 7703.

''(f) COORDINATION WITH OTHER PROVISIONS.—

''(1) TREATMENT AS MEDICAL EXPENSE.—For purposes of section 213, the supplemental Medicare part B premium imposed by this section shall be treated as an amount paid for insurance covering medical care (as defined in section 213(d)).

''(2) TREATMENT UNDER SUBTITLE F.—For purposes of subtitle F (other than section 6654), the supplemental Medicare part B premium imposed by this section shall be treated as if it were a tax imposed by section 1.

''(3) NOT TREATED AS TAX FOR CERTAIN PURPOSES.—The supplemental Medicare part B premium imposed by this section shall not be treated as a tax imposed by this chapter for purposes of determining—

''(A) the amount of any credit allowable under this chapter, or

''(B) the amount of the minimum tax imposed by section 55.''

(b) TRANSFERS TO SUPPLEMENTAL MEDICAL INSURANCE TRUST FUND.—

(1) IN GENERAL.—There are hereby appropriated to the Supplemental Medical Insurance Trust Fund amounts equivalent to the aggregate increase in liabilities under chapter 1 of the Internal Revenue Code of 1986 which is attributable to the application of section 59B of such Code, as added by this section.

(2) TRANSFERS.—The amounts appropriated by paragraph (1) to the Supplemental Medical Insurance Trust Fund shall be transferred from time to time (but not less frequently than quarterly) from the general fund of the Treasury on the basis of estimates made by the Secretary of the Treasury of the amounts referred to in paragraph (1). Any quarterly payment shall be made on the first day of such quarter and shall take into account the portion of the supplemental Medicare part B premium (as defined in such section 59B) which is attributable to months during such quarter. Proper adjustments shall be made in the amounts subsequently transferred to the extent prior estimates were in excess of or less than the amounts required to be transferred.

(c) REPORTING REQUIREMENTS.—

(1) Paragraph (1) of section 6050F(a) (relating to returns relating to social security benefits) is amended by striking ''and'' at the end of subparagraph (B) and by inserting after subparagraph (C) the following new subparagraph:

''(D) the number of months during the calendar year for which a premium was paid under part B of title XVIII of the Social Security Act for the coverage of such individual under such part, and''.

(2) Paragraph (2) of section 6050F(b) is amended to read as follows:

''(2) the information required to be shown on such return with respect to such individual.''

(3) Paragraph (1) of section 6050F(c) is amended by striking ''and'' at the end of subparagraph (A), by striking the period at the end of subparagraph (B) and inserting '', and'', and by adding at the end the following new subparagraph:

''(C) the Secretary of Health and Human Services in the case of the information specified in subsection (a)(1)(D).''

(4) The heading for section 6050F is amended by inserting ''and medicare part b coverage'' before the period.

(5) The item relating to section 6050F in the table of sections for subpart B of part III of subchapter A of chapter 61 is amended by inserting ''and Medicare part B coverage'' before the period.

(d) CLERICAL AMENDMENT.—The table of parts for subchapter A of chapter 1 is amended by adding at the end thereof the following new item:

''Part VIII. Supplemental Medicare part B premiums for high-income individuals.''

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to months after December 1995 in taxable years ending after December 31, 1995.

SEC. 8303. EXPANDED COVERAGE OF PREVENTIVE BENEFITS.

(a) PROVIDING ANNUAL SCREENING MAMMOGRAPHY FOR WOMEN OVER AGE 49.—Section 1834(c)(2)(A) (42 U.S.C. 1395m(c)(2)(A)) is amended—

(1) in clause (iv), by striking ''but under 65 years of age,''; and

(2) by striking clause (v).

(b) COVERAGE OF SCREENING PAP SMEAR AND PELVIC EXAMS.—

(1) COVERAGE OF PELVIC EXAM; INCREASING FREQUENCY OF COVERAGE OF PAP SMEAR.—Section 1861(nn) (42 U.S.C. 1395x(nn)) is amended—

(A) in the heading, by striking ''Smear'' and inserting ''Smear; Screening Pelvic Exam'';

(B) by striking ''(nn)'' and inserting ''(nn)(1)'';

(C) by striking ''3 years'' and all that follows and inserting ''3 years, or during the preceding year in the case of a woman described in paragraph (3).''; and

(D) by adding at the end the following new paragraphs:

''(2) The term 'screening pelvic exam' means an pelvic examination provided to a woman if the woman involved has not had such an examination during the preceding 3 years, or during the preceding year in the case of a woman described in paragraph (3), and includes a clinical breast examination.

''(3) A woman described in this paragraph is a woman who—

''(A) is of childbearing age and has not had a test described in this subsection during each of the preceding 3 years that did not indicate the presence of cervical cancer; or

''(B) is at high risk of developing cervical cancer (as determined pursuant to factors identified by the Secretary).''.

(2) WAIVER OF DEDUCTIBLE.—The first sentence of section 1833(b) (42 U.S.C. 1395l(b)), as amended by subsection (a)(2), is amended—

(A) by striking ''and (5)'' and inserting ''(5)''; and

(B) by striking the period at the end and inserting the following: '', and (6) such deductible shall not apply with respect to screening pap smear and screening pelvic exam (as described in section 1861(nn)).''.

(3) CONFORMING AMENDMENTS.—(A) Section 1861(s)(14) (42 U.S.C. 1395x(s)(14)) is amended by inserting ''and screening pelvic exam'' after ''screening pap smear''.

(B) Section 1862(a)(1)(F) (42 U.S.C. 1395y(a)(1)(F)) is amended by inserting ''and screening pelvic exam'' after ''screening pap smear''.

(c) COVERAGE OF COLORECTAL SCREENING.—

(1) IN GENERAL.—Section 1834 (42 U.S.C. 1395m) is amended by inserting after subsection (c) the following new subsection:

''(d) FREQUENCY AND PAYMENT LIMITS FOR SCREENING FECAL-OCCULT BLOOD TESTS, SCREENING FLEXIBLE SIGMOIDOSCOPIES, AND SCREENING COLONOSCOPY.—

''(1) FREQUENCY LIMITS FOR SCREENING FECAL-OCCULT BLOOD TESTS.—Subject to revision by the Secretary under paragraph (4), no payment may be made under this part for a screening fecal-occult blood test provided to an individual for the purpose of early detection of colon cancer if the test is performed—

''(A) in the case of an individual under 65 years of age, more frequently than is provided in a periodicity schedule established by the Secretary for purposes of this subparagraph; or

''(B) in the case of any other individual, within the 11 months following the month in which a previous screening fecal-occult blood test was performed.

''(2) SCREENING FLEXIBLE SIGMOIDOSCOPIES.—

''(A) PAYMENT AMOUNT.—The Secretary shall establish a payment amount under section 1848 with respect to screening flexible

sigmoidoscopies provided for the purpose of early detection of colon cancer that is consistent with payment amounts under such section for similar or related services, except that such payment amount shall be established without regard to subsection (a)(2)(A) of such section.

''(B) FREQUENCY LIMITS.—Subject to revision by the Secretary under paragraph (4), no payment may be made under this part for a screening flexible sigmoidoscopy provided to an individual for the purpose of early detection of colon cancer if the procedure is performed—

''(i) in the case of an individual under 65 years of age, more frequently than is provided in a periodicity schedule established by the Secretary for purposes of this subparagraph; or

''(ii) in the case of any other individual, within the 59 months following the month in which a previous screening flexible sigmoidoscopy was performed.

''(3) SCREENING COLONOSCOPY FOR INDIVIDUALS AT HIGH RISK FOR COLORECTAL CANCER.—

''(A) PAYMENT AMOUNT.—The Secretary shall establish a payment amount under section 1848 with respect to screening colonoscopy for individuals at high risk for colorectal cancer (as determined in accordance with criteria established by the Secretary) provided for the purpose of early detection of colon cancer that is consistent with payment amounts under such section for similar or related services, except that such payment amount shall be established without regard to subsection (a)(2)(A) of such section.

''(B) FREQUENCY LIMIT.—Subject to revision by the Secretary under paragraph (4), no payment may be made under this part for a screening colonoscopy for individuals at high risk for colorectal cancer provided to an individual for the purpose of early detection of colon cancer if the procedure is performed within the 47 months following the month in which a previous screening colonoscopy was performed.

''(C) FACTORS CONSIDERED IN ESTABLISHING CRITERIA FOR DETERMINING INDIVIDUALS AT HIGH RISK.—In establishing criteria for determining whether an individual is at high risk for colorectal cancer for purposes of this paragraph, the Secretary shall take into consideration family history, prior experience of cancer, a history of chronic digestive disease condition, and the presence of any appropriate recognized gene markers for colorectal cancer.

''(4) REVISION OF FREQUENCY.—

''(A) REVIEW.—The Secretary shall review periodically the appropriate frequency for performing screening fecal-occult blood tests, screening flexible sigmoidoscopies, and screening colonoscopy based on age and such other factors as the Secretary believes to be pertinent.

''(B) REVISION OF FREQUENCY.—The Secretary, taking into consideration the review made under clause (i), may revise from time to time the frequency with which such tests and procedures may be paid for under this subsection.''.

(2) CONFORMING AMENDMENTS.—(A) Paragraphs (1)(D) and (2)(D) of section 1833(a) (42 U.S.C. 1395l(a)) are each amended by striking ''subsection (h)(1),'' and inserting ''subsection (h)(1) or section 1834(d)(1),''.

(B) Clauses (i) and (ii) of section 1848(a)(2)(A) (42 U.S.C. 1395w–4(a)(2)(A)) are each amended by striking ''a service'' and inserting ''a service (other than a screening flexible sigmoidoscopy provided to an individual for the purpose of early detection of colon cancer or a screening colonoscopy provided to an individual at high risk for colorectal cancer for the purpose of early detection of colon cancer)''.

(C) Section 1862(a) (42 U.S.C. 1395y(a)) is amended—

(i) in paragraph (1)—

(I) in subparagraph (E), by striking ''and'' at the end;

(II) in subparagraph (F), by striking the semicolon at the end and inserting '', and''; and

(III) by adding at the end the following new subparagraph:

''(G) in the case of screening fecal-occult blood tests, screening flexible sigmoidoscopies, and screening colonoscopy provided for the purpose of early detection of colon cancer, which are performed more frequently than is covered under section 1834(d);''; and

(ii) in paragraph (7), by striking ''paragraph (1)(B) or under paragraph (1)(F)'' and inserting ''subparagraphs (B), (F), or (G) of paragraph (1)''.

(d) PROSTATE CANCER SCREENING TESTS.—

(1) IN GENERAL.—Section 1861(s)(2) (42 U.S.C. 1395x(s)(2)) is amended—

(A) by striking ''and'' at the end of subparagraph (N) and subparagraph (O); and

(B) by inserting after subparagraph (O) the following new subparagraph:

''(P) prostate cancer screening tests (as defined in subsection (oo)); and''.

(2) TESTS DESCRIBED.—Section 1861 (42 U.S.C. 1395x) is amended by adding at the end the following new subsection:

''Prostate Cancer Screening Tests

''(oo) The term 'prostate cancer screening test' means a test that consists of a digital rectal examination or a prostate-specific antigen blood test (or both) provided for the purpose of early detection of prostate cancer to a man over 40 years of age who has not had such a test during the preceding year.''.

(3) PAYMENT FOR PROSTATE-SPECIFIC ANTIGEN BLOOD TEST UNDER CLINICAL DIAGNOSTIC LABORATORY TEST FEE SCHEDULES.—Section 1833(h)(1)(A) (42 U.S.C. 1395l(h)(1)(A)) is amended by inserting after ''laboratory tests'' the following: ''(including prostate cancer screening tests under section 1861(oo) consisting of prostate-specific antigen blood tests)''.

(4) CONFORMING AMENDMENT.—Section 1862(a) (42 U.S.C. 1395y(a)), as amended by subsection (c)(3)(C), is amended—

(A) in paragraph (1)—

(i) in subparagraph (F), by striking ''and'' at the end,

(ii) in subparagraph (G), by striking the semicolon at the end and inserting '', and'', and

(iii) by adding at the end the following new subparagraph:

''(H) in the case of prostate cancer screening test (as defined in section 1861(oo)) provided for the purpose of early detection of prostate cancer, which are performed more frequently than is covered under such section;''; and

(B) in paragraph (7), by striking ''or (G)'' and inserting ''(G), or (H)''.

(e) DIABETES SCREENING BENEFITS.—

(1) DIABETES OUTPATIENT SELF-MANAGEMENT TRAINING SERVICES.—

(A) IN GENERAL.—Section 1861(s)(2) (42 U.S.C. 1395x(s)(2)), as amended by subsection (d)(1), is amended—

(i) by striking ''and'' at the end of subparagraph (N);

(ii) by striking ''and'' at the end of subparagraph (O); and

(iii) by inserting after subparagraph (O) the following new subparagraph:

''(P) diabetes outpatient self-management training services (as defined in subsection (pp)); and''.

(B) DEFINITION.—Section 1861 (42 U.S.C. 1395x), as amended by subsection (d)(2), is amended by adding at the end the following new subsection:

''DIABETES OUTPATIENT SELF-MANAGEMENT TRAINING SERVICES

''(pp)(1) The term 'diabetes outpatient self-management training services' means educational and training services furnished to an individual with diabetes by or under arrangements with a certified provider (as described in paragraph (2)(A)) in an outpatient setting by an individual or entity who meets the quality standards described in paragraph (2)(B), but only if the physician who is managing the individual's diabetic condition certifies that such services are needed under a comprehensive plan of care related to the individual's diabetic condition to provide the individual with necessary skills and knowledge (including skills related to the self-administration of injectable drugs) to participate in the management of the individual's condition.

''(2) In paragraph (1)—

''(A) a 'certified provider' is an individual or entity that, in addition to providing diabetes outpatient self-management training services, provides other items or services for which payment may be made under this title; and

''(B) an individual or entity meets the quality standards described in this paragraph if the individual or entity meets quality standards established by the Secretary, except that the individual or entity shall be deemed to have met such standards if the individual or entity meets applicable standards originally established by the National Diabetes Advisory Board and subsequently revised by organizations who participated in the establishment of standards by such Board, or is recognized by the American Diabetes Association as meeting standards for furnishing the services.''.

(C) CONSULTATION WITH ORGANIZATIONS IN ESTABLISHING PAYMENT AMOUNTS FOR SERVICES PROVIDED BY PHYSICIANS.—In establishing payment amounts under section 1848(a) of the Social Security Act for physicians' services consisting of diabetes outpatient self-management training services, the Secretary of Health and Human Services shall consult with appropriate organizations, including the American Diabetes Association, in determining the relative value for such services under section 1848(c)(2) of such Act.

(2) BLOOD-TESTING STRIPS FOR INDIVIDUALS WITH DIABETES.—

(A) INCLUDING STRIPS AS DURABLE MEDICAL EQUIPMENT.—Section 1861(n) (42 U.S.C. 1395x(n)) is amended by striking the semicolon in the first sentence and inserting the following: '', and includes blood-testing strips for individuals with diabetes without regard to whether the individual has Type I or Type II diabetes (as determined under standards established by the Secretary in consultation with the American Diabetes Association);''.

(2) PAYMENT FOR STRIPS BASED ON METHODOLOGY FOR INEXPENSIVE AND ROUTINELY PURCHASED EQUIPMENT.—Section 1834(a)(2)(A) (42 U.S.C. 1395m(a)(2)(A)) is amended—

(A) by striking ''or'' at the end of clause (ii);

(B) by adding ''or'' at the end of clause (iii); and

(C) by inserting after clause (iii) the following new clause:

''(iv) which is a blood-testing strip for an individual with diabetes,''.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to items and services furnished on or after January 1, 1996.

Subtitle E—Medicare Fraud Reduction

SEC. 8401. INCREASING BENEFICIARY AWARENESS OF FRAUD AND ABUSE.

(a) BENEFICIARY OUTREACH EFFORTS.—The Secretary of Health and Human Services

(acting through the Administrator of the Health Care Financing Administration and the Inspector General of the Department of Health and Human Services) shall make ongoing efforts (through public service announcements, publications, and other appropriate methods) to alert individuals entitled to benefits under the medicare program of the existence of fraud and abuse committed against the program and the costs to the program of such fraud and abuse, and of the existence of the toll-free telephone line operated by the Secretary to receive information on fraud and abuse committed against the program.

(b) CLARIFICATION OF REQUIREMENT TO PROVIDE EXPLANATION OF MEDICARE BENEFITS.—The Secretary shall provide an explanation of benefits under the medicare program with respect to each item or service for which payment may be made under the program which is furnished to an individual, without regard to whether or not a deductible or coinsurance may be imposed against the individual with respect to the item or service.

(c) PROVIDER OUTREACH EFFORTS; PUBLICATION OF FRAUD ALERTS.—

(1) SPECIAL FRAUD ALERTS.—

(A) IN GENERAL.—

(i) REQUEST FOR SPECIAL FRAUD ALERTS.—Any person may present, at any time, a request to the Secretary to issue and publish a special fraud alert.

(ii) SPECIAL FRAUD ALERT DEFINED.—In this section, a ''special fraud alert'' is a notice which informs the public of practices which the Secretary considers to be suspect or of particular concern under the medicare program or a State health care program (as defined in section 1128(h) of the Social Security Act).

(B) ISSUANCE AND PUBLICATION OF SPECIAL FRAUD ALERTS.—

(i) INVESTIGATION.—Upon receipt of a request for a special fraud alert under subparagraph (A), the Secretary shall investigate the subject matter of the request to determine whether a special fraud alert should be issued. If appropriate, the Secretary (in consultation with the Attorney General) shall issue a special fraud alert in response to the request. All special fraud alerts issued pursuant to this subparagraph shall be published in the Federal Register.

(ii) CRITERIA FOR ISSUANCE.—In determining whether to issue a special fraud alert upon a request under subparagraph (A), the Secretary may consider—

(I) whether and to what extent the practices that would be identified in the special fraud alert may result in any of the consequences described in subparagraph (C); and

(II) the extent and frequency of the conduct that would be identified in the special fraud alert.

(C) CONSEQUENCES DESCRIBED.—The consequences described in this subparagraph are as follows:

(i) An increase or decrease in access to health care services.

(ii) An increase or decrease in the quality of health care services.

(iii) An increase or decrease in patient freedom of choice among health care providers.

(iv) An increase or decrease in competition among health care providers.

(v) An increase or decrease in the cost to health care programs of the Federal Government.

(vi) An increase or decrease in the potential overutilization of health care services.

(viii) Any other factors the Secretary deems appropriate in the interest of preventing fraud and abuse in health care programs of the Federal Government.

(2) PUBLICATION OF ALL HCFA FRAUD ALERTS IN FEDERAL REGISTER.—Each notice issued by the Health Care Financing Administration which informs the public of practices which the Secretary considers to be suspect or of particular concern under the medicare program or a State health care program (as defined in section 1128(h) of the Social Security Act) shall be published in the Federal Register, without regard to whether or not the notice is issued by a regional office of the Health Care Financing Administration.

SEC. 8402. BENEFICIARY INCENTIVES TO REPORT FRAUD AND ABUSE.

(a) PROGRAM TO COLLECT INFORMATION ON FRAUD AND ABUSE.—

(1) ESTABLISHMENT OF PROGRAM.—Not later than 3 months after the date of the enactment of this Act, the Secretary shall establish a program under which the Secretary shall encourage individuals to report to the Secretary information on individuals and entities who are engaging or who have engaged in acts or omissions which constitute grounds for the imposition of a sanction under section 1128, section 1128A, or section 1128B of the Social Security Act, or who have otherwise engaged in fraud and abuse against the medicare program.

(2) PAYMENT OF PORTION OF AMOUNTS COLLECTED.—If an individual reports information to the Secretary under the program established under paragraph (1) which serves as the basis for the collection by the Secretary or the Attorney General of any amount of at least $100 (other than any amount paid as a penalty under section 1128B of the Social Security Act), the Secretary may pay a portion of the amount collected to the individual (under procedures similar to those applicable under section 7623 of the Internal Revenue Code of 1986 to payments to individuals providing information on violations of such Code).

(b) PROGRAM TO COLLECT INFORMATION ON PROGRAM EFFICIENCY.—

(1) ESTABLISHMENT OF PROGRAM.—Not later than 3 months after the date of the enactment of this Act, the Secretary shall establish a program under which the Secretary shall encourage individuals to submit to the Secretary suggestions on methods to improve the efficiency of the medicare program.

(2) PAYMENT OF PORTION OF PROGRAM SAVINGS.—If an individual submits a suggestion to the Secretary under the program established under paragraph (1) which is adopted by the Secretary and which results in savings to the program, the Secretary may make a payment to the individual of such amount as the Secretary considers appropriate.

SEC. 8403. ELIMINATION OF HOME HEALTH OVERPAYMENTS.

(a) REQUIRING BILLING AND PAYMENT TO BE BASED ON SITE WHERE SERVICE FURNISHED.—Section 1891 (42 U.S.C. 1395bbb) is amended by adding at the end the following new subsection:

''(g) A home health agency shall submit claims for payment for home health services under this title only on the basis of the geographic location at which the service is furnished.''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to services furnished during cost reporting periods beginning on or after October 1, 1995.

SEC. 8404. SKILLED NURSING FACILITIES.

(a) CLARIFICATION OF TREATMENT OF HOSPITAL TRANSFERS.—Section 1886(d)(5)(I) (42 U.S.C. 1395ww(d)(5)(I)) is amended by adding at the end the following new clause:

''(iii) In making adjustments under clause (i) for transfer cases, the Secretary shall treat as a transfer any transfer to a hospital (without regard to whether or not the hospital is a subsection (d) hospital), a unit thereof, or a skilled nursing facility.''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to discharges occurring on or after October 1, 1995.

SEC. 8405. DIRECT SPENDING FOR ANTI-FRAUD ACTIVITIES UNDER MEDICARE.

(a) ESTABLISHMENT OF MEDICARE INTEGRITY PROGRAM.—Title XVIII, as amended by section 8231(d), is further amended by adding at the end the following new section:

''MEDICARE INTEGRITY PROGRAM

''SEC. 1894. (a) ESTABLISHMENT OF PROGRAM.—There is hereby established the Medicare Integrity Program (hereafter in this section referred to as the 'Program') under which the Secretary shall promote the integrity of the medicare program by entering into contracts in accordance with this section with eligible private entities to carry out the activities described in subsection (b).

''(b) ACTIVITIES DESCRIBED.—The activities described in this subsection are as follows:

''(1) Review of activities of providers of services or other individuals and entities furnishing items and services for which payment may be made under this title (including skilled nursing facilities and home health agencies), including medical and utilization review and fraud review (employing similar standards, processes, and technologies used by private health plans, including equipment and software technologies which surpass the capability of the equipment and technologies used in the review of claims under this title as of the date of the enactment of this section).

''(2) Audit of cost reports.

''(3) Determinations as to whether payment should not be, or should not have been, made under this title by reason of section 1862(b), and recovery of payments that should not have been made.

''(4) Education of providers of services, beneficiaries, and other persons with respect to payment integrity and benefit quality assurance issues.

''(c) ELIGIBILITY OF ENTITIES.—An entity is eligible to enter into a contract under the Program to carry out any of the activities described in subsection (b) if—

''(1) the entity has demonstrated capability to carry out such activities;

''(2) in carrying out such activities, the entity agrees to cooperate with the Inspector General of the Department of Health and Human Services, the Attorney General of the United States, and other law enforcement agencies, as appropriate, in the investigation and deterrence of fraud and abuse in relation to this title and in other cases arising out of such activities;

''(3) the entity's financial holdings, interests, or relationships will not interfere with its ability to perform the functions to be required by the contract in an effective and impartial manner; and

''(4) the entity meets such other requirements as the Secretary may impose.

''(d) PROCESS FOR ENTERING INTO CONTRACTS.—The Secretary shall enter into contracts under the Program in accordance with such procedures as the Secretary may by regulation establish, except that such procedures shall include the following:

''(1) The Secretary shall determine the appropriate number of separate contracts which are necessary to carry out the Program and the appropriate times at which the Secretary shall enter into such contracts.

''(2) The provisions of section 1153(e)(1) shall apply to contracts and contracting authority under this section, except that competitive procedures must be used when entering into new contracts under this section, or at any other time considered appropriate by the Secretary.

''(3) A contract under this section may be renewed without regard to any provision of

law requiring competition if the contractor has met or exceeded the performance requirements established in the current contract.

''(e) LIMITATION ON CONTRACTOR LIABILITY.—The Secretary shall by regulation provide for the limitation of a contractor's liability for actions taken to carry out a contract under the Program, and such regulation shall, to the extent the Secretary finds appropriate, employ the same or comparable standards and other substantive and procedural provisions as are contained in section 1157.

''(f) TRANSFER OF AMOUNTS TO MEDICARE ANTI-FRAUD AND ABUSE TRUST FUND.—For each fiscal year, the Secretary shall transfer from the Federal Hospital Insurance Trust Fund and the Federal Supplementary Medical Insurance Trust Fund to the Medicare Anti-Fraud and Abuse Trust Fund under subsection (g) such amounts as are necessary to carry out the activities described in subsection (b). Such transfer shall be in an allocation as reasonably reflects the proportion of such expenditures associated with part A and part B.

''(g) MEDICARE ANTI-FRAUD AND ABUSE TRUST FUND.—

''(1) ESTABLISHMENT.—

''(A) IN GENERAL.—There is hereby established in the Treasury of the United States the Anti-Fraud and Abuse Trust Fund (hereafter in this subsection referred to as the 'Trust Fund'). The Trust Fund shall consist of such gifts and bequests as may be made as provided in subparagraph (B) and such amounts as may be deposited in the Trust Fund as provided in subsection (f), paragraph (3), and title XI.

''(B) AUTHORIZATION TO ACCEPT GIFTS AND BEQUESTS.—The Trust Fund is authorized to accept on behalf of the United States money gifts and bequests made unconditionally to the Trust Fund, for the benefit of the Trust Fund or any activity financed through the Trust Fund.

''(2) INVESTMENT.—

''(A) IN GENERAL.—The Secretary of the Treasury shall invest such amounts of the Fund as such Secretary determines are not required to meet current withdrawals from the Fund in government account serial securities.

''(B) USE OF INCOME.—Any interest derived from investments under subparagraph (A) shall be credited to the Fund.

''(3) AMOUNTS DEPOSITED INTO TRUST FUND.—In addition to amounts transferred under subsection (f), there shall be deposited in the Trust Fund—

''(A) that portion of amounts recovered in relation to section 1128A arising out of a claim under title XVIII as remains after application of subsection (f)(2) (relating to repayment of the Federal Hospital Insurance Trust Fund or the Federal Supplementary Medical Insurance Trust Fund) of that section, as may be applicable,

''(B) fines imposed under section 1128B arising out of a claim under this title, and

''(C) penalties and damages imposed (other than funds awarded to a relator or for restitution) under sections 3729 through 3732 of title 31, United States Code (pertaining to false claims) in cases involving claims relating to programs under title XVIII, XIX, or XXI.

''(4) DIRECT APPROPRIATION OF FUNDS TO CARRY OUT PROGRAM.—

''(A) IN GENERAL.—There are appropriated from the Trust Fund for each fiscal year such amounts as are necessary to carry out the Medicare Integrity Program under this section, subject to subparagraph (B).

''(B) AMOUNTS SPECIFIED.—The amount appropriated under subparagraph (A) for a fiscal year is as follows:

''(i) For fiscal year 1996, such amount shall be not less than $430,000,000 and not more than $440,000,000.

''(ii) For fiscal year 1997, such amount shall be not less than $490,000,000 and not more than $500,000,000.

''(iii) For fiscal year 1998, such amount shall be not less than $550,000,000 and not more than $560,000,000.

''(iv) For fiscal year 1999, such amount shall be not less than $620,000,000 and not more than $630,000,000.

''(v) For fiscal year 2000, such amount shall be not less than $670,000,000 and not more than $680,000,000.

''(vi) For fiscal year 2001, such amount shall be not less than $690,000,000 and not more than $700,000,000.

''(vii) For fiscal year 2002, such amount shall be not less than $710,000,000 and not more than $720,000,000.

''(5) ANNUAL REPORT.—The Secretary shall submit an annual report to Congress on the amount of revenue which is generated and disbursed by the Trust Fund in each fiscal year.''.

(b) ELIMINATION OF FI AND CARRIER RESPONSIBILITY FOR CARRYING OUT ACTIVITIES SUBJECT TO PROGRAM.—

(1) RESPONSIBILITIES OF FISCAL INTERMEDIARIES UNDER PART A.—Section 1816 (42 U.S.C. 1395h) is amended by adding at the end the following new subsection:

''(l) No agency or organization may carry out (or receive payment for carrying out) any activity pursuant to an agreement under this section to the extent that the activity is carried out pursuant to a contract under the Medicare Integrity Program under section 1894.''.

(2) RESPONSIBILITIES OF CARRIERS UNDER PART B.—Section 1842(c) (42 U.S.C. 1395u(c)) is amended by adding at the end the following new paragraph:

''(6) No carrier may carry out (or receive payment for carrying out) any activity pursuant to a contract under this subsection to the extent that the activity is carried out pursuant to a contract under the Medicare Integrity Program under section 1894.''.

(c) CONFORMING AMENDMENT.—Section 1128A(f)(3) (42 U.S.C. 1320a–7a(f)(3)) is amended by striking ''as miscellaneous receipts of the Treasury of the United States'' and inserting ''in the Anti-Fraud and Abuse Trust Fund established under section 1895(g)''.

(d) DIRECT SPENDING FOR MEDICARE-RELATED ACTIVITIES OF INSPECTOR GENERAL.—Section 1894, as added by subsection (a), is amended by adding at the end the following new subsection:

''(h) DIRECT SPENDING FOR MEDICARE-RELATED ACTIVITIES OF INSPECTOR GENERAL.—

''(1) IN GENERAL.—There are appropriated from the Federal Hospital Insurance Trust Fund and the Federal Supplementary Medical Insurance Trust Fund to the Inspector General of the Department of Health and Human Services for each fiscal year such amounts as are necessary to enable the Inspector General to carry out activities relating to the medicare program (as described in paragraph (2)), subject to paragraph (3).

''(2) ACTIVITIES DESCRIBED.—The activities described in this paragraph are as follows:

''(A) Prosecuting medicare-related matters through criminal, civil, and administrative proceedings.

''(B) Conducting investigations relating to the medicare program.

''(C) Performing financial and performance audits of programs and operations relating to the medicare program.

''(D) Performing inspections and other evaluations relating to the medicare program.

''(E) Conducting provider and conumer education activities regarding the requirements of this title.

''(3) AMOUNTS SPECIFIED.—The amount appropriated under paragraph (1) for a fiscal year is as follows:

''(A) For fiscal year 1996, such amount shall be $130,000,000.

''(B) For fiscal year 1997, such amount shall be $181,000,000.

''(C) For fiscal year 1998, such amount shall be $204,000,000.

''(D) For each subsequent fiscal year, the amount appropriated for the previous fiscal year, increased by the percentage increase in aggregate expenditures under this title for the fiscal year involved over the previous fiscal year.

''(4) ALLOCATION OF PAYMENTS AMONG TRUST FUNDS.—The appropriations made under paragraph (1) shall be in an allocation as reasonably reflects the proportion of such expenditures associated with part A and part B.''.

SEC. 8406. FRAUD REDUCTION DEMONSTRATION PROJECT.

(a) IN GENERAL.—Not later than July 1, 1996, the Secretary of Health and Human Services (in this section referred to as the ''Secretary'') shall establish not less than three demonstration projects under which organizations with a contract under section 1816 or section 1842 of the Social Security Act—

(1) identify practitioners and providers whose patterns of providing care to beneficiaries enrolled under title XVIII of the Social Security Act are consistently outside the norm for other practitioners or providers of the same category, class, or type, and

(2) experiment with ways of identifying fraudulent claims submitted to the program established under such title before they are paid.

(b) DURATION OF PROJECTS.—Each project established under subsection (a) shall last for at least 18 months and shall focus on those categories, classes, or types of providers and practitioners that have been identified by the Inspector General of the Department of Health and Human Services as having a high incidence of fraud and abuse.

(c) REPORT.—Not later than July 1, 1997, the Secretary shall report to the Congress on the demonstration projects established under subsection (a), and shall include in the report an assessment of the effectiveness of, and any recommended legislative changes based on, the projects.

SEC. 8407. REPORT ON COMPETITIVE PRICING.

Not later than 1 year after the date of the enactment of this Act, the Secretary of Health and Human Services (acting through the Administrator of the Health Care Financing Administration) shall submit to Congress a report recommending legislative changes to the medicare program to enable the prices paid for items and services under the medicare program to be established on a more competitive basis.

Subtitle F—Improving Access to Health Care

PART 1—ASSISTANCE FOR RURAL PROVIDERS

Subpart A—Rural Hospitals

SEC. 8501. SOLE COMMUNITY HOSPITALS.

(a) UPDATE.—Section 1886(b)(3)(B)(iv) (42 U.S.C. 1395ww(b)(3)(B)(iv)) is amended—

(A) in subclause (III), by striking ''and'' at the end; and

(B) by striking subclause (IV) and inserting the following:

''(IV) for each of the fiscal years 1996 through 2000, the market basket percentage increase minus 1 percentage points, and

''(V) for fiscal year 2001 and each subsequent fiscal year, the applicable percentage increase under clause (i).''.

(b) STUDY OF IMPACT OF SOLE COMMUNITY HOSPITAL DESIGNATIONS.—

(1) STUDY.—The Medicare Payment Review Commission shall conduct a study of the impact of the designation of hospitals as sole community hospitals under the medicare program on the delivery of health care services to individuals in rural areas, and shall include in the study an analysis of the characteristics of the hospitals designated as such sole community hospitals under the program.

(2) REPORT.—Not later than 12 months after the date a majority of the members of the Commission are first appointed, the Commission shall submit to Congress a report on the study conducted under paragraph (1).

SEC. 8502. CLARIFICATION OF TREATMENT OF EAC AND RPC HOSPITALS.

Paragraphs (1)(A) and (2)(A) of section 1820(i) (42 U.S.C. 1395i@4(i)) are each amended by striking the semicolon at the end and inserting the following: '', or in a State which the Secretary finds would receive a grant under such subsection during a fiscal year if funds were appropriated for grants under such subsection for the fiscal year;''.

SEC. 8503. ESTABLISHMENT OF RURAL EMERGENCY ACCESS CARE HOSPITALS.

(a) ESTABLISHMENT.—

(1) IN GENERAL.—Section 1861 (42 U.S.C. 1395x) is amended by adding at the end the following new subsection:

''Rural Emergency Access Care Hospital; Rural Emergency Access Care Hospital Services

''(oo)(1) The term 'rural emergency access care hospital' means, for a fiscal year, a facility with respect to which the Secretary finds the following:

''(A) The facility is located in a rural area (as defined in section 1886(d)(2)(D)).

''(B) The facility was a hospital under this title at any time during the 5-year period that ends on the date of the enactment of this subsection.

''(C) The facility is in danger of closing due to low inpatient utilization rates and operating losses, and the closure of the facility would limit the access to emergency services of individuals residing in the facility's service area.

''(D) The facility has entered into (or plans to enter into) an agreement with a hospital with a participation agreement in effect under section 1866(a), and under such agreement the hospital shall accept patients transferred to the hospital from the facility and receive data from and transmit data to the facility.

''(E) There is a practitioner who is qualified to provide advanced cardiac life support services (as determined by the State in which the facility is located) on-site at the facility on a 24-hour basis.

''(F) A physician is available on-call to provide emergency medical services on a 24-hour basis.

''(G) The facility meets such staffing requirements as would apply under section 1861(e) to a hospital located in a rural area, except that—

''(i) the facility need not meet hospital standards relating to the number of hours during a day, or days during a week, in which the facility must be open, except insofar as the facility is required to provide emergency care on a 24-hour basis under subparagraphs (E) and (F); and

''(ii) the facility may provide any services otherwise required to be provided by a full-time, on-site dietitian, pharmacist, laboratory technician, medical technologist, or radiological technologist on a part-time, off-site basis.

''(H) The facility meets the requirements applicable to clinics and facilities under subparagraphs (C) through (J) of paragraph (2) of section 1861(aa) and of clauses (ii) and (iv) of the second sentence of such paragraph (or, in the case of the requirements of subparagraph (E), (F), or (J) of such paragraph, would meet the requirements if any reference in such subparagraph to a 'nurse practitioner' or to 'nurse practitioners' were deemed to be a reference to a 'nurse practitioner or nurse' or to 'nurse practitioners or nurses'); except that in determining whether a facility meets the requirements of this subparagraph, subparagraphs (E) and (F) of that paragraph shall be applied as if any reference to a 'physician' is a reference to a physician as defined in section 1861(r)(1).

''(2) The term 'rural emergency access care hospital services' means the following services provided by a rural emergency access care hospital and furnished to an individual over a continuous period not to exceed 24 hours (except that such services may be furnished over a longer period in the case of an individual who is unable to leave the hospital because of inclement weather):

''(A) An appropriate medical screening examination (as described in section 1867(a)).

''(B) Necessary stabilizing examination and treatment services for an emergency medical condition and labor (as described in section 1867(b)).''.

(2) REQUIRING RURAL EMERGENCY ACCESS CARE HOSPITALS TO MEET HOSPITAL ANTI-DUMPING REQUIREMENTS.—Section 1867(e)(5) (42 U.S.C. 1395dd(e)(5)) is amended by striking ''1861(mm)(1))'' and inserting ''1861(mm)(1)) and a rural emergency access care hospital (as defined in section 1861(oo)(1))''.

(b) COVERAGE AND PAYMENT UNDER PART B.—

(1) COVERAGE UNDER PART B.—Section 1832(a)(2) (42 U.S.C. 1395k(a)(2)) is amended—

(A) by striking ''and'' at the end of subparagraph (I);

(B) by striking the period at the end of subparagraph (J) and inserting ''; and''; and

(C) by adding at the end the following new subparagraph:

''(K) rural emergency access care hospital services (as defined in section 1861(oo)(2)).''.

(2) PAYMENT BASED ON PAYMENT FOR OUTPATIENT RURAL PRIMARY CARE HOSPITAL SERVICES.—

(A) IN GENERAL.—Section 1833(a)(6) (42 U.S.C. 1395l(a)(6)) is amended by striking ''services,'' and inserting ''services and rural emergency access care hospital services,''.

(B) PAYMENT METHODOLOGY DESCRIBED.—Section 1834(g) (42 U.S.C. 1395m(g)) is amended—

(i) in the heading, by striking ''SERVICES'' and inserting ''SERVICES AND RURAL EMERGENCY ACCESS CARE HOSPITAL SERVICES''; and

(ii) by adding at the end the following new sentence: ''The amount of payment for rural emergency access care hospital services provided during a year shall be determined using the applicable method provided under this subsection for determining payment for outpatient rural primary care hospital services during the year.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to fiscal years beginning on or after October 1, 1995.

SEC. 8504. CLASSIFICATION OF RURAL REFERRAL CENTERS.

(a) PROHIBITING DENIAL OF REQUEST FOR RECLASSIFICATION ON BASIS OF COMPARABILITY OF WAGES.—

(1) IN GENERAL.—Section 1886(d)(10)(D) (42 U.S.C. 1395ww(d)(10)(D)) is amended—

(A) by redesignating clause (iii) as clause (iv); and

(B) by inserting after clause (ii) the following new clause:

''(iii) Under the guidelines published by the Secretary under clause (i), in the case of a hospital which is classified by the Secretary as a rural referral center under paragraph (5)(C), the Board may not reject the application of the hospital under this paragraph on the basis of any comparison between the average hourly wage of the hospital and the average hourly wage of hospitals in the area in which it is located.''.

(2) EFFECTIVE DATE.—Notwithstanding section 1886(d)(10)(C)(ii) of the Social Security Act, a hospital may submit an application to the Medicare Geographic Classification Review Board during the 30-day period beginning on the date of the enactment of this Act requesting a change in its classification for purposes of determining the area wage index applicable to the hospital under section 1886(d)(3)(D) of such Act for fiscal year 1997, if the hospital would be eligible for such a change in its classification under the standards described in section 1886(d)(10)(D) (as amended by paragraph (1)) but for its failure to meet the deadline for applications under section 1886(d)(10)(C)(ii).

(b) CONTINUING TREATMENT OF PREVIOUSLY DESIGNATED CENTERS.—Any hospital classified as a rural referral center by the Secretary of Health and Human Services under section 1886(d)(5)(C) of the Social Security Act for fiscal year 1994 shall be classified as such a rural referral center for fiscal year 1996 and each subsequent fiscal year.

SEC. 8505. FLOOR ON AREA WAGE INDEX.

(a) IN GENERAL.—For purposes of section 1886(d)(3)(E) of the Social Security Act for discharges occurring on or after October 1, 1995, the area wage index applicable under such section to any hospital which is not located in a rural area (as defined in section 1886(d)(2)(D) of such Act) may not be less than the average of the area wage indices applicable under such section to hospitals located in rural areas in the State in which the hospital is located.

(b) BUDGET-NEUTRALITY IN IMPLEMENTATION.—The Secretary of Health and Human Services shall make any adjustments required under subsection (a) in a manner which assures that the aggregate payments made under section 1886(d) of the Social Security Act in a fiscal year for the operating costs of inpatient hospital services are not greater or less than those which would have been made in the year without such adjustments.

SEC. 8506. MEDICAL EDUCATION.

(a) STATE AND CONSORTIUM DEMONSTRATION PROJECTS.—

(1) IN GENERAL.—

(A) PARTICIPATION OF STATES AND CONSORTIA.—The Secretary shall establish and conduct a demonstration project to increase the number and percentage of medical students entering primary care practice relative to those entering nonprimary care practice under which the Secretary shall make payments in accordance with paragraph (4)—

(i) to not more than 10 States for the purpose of testing and evaluating mechanisms to meet the goals described in subsection (b); and

(ii) to not more than 10 health care training consortia for the purpose of testing and evaluating mechanisms to meet such goals.

(B) EXCLUSION OF CONSORTIA IN PARTICIPATING STATES.—A consortia may not receive payments under the demonstration project under subparagraph (A)(ii) if any of its members is located in a State receiving payments under the project under subparagraph (A)(i).

(2) APPLICATIONS.—

(A) IN GENERAL.—Each State and consortium desiring to conduct a demonstration project under this subsection shall prepare and submit to the Secretary an application, at such time, in such manner, and containing such information as the Secretary may

require to assure that the State or consortium will meet the goals described in subsection (b). In the case of an application of a State, the application shall include—

(i) information demonstrating that the State has consulted with interested parties with respect to the project, including State medical associations, State hospital associations, and medical schools located in the State;

(ii) an assurance that no hospital conducting an approved medical residency training program in the State will lose more than 10 percent of such hospital's approved medical residency positions in any year as a result of the project; and

(iii) an explanation of a plan for evaluating the impact of the project in the State.

(B) APPROVAL OF APPLICATIONS.—A State or consortium that submits an application under subparagraph (A) may begin a demonstration project under this subsection—

(i) upon approval of such application by the Secretary; or

(ii) at the end of the 60-day period beginning on the date such application is submitted, unless the Secretary denies the application during such period.

(C) NOTICE AND COMMENT.—A State or consortium shall issue a public notice on the date it submits an application under subparagraph (A) which contains a general description of the proposed demonstration project. Any interested party may comment on the proposed demonstration project to the State or consortium or the Secretary during the 30-day period beginning on the date the public notice is issued.

(3) SPECIFIC REQUIREMENTS FOR PARTICIPANTS.—

(A) REQUIREMENTS FOR STATES.—Each State participating in the demonstration project under this section shall use the payments provided under paragraph (4) to test and evaluate either of the following mechanisms to increase the number and percentage of medical students entering primary care practice relative to those entering nonprimary care practice:

(i) USE OF ALTERNATIVE WEIGHTING FACTORS.—

(I) IN GENERAL.—The State may make payments to hospitals in the State for direct graduate medical education costs in amounts determined under the methodology provided under section 1886(h) of the Social Security Act, except that the State shall apply weighting factors that are different than the weighting factors otherwise set forth in section 1886(h)(4)(C) of the Social Security Act.

(II) USE OF PAYMENTS FOR PRIMARY CARE RESIDENTS.—In applying different weighting factors under subclause (I), the State shall ensure that the amount of payment made to hospitals for costs attributable to primary care residents shall be greater than the amount that would have been paid to hospitals for costs attributable to such residents if the State had applied the weighting factors otherwise set forth in section 1886(h)(4)(C) of the Social Security Act.

(ii) PAYMENTS FOR MEDICAL EDUCATION THROUGH CONSORTIUM.—The State may make payments for graduate medical education costs through payments to a health care training consortium (or through any entity identified by such a consortium as appropriate for receiving payments on behalf of the consortium) that is established in the State but that is not otherwise participating in the demonstration project.

(B) REQUIREMENTS FOR CONSORTIUM.—

(i) IN GENERAL.—In the case of a consortium participating in the demonstration project under this section, the Secretary shall make payments for graduate medical education costs through a health care training consortium whose members provide medical residency training (or through any entity identified by such a consortium as appropriate for receiving payments on behalf of the consortium).

(ii) USE OF PAYMENTS.—

(I) IN GENERAL.—Each consortium receiving payments under clause (i) shall use such funds to conduct activities which test and evaluate mechanisms to increase the number and percentage of medical students entering primary care practice relative to those entering nonprimary care practice, and may use such funds for the operation of the consortium.

(II) PAYMENTS TO PARTICIPATING PROGRAMS.—The consortium shall ensure that the majority of the payments received under clause (i) are directed to consortium members for primary care residency programs, and shall designate for each resident assigned to the consortium a hospital operating an approved medical residency training program for purposes of enabling the Secretary to calculate the consortium's payment amount under the project. Such hospital shall be the hospital where the resident receives the majority of the resident's hospital-based, nonambulatory training experience.

(4) ALLOCATION OF PORTION OF MEDICARE GME PAYMENTS FOR ACTIVITIES UNDER PROJECT.—Notwithstanding any provision of title XVIII of the Social Security Act, the following rules apply with respect to each State and each health care training consortium participating in the demonstration project established under this subsection during a year:

(A) In the case of a State—

(i) the Secretary shall reduce the amount of each payment made to hospitals in the State during the year for direct graduate medical education costs under section 1886(h) of the Social Security Act by 3 percent; and

(ii) the Secretary shall pay the State an amount equal to the Secretary's estimate of the sum of the reductions made during the year under clause (i) (as adjusted by the Secretary in subsequent years for over- or under-estimations in the amount estimated under this subparagraph in previous years).

(B) In the case of a consortium—

(i) the Secretary shall reduce the amount of each payment made to hospitals who are members of the consortium during the year for direct graduate medical education costs under section 1886(h) of the Social Security Act by 3 percent; and

(ii) the Secretary shall pay the consortium an amount equal to the Secretary's estimate of the sum of the reductions made during the year under clause (i) (as adjusted by the Secretary in subsequent years for over- or under-estimations in the amount estimated under this subparagraph in previous years).

(5) DURATION.—A demonstration project under this subsection shall be conducted for a period not to exceed 5 years. The Secretary may terminate a project if the Secretary determines that the State or consortium conducting the project is not in substantial compliance with the terms of the application approved by the Secretary.

(6) EVALUATIONS AND REPORTS.—

(A) EVALUATIONS.—Each State or consortium participating in the demonstration project shall submit to the Secretary a final evaluation within 360 days of the termination of the State or consortium's participation and such interim evaluations as the Secretary may require.

(B) REPORTS TO CONGRESS.—Not later than 360 days after the first demonstration project under this section begins, and annually thereafter for each year in which such a project is conducted, the Secretary shall submit a report to Congress which evaluates the effectiveness of the State and consortium activities conducted under such projects and includes any legislative recommendations determined appropriate by the Secretary.

(7) MAINTENANCE OF EFFORT.—Any funds available for the activities covered by a demonstration project under this section shall supplement, and shall not supplant, funds that are expended for similar purposes under any State, regional, or local program.

(b) GOALS FOR PROJECTS.—The goals referred to in this subsection for a State or consortium participating in the demonstration project under this section are as follows:

(1) The training of an equal number of physician and nonphysician primary care providers.

(2) The recruiting of residents for graduate medical education training programs who received a portion of undergraduate training in a rural area.

(3) The allocation of not less than 50 percent of the training spent in a graduate medical residency training program at sites at which acute care inpatient hospital services are not furnished.

(4) The rotation of residents in approved medical residency training programs among practices that serve residents of rural areas.

(5) The development of a plan under which, after a 5-year transition period, not less than 50 percent of the residents who begin an initial residency period in an approved medical residency training program shall be primary care residents.

(c) DEFINITIONS.—In this section:

(1) APPROVED MEDICAL RESIDENCY TRAINING PROGRAM.—The term ''approved medical residency training program'' has the meaning given such term in section 1886(h)(5)(A) of the Social Security Act.

(2) HEALTH CARE TRAINING CONSORTIUM.—The term ''health care training consortium'' means a State, regional, or local entity consisting of at least one of each of the following:

(A) A hospital operating an approved medical residency training program at which residents receive training at ambulatory training sites located in rural areas.

(B) A school of medicine or osteopathic medicine.

(C) A school of allied health or a program for the training of physician assistants (as such terms are defined in section 799 of the Public Health Service Act).

(D) A school of nursing (as defined in section 853 of the Public Health Service Act).

(3) PRIMARY CARE.—The term ''primary care'' means family practice, general internal medicine, general pediatrics, and obstetrics and gynecology.

(4) RESIDENT.—The term ''resident'' has the meaning given such term in section 1886(h)(5)(H) of the Social Security Act.

(5) RURAL AREA.—The term ''rural area'' has the meaning given such term in section 1886(d)(2)(D) of the Social Security Act.

Subpart B—Rural Physicians and Other Providers

SEC. 8511. PROVIDER INCENTIVES.

(a) ADDITIONAL PAYMENTS UNDER MEDICARE FOR PHYSICIANS' SERVICES FURNISHED IN SHORTAGE AREAS.—

(1) INCREASE IN AMOUNT OF ADDITIONAL PAYMENT.—Section 1833(m) (42 U.S.C. 1395l(m)) is amended by striking ''10 percent'' and inserting ''20 percent''.

(2) RESTRICTION TO PRIMARY CARE SERVICES.—Section 1833(m) (42 U.S.C. 1395l(m)) is amended by inserting after ''physicians' services'' the following: ''consisting of primary care services (as defined in section 1842(i)(4))''.

(3) EXTENSION OF PAYMENT FOR FORMER SHORTAGE AREAS.—

(A) IN GENERAL.—Section 1833(m) (42 U.S.C. 1395l(m)) is amended by striking ''area,'' and

inserting ''area (or, in the case of an area for which the designation as a health professional shortage area under such section is withdrawn, in the case of physicians' services furnished to such an individual during the 3-year period beginning on the effective date of the withdrawal of such designation),''.

(B) EFFECTIVE DATE.—The amendment made by subparagraph (A) shall apply to physicians' services furnished in an area for which the designation as a health professional shortage area under section 332(a)(1)(A) of the Public Health Service Act is withdrawn on or after January 1, 1996.

(4) REQUIRING CARRIERS TO REPORT ON SERVICES PROVIDED.—Section 1842(b)(3) (42 U.S.C. 1395u(b)(3)) is amended—

(A) by striking ''and'' at the end of subparagraph (I); and

(B) by inserting after subparagraph (I) the following new subparagraph:

''(J) will provide information to the Secretary not later than 30 days after the end of the contract year on the types of providers to whom the carrier made additional payments during the year for certain physicians' services pursuant to section 1833(m), together with a description of the services furnished by such providers during the year; and''.

(5) STUDY.—

(A) IN GENERAL.—The Secretary of Health and Human Services shall conduct a study analyzing the effectiveness of the provision of additional payments under part B of the medicare program for physicians' services provided in health professional shortage areas in recruiting and retaining physicians to provide services in such areas.

(B) REPORT.—Not later than 1 year after the date of the enactment of this Act, the Secretary shall submit to Congress a report on the study conducted under subparagraph (A), and shall include in the report such recommendations as the Secretary considers appropriate.

(6) EFFECTIVE DATE.—The amendments made by paragraphs (1), (2), and (4) shall apply to physicians' services furnished on or after January 1, 1996.

(b) DEVELOPMENT OF MODEL STATE SCOPE OF PRACTICE LAW.—

(1) IN GENERAL.—The Secretary of Health and Human Services shall develop and publish a model law that may be adopted by States to increase the access of individuals residing in underserved rural areas to health care services by expanding the services which non-physician health care professionals may provide in such areas.

(2) DEADLINE.—The Secretary shall publish the model law developed under paragraph (1) not later than 1 year after the date of the enactment of this Act.

SEC. 8512. NATIONAL HEALTH SERVICE CORPS LOAN REPAYMENTS EXCLUDED FROM GROSS INCOME.

(a) IN GENERAL.—Part III of subchapter B of chapter 1 of the Internal Revenue Code of 1986 (relating to items specifically excluded from gross income) is amended by redesignating section 137 as section 138 and by inserting after section 136 the following new section:

''SEC. 137. NATIONAL HEALTH SERVICE CORPS LOAN REPAYMENTS.

''(a) GENERAL RULE.—Gross income shall not include any qualified loan repayment.

''(b) QUALIFIED LOAN REPAYMENT.—For purposes of this section, the term 'qualified loan repayment' means any payment made on behalf of the taxpayer by the National Health Service Corps Loan Repayment Program under section 338B(g) of the Public Health Service Act.''.

(b) CONFORMING AMENDMENT.—Paragraph (3) of section 338B(g) of the Public Health Service Act is amended by striking ''Federal, State, or local'' and inserting ''State or local''.

(c) CLERICAL AMENDMENT.—The table of sections for part III of subchapter B of chapter 1 of the Internal Revenue Code of 1986 is amended by striking the item relating to section 137 and inserting the following:

''Sec. 137. National Health Service Corps loan repayments.

''Sec. 138. Cross references to other Acts.''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to payments made under section 338B(g) of the Public Health Service Act after the date of the enactment of this Act.

SEC. 8513. TELEMEDICINE PAYMENT METHODOLOGY.

The Secretary of Health and Human Services shall establish a methodology for making payments under part B of the medicare program for telemedicine services furnished on an emergency basis to individuals residing in an area designated as a health professional shortage area (under section 332(a) of the Public Health Service Act).

SEC. 8514. DEMONSTRATION PROJECT TO INCREASE CHOICE IN RURAL AREAS.

The Secretary of Health and Human Services (acting through the Administrator of the Health Care Financing Administration) shall conduct a demonstration project to assess the advantages and disadvantages of requiring Medicare Choice organizations under part C of title XVIII of the Social Security Act (as added by section 8002(a)) to market Medicare Choice products in certain underserved areas which are near the standard service area for such products.

PART 2—MEDICARE SUBVENTION

SEC. 8521. MEDICARE PROGRAM PAYMENTS FOR HEALTH CARE SERVICES PROVIDED IN THE MILITARY HEALTH SERVICES SYSTEM.

(a) PAYMENTS UNDER MEDICARE RISK CONTRACTS PROGRAM.—

(1) CURRENT PROGRAM.—Section 1876 (42 U.S.C. 1395mm) is amended by adding at the end the following new subsection:

''(k) Notwithstanding any other provision of this section, a managed health care plan established by the Secretary of Defense under chapter 55 of title 10, United States Code, shall be considered an eligible organization under this section, and the Secretary shall make payments to such a managed health care plan during a year on behalf of any individuals entitled to benefits under this title who are enrolled in such a managed health care plan during the year. Such payments shall be equal to 30 percent of the amount otherwise paid to other eligible organizations under this section, and shall be made under similar terms and conditions under which the Secretary makes payments to other eligible organizations with risk sharing contracts under this section.''.

(2) MEDICARE CHOICE PROGRAM.—Section 1855, as inserted by section 8002(a), by adding at the end the following new subsection:

''(h) PAYMENTS TO MILITARY PROGRAM.—Notwithstanding any other provision of this section, a managed health care plan established by the Secretary of Defense under chapter 55 of title 10, United States Code, shall be considered a Medicare Choice organization under this part, and the Secretary shall make payments to such a managed health care plan during a year on behalf of any individuals entitled to benefits under this title who are enrolled in such a managed health care plan during the year. Such payments shall be equal to 30 percent of the amount otherwise paid to other Medicare Choice organizations under this section, and shall be made under similar terms and conditions under which the Secretary makes payments to other Medicare Choice organizations with contracts in effect under this part.''.

(b) TEMPORARY PROVISION FOR WAIVER OF PART B PREMIUM PENALTY.—Section 1839 (42 U.S.C. 1395r) is amended by adding at the end the following new subsection:

''(h) The premium increase required by subsection (b) shall not apply with respect to a person who is enrolled with a managed care plan that is established by the Secretary of Defense under chapter 55 of title 10, United States Code, and is recognized as an eligible organization pursuant to section 1855(h) or section 1876(k), if such person first enrolled in such plan prior to January 1, 1998.''.

(c) PAYMENTS UNDER PART A OF MEDICARE.—Section 1814(c) (42 U.S.C. 1395f(c)) is amended—

(1) by redesignating the current matter as paragraph (1); and

(2) by adding at the end the following new paragraph:

''(2) Paragraph (1) shall not apply to services provided by facilities of the uniformed services pursuant to chapter 55 of title 10, United States Code, and subject to the provisions of section 1095 of such title. With respect to such services, payments under this title shall be made without regard to whether the beneficiary under this title has paid the deductible and copayments amounts generally required by this title.''.

(d) PAYMENTS UNDER PART B OF MEDICARE.—Section 1835(d) (42 U.S.C. 1395n(d)) is amended—

(1) by redesignating the current matter as paragraph (1); and

(2) by adding at the end the following new paragraph:

''(2) Paragraph (1) shall not apply to services provided by facilities of the uniformed services pursuant to chapter 55 of title 10, United States Code, and subject to the provisions of section 1095 of such title. With respect to such services, payments under this title shall be made without regard to whether the beneficiary under this title has paid the deductible and copayments amounts generally required by this title.''.

(e) CONFORMING AMENDMENTS TO THE THIRD PARTY COLLECTION PROGRAM FOR MILITARY MEDICAL FACILITIES.—(1) Section 1095(d) of title 10, United States Code, is amended—

(A) by striking ''XVIII or''; and

(B) by striking ''1395'' and inserting ''1396''.

(2) Section 1095(h)(2) of such title is amended by inserting after ''includes'' the following: ''plans administered under title XVIII of the Social Security Act (42 U.S.C. 1395 et seq.),''.

(f) EFFECTIVE DATE.—The amendments made by this section shall take effect at the end of the 30-day period beginning on the date of the enactment of this Act.

Subtitle G—Other Provisions

SEC. 8601. EXTENSION AND EXPANSION OF EXISTING SECONDARY PAYER REQUIREMENTS.

(a) DATA MATCH.—

(1) Section 1862(b)(5)(C) (42 U.S.C. 1395y(b)(5)(C)) is amended by striking clause (iii).

(2) Section 6103(l)(12) of the Internal Revenue Code of 1986 is amended by striking subparagraph (F).

(b) APPLICATION TO DISABLED INDIVIDUALS IN LARGE GROUP HEALTH PLANS.—

(1) IN GENERAL.—Section 1862(b)(1)(B) (42 U.S.C. 1395y(b)(1)(B)) is amended—

(A) in clause (i), by striking ''clause (iv)'' and inserting ''clause (iii)'',

(B) by striking clause (iii), and

(C) by redesignating clause (iv) as clause (iii).

(2) CONFORMING AMENDMENTS.—Paragraphs (1) through (3) of section 1837(i) (42 U.S.C.

1395p(i)) and the second sentence of section 1839(b) (42 U.S.C. 1395r(b)) are each amended by striking ''1862(b)(1)(B)(iv)'' each place it appears and inserting ''1862(b)(1)(B)(iii)''.

(c) EXPANSION OF PERIOD OF APPLICATION TO INDIVIDUALS WITH END STAGE RENAL DISEASE.—Section 1862(b)(1)(C) (42 U.S.C. 1395y(b)(1)(C)) is amended—

(1) in the first sentence, by striking ''12-month'' each place it appears and inserting ''24-month'', and

(2) by striking the second sentence.

SEC. 8602. REPEAL OF MEDICARE AND MEDICAID COVERAGE DATA BANK.

(a) IN GENERAL.—Section 1144 (42 U.S.C. 1320b–14) is repealed.

(b) CONFORMING AMENDMENTS.—

(1) MEDICARE.—Section 1862(b)(5) (42 U.S.C. 1395y(b)(5)) is amended—

(A) in subparagraph (B), by striking ''under—'' and all that follows through the end and inserting ''subparagraph (A) for purposes of carrying out this subsection.'', and

(B) in subparagraph (C)(i), by striking ''subparagraph (B)(i)'' and inserting ''subparagraph (B)''.

(2) MEDICAID.—Section 1902(a)(25)(A)(i) (42 U.S.C. 1396a(a)(25)(A)(i)) is amended by striking ''including the use of'' and all that follows through ''any additional measures''.

(3) ERISA.—Section 101(f) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1021(f)) is repealed.

(4) DATA MATCHES.—Section 552a(a)(8)(B) of title 5, United States Code, is amended—

(A) by adding ''; or'' at the end of clause (v),

(B) by striking ''or'' at the end of clause (vi), and

(C) by striking clause (vii).

SEC. 8603. CLARIFICATION OF MEDICARE COVERAGE OF ITEMS AND SERVICES ASSOCIATED WITH CERTAIN MEDICAL DEVICES APPROVED FOR INVESTIGATIONAL USE.

(a) COVERAGE.—Nothing in title XVIII of the Social Security Act may be construed to prohibit coverage under part A or part B of the medicare program of items and services associated with the use of a medical device in the furnishing of inpatient or outpatient hospital services (including outpatient diagnostic imaging services) for which payment may be made under the program solely on the grounds that the device is not an approved device, if—

(1) the device is an investigational device; and

(2) the device is used instead of either an approved device or a covered procedure.

(b) CLARIFICATION OF PAYMENT AMOUNT.—Notwithstanding any other provision of title XVIII of the Social Security Act, the amount of payment made under the medicare program for any item or service associated with the use of an investigational device in the furnishing of inpatient or outpatient hospital services (including outpatient diagnostic imaging services) for which payment may be made under the program may not exceed the amount of the payment which would have been made under the program for the item or service if the item or service were associated with the use of an approved device or a covered procedure.

(c) DEFINITIONS.—In this section—

(1) the term ''approved device'' means a medical device (or devices) which has been approved for marketing under pre-market approval under the Federal Food, Drug, and Cosmetic Act or cleared for marketing under a 510(k) notice under such Act; and

(2) the term ''investigational device'' means—

(A) a medical device or devices (other than a device described in paragraph (1)) approved for investigational use under section 520(g) of the Federal Food, Drug, and Cosmetic Act, or

(B) a product authorized for use under section 505(i) of the Federal Food, Drug, and Cosmetic Act which includes the use of a medical device (or devices) or an investigational combination product under section 503(g) of such Act which includes a device (or devices) authorized for use under section 505(i) of such Act.

SEC. 8604. ADDITIONAL EXCLUSION FROM COVERAGE.

(a) IN GENERAL.—Section 1862(a) (42 U.S.C. 1395y(a)) is amended—

(1) by striking ''or'' at the end of paragraph (14),

(2) by striking the period at the end of paragraph (15) and inserting ''; or'', and

(3) by inserting after paragraph (15) the following new paragraph:

''(16) where such expenses are for items or services, or to assist in the purchase, in whole or in part, of health benefit coverage that includes items or services, for the purpose of causing, or assisting in causing, the death, suicide, euthanasia, or mercy killing of a person.''.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply to payment for items and services furnished on or after the date of the enactment of this Act.

SEC. 8605. EXTENDING MEDICARE COVERAGE OF, AND APPLICATION OF HOSPITAL INSURANCE TAX TO, ALL STATE AND LOCAL GOVERNMENT EMPLOYEES.

(a) IN GENERAL.—

(1) APPLICATION OF HOSPITAL INSURANCE TAX.—Section 3121(u)(2) of the Internal Revenue Code of 1986 is amended by striking subparagraphs (C) and (D).

(2) COVERAGE UNDER MEDICARE.—Section 210(p) of the Social Security Act (42 U.S.C. 410(p)) is amended by striking paragraphs (3) and (4).

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to services performed after December 31, 1996.

(b) TRANSITION IN BENEFITS FOR STATE AND LOCAL GOVERNMENT EMPLOYEES AND FORMER EMPLOYEES.—

(1) IN GENERAL.—

(A) EMPLOYEES NEWLY SUBJECT TO TAX.—For purposes of sections 226, 226A, and 1811 of the Social Security Act, in the case of any individual who performs services during the calendar quarter beginning January 1, 1997, the wages for which are subject to the tax imposed by section 3101(b) of the Internal Revenue Code of 1986 only because of the amendment made by subsection (a), the individual's medicare qualified State or local government employment (as defined in subparagraph (B)) performed before January 1, 1997, shall be considered to be ''employment'' (as defined for purposes of title II of such Act), but only for purposes of providing the individual (or another person) with entitlement to hospital insurance benefits under part A of title XVIII of such Act for months beginning with January 1997.

(B) MEDICARE QUALIFIED STATE OR LOCAL GOVERNMENT EMPLOYMENT DEFINED.—In this paragraph, the term ''medicare qualified State or local government employment'' means medicare qualified government employment described in section 210(p)(1)(B) of the Social Security Act (determined without regard to section 210(p)(3) of such Act, as in effect before its repeal under subsection (a)(2)).

(2) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to the Federal Hospital Insurance Trust Fund from time to time such sums as the Secretary of Health and Human Services deems necessary for any fiscal year on account of—

(A) payments made or to be made during such fiscal year from such Trust Fund with respect to individuals who are entitled to benefits under title XVIII of the Social Security Act solely by reason of paragraph (1),

(B) the additional administrative expenses resulting or expected to result therefrom, and

(C) any loss in interest to such Trust Fund resulting from the payment of those amounts, in order to place such Trust Fund in the same position at the end of such fiscal year as it would have been in if this subsection had not been enacted.

(3) INFORMATION TO INDIVIDUALS WHO ARE PROSPECTIVE MEDICARE BENEFICIARIES BASED ON STATE AND LOCAL GOVERNMENT EMPLOYMENT.—Section 226(g) of the Social Security Act (42 U.S.C. 426(g)) is amended—

(A) by redesignating paragraphs (1) through (3) as subparagraphs (A) through (C), respectively,

(B) by inserting ''(1)'' after ''(g)'', and

(C) by adding at the end the following new paragraph:

''(2) The Secretary, in consultation with State and local governments, shall provide procedures designed to assure that individuals who perform medicare qualified government employment by virtue of service described in section 210(a)(7) are fully informed with respect to (A) their eligibility or potential eligibility for hospital insurance benefits (based on such employment) under part A of title XVIII, (B) the requirements for, and conditions of, such eligibility, and (C) the necessity of timely application as a condition of becoming entitled under subsection (b)(2)(C), giving particular attention to individuals who apply for an annuity or retirement benefit and whose eligibility for such annuity or retirement benefit is based on a disability.''

(c) TECHNICAL AMENDMENTS.—

(1) Subparagraph (A) of section 3121(u)(2) of the Internal Revenue Code of 1986 is amended by striking ''subparagraphs (B) and (C),'' and inserting ''subparagraph (B),''.

(2) Subparagraph (B) of section 210(p)(1) of the Social Security Act (42 U.S.C. 410(p)(1)) is amended by striking ''paragraphs (2) and (3).'' and inserting ''paragraph (2).''

(3) Section 218 of the Social Security Act (42 U.S.C. 418) is amended by striking subsection (n).

(4) The amendments made by this subsection shall apply after December 31, 1996.

Subtitle H—Monitoring Achievement of Medicare Reform Goals

SEC. 8701. ESTABLISHMENT OF BUDGETARY AND PROGRAM GOALS.

(a) IN GENERAL.—The Secretary shall establish program budgetary and program goals for the medicare program consistent with this section.

(b) BUDGETARY GOALS.—The budgetary goal is to restrict total outlays under the medicare program as follows:

(1) For fiscal year 1996, $173,500,000,000.
(2) For fiscal year 1997, $187,300,000,000.
(3) For fiscal year 1998, $200,800,000,000.
(4) For fiscal year 1999, $215,200,000,000.
(5) For fiscal year 2000, $220,500,000,000.
(6) For fiscal year 2001, $248,000,000,000.
(7) For fiscal year 2002, $267,100,000,000.

(c) PROGRAM GOALS.—The program goals shall be consistent with the following:

(1) There should be an equitable distribution of funds between per beneficiary spending on payments to Medicare Choice organizations under part C of the medicare program and on payments to providers on a fee-for-service basis under parts A and B of the program.

(2) Payments to Medicare Choice organizations should be established in a manner that promotes the availability of Medicare Choice products in all regions of the country and that permits such organizations to offer adequate coverage.

SEC. 8702. MEDICARE REFORM COMMISSION.

(a) ESTABLISHMENT.—There is established a commission to be known as the Medicare Reform Commission (in this section referred to as the ''Commission'').

(b) DUTIES.—

(1) IN GENERAL.—The Commission shall examine how the medicare program has met the budgetary and program goals established under section 8701.

(2) PERIODIC REPORTS.—

(A) IN GENERAL.—The Commission shall issue a report on April 1, 1998, and on March 1 of every third subsequent year, on the status of the medicare program in relation to the budgetary and program goals specified in section 8601.

(B) CONTENTS.—Each report shall include the following information about the medicare program in the most recent fiscal year and projects for the succeeding 3 fiscal years:

(i) The actuarial value of the traditional medicare benefit package.

(ii) The projected rate of growth of outlays under the traditional medicare program.

(iii) The ability of Medicare Choice organizations to offer an adequate benefit package under part C of the medicare program.

(iv) The extent of Medicare Choice products made available to medicare beneficiaries in the different regions of the country.

(3) RECOMMENDATIONS.—

(A) IN GENERAL.—If a report under paragraph (2) finds that any of the following problems exists, the Commission shall include recommendations to respond to the problem:

(i) The actuarial value of the traditional medicare benefit package exceeds the payment rate under the Medicare Choice program.

(ii) The rate of growth of the traditional medicare program under parts A and B is projected to result in medicare outlays exceeding the outlay targets specified in section 8701.

(iii) The payments under the Medicare Choice program are not sufficient to allow contractors to provide an adequate benefit package.

(iv) The selection of Medicare Choice products are limited or not available in parts of the country.

(B) TYPES OF RECOMMENDATIONS.—The recommendations provided under subparagraph (A) may include—

(i) in response to the problem described in subparagraph (A)(ii), reduction in payments to providers under parts A and B or an increase in cost sharing by beneficiaries; and

(ii) in response to the problems described in subparagraphs (A)(iii) and (A)(iv), an adjustment to payment rates to Medicare Choice organizations.

Such recommendations may not include any change that is inconsistent with attaining the outlay targets specified under section 8701.

(4) PRESIDENTIAL RESPONSE.—If the Commission reports under this subsection that the goals established in section 8701 are not met (or projects that such goals will not be met for during a 3-year period), the President shall submit to Congress, within 90 days after the date of submission of the report, specific legislative recommendations to correct the problem. Such recommendations may include those described in paragraph (3)(B) and may not include any any change that is inconsistent with attaining the outlay targets specified under section 8701.

(5) CONGRESSIONAL CONSIDERATION.—

(A) IN GENERAL.—The President's recommendations submitted under paragraph (4) shall not apply unless a joint resolution (described in subparagraph (B)) approving such recommendations is enacted, in accordance with the provisions of subparagraph (C), before the end of the 60-day period beginning on the date on which a report containing such recommendations is submitted by the President under paragraph (4). For purposes of applying the preceding sentence and subparagraphs (B) and (C), the days on which either House of Congress is not in session because of an adjournment of more than three days to a day certain shall be excluded in the computation of a period.

(B) JOINT RESOLUTION OF APPROVAL.—A joint resolution described in this subparagraph means only a joint resolution which is introduced within the 10-day period beginning on the date on which the report described in subparagraph (A) is submitted and—

(i) which does not have a preamble;

(ii) the matter after the resolving clause of which is as follows: ''That Congress approves the recommendations of the President under section 8702(b)(4) of the Medicare Preservation Act, as submitted by the President on _____.'', the blank space being filled in with the appropriate date; and

(iii) the title of which is as follows: ''Joint resolution approving Presidential recommendations submitted under section 8702(b)(4) of the Medicare Preservation Act, as submitted by the President on _____.'', the blank space being filled in with the appropriate date.

(C) PROCEDURES FOR CONSIDERATION OF RESOLUTION OF APPROVAL.—Subject to subparagraph (D), the provisions of section 2908 (other than subsection (a)) of the Defense Base Closure and Realignment Act of 1990 shall apply to the consideration of a joint resolution described in subparagraph (B) in the same manner as such provisions apply to a joint resolution described in section 2908(a) of such Act.

(D) SPECIAL RULES.—For purposes of applying subparagraph (C) with respect to such provisions—

(i) any reference to the Committee on Armed Services of the House of Representatives shall be deemed a reference to the Committee on Ways and Means and any reference to the Committee on Armed Services of the Senate shall be deemed a reference to the Committee on Finance of the Senate; and

(ii) any reference to the date on which the President transmits a report shall be deemed a reference to the date on which the President submits the recommendations under paragraph (4).

(c) MEMBERSHIP.—

(1) APPOINTMENT.—The Commission shall be composed of 5 members appointed by the President, of which 4 of whom are appointed from a list (of at least 5 nominees) submitted by each of the following:

(A) The Speaker of the House of Representatives.

(B) The Minority Leader of the House of Representatives.

(C) The Majority Leader of the Senate.

(D) The Minority Leader of the Senate.

(2) TERM OF SERVICE.—Each member of the Commission shall serve for a term of 3 years. Members may be reappointed for additional terms.

(3) CHAIRMAN AND VICE CHAIRMAN.—The Commission shall elect a Chairman and Vice Chairman from among its members.

(4) VACANCIES.—Any vacancy in the membership of the Commission shall be filled in the manner in which the original appointment was made and shall not affect the power of the remaining members to execute the duties of the Commission.

(5) QUORUM.—A quorum shall consist of 3 members of the Commission, except that 2 members may conduct a hearing under subsection (e).

(6) MEETINGS.—The Commission shall meet at the call of its Chairman or a majority of its members.

(7) COMPENSATION AND REIMBURSEMENT OF EXPENSES.—Members of the Commission are not entitled to receive compensation for service on the Commission. Members may be reimbursed for travel, subsistence, and other necessary expenses incurred in carrying out the duties of the Commission.

(d) STAFF AND CONSULTANTS.—

(1) STAFF.—The Commission may appoint and determine the compensation of such staff as may be necessary to carry out the duties of the Commission. Such appointments and compensation may be made without regard to the provisions of title 5, United States Code, that govern appointments in the competitive services, and the provisions of chapter 51 and subchapter III of chapter 53 of such title that relate to classifications and the General Schedule pay rates.

(2) CONSULTANTS.—The Commission may procure such temporary and intermittent services of consultants under section 3109(b) of title 5, United States Code, as the Commission determines to be necessary to carry out the duties of the Commission.

(e) POWERS.—

(1) HEARINGS AND OTHER ACTIVITIES.—For the purpose of carrying out its duties, the Commission may hold such hearings and undertake such other activities as the Commission determines to be necessary to carry out its duties.

(2) STUDIES BY GAO.—Upon the request of the Commission, the Comptroller General shall conduct such studies or investigations as the Commission determines to be necessary to carry out its duties.

(3) COST ESTIMATES BY CONGRESSIONAL BUDGET OFFICE.—

(A) Upon the request of the Commission, the Director of the Congressional Budget Office shall provide to the Commission such cost estimates as the Commission determines to be necessary to carry out its duties.

(B) The Commission shall reimburse the Director of the Congressional Budget Office for expenses relating to the employment in the office of the Director of such additional staff as may be necessary for the Director to comply with requests by the Commission under subparagraph (A).

(4) DETAIL OF FEDERAL EMPLOYEES.—Upon the request of the Commission, the head of any Federal agency is authorized to detail, without reimbursement, any of the personnel of such agency to the Commission to assist the Commission in carrying out its duties. Any such detail shall not interrupt or otherwise affect the civil service status or privileges of the Federal employee.

(5) TECHNICAL ASSISTANCE.—Upon the request of the Commission, the head of a Federal agency shall provide such technical assistance to the Commission as the Commission determines to be necessary to carry out its duties.

(6) USE OF MAILS.—The Commission may use the United States mails in the same manner and under the same conditions as Federal agencies and shall, for purposes of the frank, be considered a commission of Congress as described in section 3215 of title 39, United States Code.

(7) OBTAINING INFORMATION.—The Commission may secure directly from any Federal agency information necessary to enable it to carry out its duties, if the information may be disclosed under section 552 of title 5, United States Code. Upon request of the Chairman of the Commission, the head of such agency shall furnish such information to the Commission. In particular, the Administrator of the Health Care Financing Administration and the Director of the Office of Management and Budget shall provide the

Commission with access to data for the conduct of its work.

(8) ADMINISTRATIVE SUPPORT SERVICES.—Upon the request of the Commission, the Administrator of General Services shall provide to the Commission on a reimbursable basis such administrative support services as the Commission may request.

(9) ACCEPTANCE OF DONATIONS.—The Commission may accept, use, and dispose of gifts or donations of services or property.

(10) PRINTING.—For purposes of costs relating to printing and binding, including the cost of personnel detailed from the Government Printing Office, the Commission shall be deemed to be a committee of the Congress.

(f) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as may be necessary to carry out this section. Amounts appropriated to carry out this section shall remain available until expended.

Subtitle I—Lock-Box Provisions for Medicare Part B Savings from Growth Reductions

SEC. 8801. ESTABLISHMENT OF MEDICARE GROWTH REDUCTION TRUST FUND FOR PART B SAVINGS.

Part B of title XVIII is amended by inserting after section 1841 the following new section:

''MEDICARE GROWTH REDUCTION TRUST FUND

''SEC. 1841A. (a)(1) There is hereby created on the books of the Treasury of the United States a trust fund to be known as the 'Federal Medicare Growth Reduction Trust Fund' (in this section referred to as the 'Trust Fund'). The Trust Fund shall consist of such gifts and bequests as may be made as provided in section 201(i)(1) and amounts appropriated under paragraph (2).

''(2) There are hereby appropriated to the Trust Fund amounts equivalent to 100 percent of the Secretary's estimate of the reductions in expenditures under this part that are attributable to the Medicare Preservation Act of 1995. The amounts appropriated by the preceding sentence shall be transferred from time to time (not less frequently than monthly) from the general fund in the Treasury to the Trust Fund.

''(3)(A) Subject to subparagraph (B), with respect to monies transferred to the Trust Fund, no transfers, authorizations of appropriations, or appropriations are permitted.

''(B) Beginning with fiscal year 2003, the Secretary may expend funds in the Trust Fund to carry out this title, but only to the extent provided by Congress in advance through a specific amendment to this section.

''(b) The provisions of subsections (b) through (e) of section 1841 shall apply to the Trust Fund in the same manner as they apply to the Federal Supplementary Medical Insurance Trust Fund, except that the Board of Trustees and Managing Trustee of the Trust Fund shall be composed of the members of the Board of Trustees and the Managing Trustee, respectively, of the Federal Supplementary Medical Insurance Trust Fund.''.

Subtitle J—Clinical Laboratories

SEC. 8901. EXEMPTION OF PHYSICIAN OFFICE LABORATORIES.

Section 353(d) of the Public Health Service Act (42 U.S.C. 263a(d)) is amended—

(1) by redesignating paragraphs (2), (3), and (4) as paragraphs (3), (4), and (5) and by adding after paragraph (1) the following:

''(2) EXEMPTION OF PHYSICIAN OFFICE LABORATORIES.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), a clinical laboratory in a physician's office (including an office of a group of physicians) which is directed by a physician and in which examinations and procedures are either performed by a physician or by individuals supervised by a physician solely as an adjunct to other services provided by the physician's office is exempt from this section.

''(B) EXCEPTION.—A clinical laboratory described in subparagraph (A) is not exempt from this section when it performs a pap smear (Papanicolaou Smear) analysis.

''(C) DEFINITION.—For purposes of subparagraph (A), the term 'physician' has the same meaning as is prescribed for such term by section 1861(r) of the Social Security Act (42 U.S.C. 1395x(r)).'';

(2) in paragraph (3) (as so redesignated) by striking ''(3)'' and inserting ''(4)''; and

(3) in paragraphs (4) and (5) (as so redesignated) by striking ''(2)'' and inserting ''(3)''.

TITLE X—WELFARE REFORM

SEC. 9000. AMENDMENT OF THE SOCIAL SECURITY ACT.

Except as otherwise expressly provided, wherever in this title an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Social Security Act.

Subtitle A—Temporary Employment Assistance

SEC. 9101. STATE PLAN.

(a) IN GENERAL.—Title IV (42 U.S.C. 601 et seq.) is amended by striking part A and inserting the following:

''PART A—TEMPORARY EMPLOYMENT ASSISTANCE

''SEC. 400. APPROPRIATION.

''For the purpose of providing assistance to families with needy children and assisting parents of children in such families to obtain and retain private sector work to the extent possible, and public sector or volunteer work if necessary, through the Work First Employment Block Grant program (hereafter in this title referred to as the 'Work First program'), there is hereby authorized to be appropriated, and is hereby appropriated, for each fiscal year a sum sufficient to carry out the purposes of this part. The sums made available under this section shall be used for making payments to States which have approved State plans for temporary employment assistance.

''Subpart 1—State Plans for Temporary Employment Assistance

''SEC. 401. ELEMENTS OF STATE PLANS.

''A State plan for temporary employment assistance shall provide a description of the State program which carries out the purpose described in section 400 and shall meet the requirements of the following sections of this subpart.

''SEC. 402. FAMILY ELIGIBILITY FOR TEMPORARY EMPLOYMENT ASSISTANCE.

''(a) IN GENERAL.—The State plan shall provide that any family—

''(1) with 1 or more children (or any expectant family, at the option of the State), defined as needy by the State; and

''(2) which fulfills the conditions set forth in subsection (b),

shall be eligible for cash assistance under the plan, except as otherwise provided under this part.

''(b) INDIVIDUAL RESPONSIBILITY PLAN.—The State plan shall provide that not later than 30 days after the approval of the application for temporary employment assistance, a parent qualifying for assistance shall execute an individual responsibility plan as described in section 403. If a child otherwise eligible for assistance under this part is residing with a relative other than a parent, the State plan may require the relative to execute such a plan as a condition of the family receiving such assistance.

''(c) LIMITATIONS ON ELIGIBILITY.—

''(1) LENGTH OF TIME.—

''(A) IN GENERAL.—Except as provided in subparagraphs (B), (C), (D), and (E), the State plan shall provide that the family of an individual who, after attaining age 18 years (or age 19 years, at the option of the State), has received assistance under the plan for 60 months, shall no longer be eligible for cash assistance under the plan.

''(B) HARDSHIP EXCEPTION.—With respect to any family, the State plan shall not include in the determination of the 60-month period under subparagraph (A) any month in which—

''(i) at the option of the State, the family includes an individual working 20 hours per week (or more, at the option of the State);

''(ii) the family resides in an area with an unemployment rate exceeding 8 percent; or

''(iii) the family is experiencing other special hardship circumstances which make it appropriate for the State to provide an exemption for such month, except that the total number of exemptions under this clause for any month shall not exceed 15 percent of the number of families to which the State is providing assistance under the plan.

''(C) EXCEPTION FOR TEEN PARENTS.—With respect to any family, the State plan shall not include in the determination of the 60-month period under subparagraph (A) any month in which the parent—

''(i) is under age 18 (or age 19, at the option of the State); and

''(ii) is making satisfactory progress while attending high school or an alternative technical preparation school.

''(D) EXCEPTION FOR INDIVIDUALS EXEMPT FROM WORK REQUIREMENTS.—With respect to any family, the State plan shall not include in the determination of the 60-month period under subparagraph (A) any month in which 1 or each of the parents—

''(i) is seriously ill, incapacitated, or of advanced age;

''(ii)(I) except for a child described in subclause (II), is responsible for a child under age 1 year (or age 6 months, at the option of the State), or

''(II) in the case of a 2nd or subsequent child born during such period, is responsible for a child under age 3 months;

''(iii) is pregnant in the 3rd trimester; or

''(iv) is caring for a family member who is ill or incapacitated.

''(E) EXCEPTION FOR CHILD-ONLY CASES.—With respect to any child who has not attained age 18 (or age 19, at the option of the State) and who is eligible for assistance under this part, but not as a member of a family otherwise eligible for assistance under this part (determined without regard to this paragraph), the State plan shall not include in the determination of the 60-month period under subparagraph (A) any month in which such child has not attained such age.

''(F) OTHER PROGRAM ELIGIBILITY.—The State plan shall provide that if a family is no longer eligible for cash assistance under the plan due to the imposition of the 60-month period under subparagraph (A) or due to the imposition of a penalty under subparagraph (A)(ii) or (B)(ii) of section 403(e)(1)—

''(i) for purposes of determining eligibility for any other Federal or federally assisted program based on need, such family shall continue to be considered eligible for such cash assistance;

''(ii) for purposes of determining the amount of assistance under any other Federal or federally assisted program based on need, such family shall continue to be considered receiving such cash assistance; and

''(iii) the State may, at the option of the State, after having assessed the needs of the child or children of the family, provide for such needs with a voucher for such family—

''(I) determined on the same basis as the State would provide assistance under the State plan to such a family with 1 less individual,

''(II) designed appropriately to pay third parties for shelter, goods, and services received by the child or children, and

''(III) payable directly to such third parties.

''(2) TREATMENT OF INTERSTATE MIGRANTS.—The State plan may apply to a category of families the rules for such category under a plan of another State approved under this part, if a family in such category has moved to the State from the other State and has resided in the State for less than 12 months.

''(3) INDIVIDUALS ON OLD-AGE ASSISTANCE OR SSI INELIGIBLE FOR TEMPORARY EMPLOYMENT ASSISTANCE.—The State plan shall provide that no assistance shall be furnished any individual under the plan with respect to any period with respect to which such individual is receiving old-age assistance under the State plan approved under section 102 of title I or supplemental security income under title XVI.

''(4) CHILDREN FOR WHOM FEDERAL, STATE, OR LOCAL FOSTER CARE MAINTENANCE OR ADOPTION ASSISTANCE PAYMENTS ARE MADE.—A child with respect to whom foster care maintenance payments or adoption assistance payments are made under part E or under State or local law shall not, for the period for which such payments are made, be regarded as a needy child under this part, and such child's income and resources shall be disregarded in determining the eligibility of the family of such child for temporary employment assistance.

''(5) DENIAL OF ASSISTANCE FOR 10 YEARS TO A PERSON FOUND TO HAVE FRAUDULENTLY MISREPRESENTED RESIDENCE IN ORDER TO OBTAIN ASSISTANCE IN 2 OR MORE STATES.—The State plan shall provide that no assistance will be furnished any individual under the plan during the 10-year period that begins on the date the individual is convicted in Federal or State court of having made, a fraudulent statement or representation with respect to the place of residence of the individual in order to receive benefits or services simultaneously from 2 or more States under programs that are funded under this part, title XIX, or the Food Stamp Act of 1977, or benefits in 2 or more States under the supplemental security income program under title XVI.

''(6) DENIAL OF ASSISTANCE FOR FUGITIVE FELONS AND PROBATION AND PAROLE VIOLATORS.—

''(A) IN GENERAL.—The State plan shall provide that no assistance will be furnished any individual under the plan for any period if during such period the State agency has knowledge that such individual is—

''(i) fleeing to avoid prosecution, or custody or confinement after conviction, under the laws of the place from which the individual flees, for a crime, or an attempt to commit a crime, which is a felony under the laws of the place from which the individual flees, or which, in the case of the State of New Jersey, is a high misdemeanor under the laws of such State; or

''(ii) violating a condition of probation or parole imposed under Federal or State law.

''(B) EXCHANGE OF INFORMATION WITH LAW ENFORCEMENT AGENCIES.—Notwithstanding any other provision of law, the State plan shall provide that the State shall furnish any Federal, State, or local law enforcement officer, upon the request of the officer, with the current address of any recipient of assistance under the plan, if the officer furnishes the agency with the name of the recipient and notifies the agency that—

''(i) such recipient—

''(I) is described in clause (i) or (ii) of subparagraph (A); or

''(II) has information that is necessary for the officer to conduct the officer's official duties; and

''(ii) the location or apprehension of the recipient is within such officer's official duties.

''(d) DETERMINATION OF ELIGIBILITY.—

''(1) DETERMINATION OF NEED.—The State plan shall provide that the State agency take into consideration any income and resources of any individual the State determines should be considered in determining the need of the child or relative claiming temporary employment assistance, subject to section 407.

''(2) RESOURCE AND INCOME DETERMINATION.—In determining the total resources and income of the family of any needy child, the State plan shall provide the following:

''(A) RESOURCES.—The State's resource limit, including a description of the policy determined by the State regarding any exclusion allowed for vehicles owned by family members, resources set aside for future needs of a child, individual development accounts, or other policies established by the State to encourage savings.

''(B) FAMILY INCOME.—The extent to which earned or unearned income is disregarded in determining eligibility for, and amount of, assistance.

''(C) CHILD SUPPORT.—The State's policy, if any, for determining the extent to which child support received in excess of $50 per month on behalf of a member of the family is disregarded in determining eligibility for, and the amount of, assistance.

''(D) CHILD'S EARNINGS.—The treatment of earnings of a child living in the home.

''(E) EARNED INCOME TAX CREDIT.—The State agency shall disregard any refund of Federal income taxes made to a family receiving temporary employment assistance by reason of section 32 of the Internal Revenue Code of 1986 (relating to earned income tax credit) and any payment made to such a family by an employer under section 3507 of such Code (relating to advance payment of earned income credit).

''(3) VERIFICATION SYSTEM.—The State plan shall provide that information is requested and exchanged for purposes of income and eligibility verification in accordance with a State system which meets the requirements of section 1137.

''SEC. 403. INDIVIDUAL RESPONSIBILITY PLAN.

''(a) ASSESSMENT.—The State agency responsible for administering the State plan shall make an initial assessment of the skills, prior work experience, and employability of each applicant for, or recipient of, assistance under the State plan who—

''(1) has attained 18 years of age; or

''(2) has not completed high school or obtained a certificate of high school equivalency, and is not attending secondary school.

''(b) INDIVIDUAL RESPONSIBILITY PLANS.—

''(1) IN GENERAL.—On the basis of the assessment made under subsection (a) with respect to an individual, the State agency, in consultation with the individual, shall develop an individual responsibility plan for the individual, which—

''(A) shall provide that participation by the individual in job search activities shall be a condition of eligibility for assistance under the State plan approved under part A, except during any period for which the individual is employed full-time in an unsubsidized job in the private sector;

''(B) sets forth an employment goal for the individual and a plan for moving the individual immediately into private sector employment;

''(C) sets forth the obligations of the individual, which may include a requirement that the individual attend school, maintain certain grades and attendance, keep school age children of the individual in school, immunize children, attend parenting and money management classes, or do other things that will help the individual become and remain employed in the private sector;

''(D) may require that the individual enter the State program established under part F, if the caseworker determines that the individual will need education, training, job placement assistance, wage enhancement, or other services to become employed in the private sector;

''(E) shall provide that the individual must—

''(i) assign to the State any rights to support from any other person the individual may have in such individual's own behalf or in behalf of any other family member for whom the individual is applying for or receiving assistance; and

''(ii) cooperate with the State—

''(I) in establishing the paternity of a child born out of wedlock with respect to whom assistance is claimed, and

''(II) in obtaining support payments for the individual and for a child with respect to whom such assistance is claimed, or in obtaining any other payments or property due the individual or the child,

unless (in either case) the individual is found to have good cause for refusing to cooperate as determined by the State agency in accordance with standards prescribed by the Secretary, which standards shall take into consideration the best interests of the child on whose behalf assistance is claimed.

''(F) to the greatest extent possible shall be designed to move the individual into whatever private sector employment the individual is capable of handling as quickly as possible, and to increase the responsibility and amount of work the individual is to handle over time;

''(G) shall describe what services the State will provide the individual so that the individual will be able to obtain and keep employment in the private sector, and describe the job counseling and other services that will be provided by the State; and

''(H) at the option of the State, may require the individual to undergo appropriate substance abuse treatment.

''(2) TIMING.—The State agency shall comply with paragraph (1) with respect to an individual—

''(A) within 90 days (or, at the option of the State, 180 days) after the effective date of this part, in the case of an individual who, as of such effective date, is a recipient of assistance under the State plan approved under this part; or

''(B) within 30 days (or, at the option of the State, 90 days) after the individual is determined to be eligible for such assistance, in the case of any other individual.

''(c) PROVISION OF PROGRAM AND EMPLOYMENT INFORMATION.—The State shall inform all applicants for and recipients of assistance under the State plan approved under this part of all available services under the State plan for which they are eligible.

''(d) REQUIREMENT THAT RECIPIENTS ENTER THE WORK FIRST PROGRAM.—

''(1) IN GENERAL.—Beginning with fiscal year 2004, the State shall place recipients of assistance under the State plan approved under this part, who have not become employed in the private sector within 1 year after signing an individual responsibility plan, in the first available slot in the State program established under part F, except as provided in paragraph (2).

''(2) EXCEPTIONS.—A state may not be required to place a recipient of such assistance in the State program established under part F if the recipient—

''(A) is ill, incapacitated, or of advanced age;

''(B) has not attained 18 years of age;

''(C) is caring for a child or parent who is ill or incapacitated; or

''(D) is enrolled in school or in educational or training programs that will lead to private sector employment.

''(e) PENALTIES.—

''(1) STATE NOT OPERATING A WORK FIRST OR WORKFARE PROGRAM.—In the case of a State that is not operating a program under part F or G:

''(A) FAILURE TO COMPLY WITH INDIVIDUAL RESPONSIBILITY PLAN OR AGREEMENT OF MUTUAL RESPONSIBILITY.—

''(i) PROGRESSIVE REDUCTIONS IN ASSISTANCE FOR 1ST AND 2ND FAILURES.—The amount of assistance otherwise to be provided under the State plan approved under this part to a family that includes an individual who fails without good cause to comply with an individual responsibility plan (or, if the State has established a program under subpart 1 of part F and the individual is required to participate in the program, an agreement of mutual responsibility) signed by the individual (other than by reason of conduct described in paragraph (2)) shall be reduced by—

''(I) 33 percent for the 1st such act of noncompliance; or

''(II) 66 percent for the 2nd such act of noncompliance.

''(ii) DENIAL OF ASSISTANCE FOR 3RD FAILURE.—In the case of the 3rd such act of noncompliance, the family of which the individual is a member shall not thereafter be eligible for assistance under the State plan approved under this part.

''(iii) ACTS OF NONCOMPLIANCE.—For purposes of this paragraph, a 1st act of noncompliance by an individual continues for more than 1 calendar month shall be considered a 2nd act of noncompliance, and a 2nd act of noncompliance that continues for more than 3 calendar months shall be considered a 3rd act of noncompliance.

''(B) DENIAL OF ASSISTANCE TO ADULTS REFUSING TO WORK, LOOK FOR WORK, OR ACCEPT A BONA FIDE OFFER OF EMPLOYMENT.—

''(i) REFUSAL TO WORK OR LOOK FOR WORK.—If an unemployed individual who has attained 18 years of age refuses to work or look for work—

''(I) in the case of the 1st such refusal, assistance under the State plan approved under this part shall not be payable with respect to the individual until the later of—

''(aa) a period of not less than 6 months after the date of the first such refusal; or

''(bb) the first date the individual agrees to work or look for work; or

''(II) in the case of the 2nd such refusal, the family of which the individual is a member shall not thereafter be eligible for assistance under the State plan approved under this part.

''(ii) REFUSAL TO ACCEPT A BONA FIDE OFFER OF EMPLOYMENT.—If an unemployed individual who has attained 18 years of age refuses to accept a bona fide offer of employment, the family of which the individual is a member shall not thereafter be eligible for assistance under the State plan approved under this part.

''(2) OTHER STATES.—In the case of any other State, the State shall reduce, by such amount as the State considers appropriate, the amount of assistance otherwise payable under the State plan approved under this part to a family that includes an individual who fails without good cause to comply with an individual responsibility plan signed by the individual.

''SEC. 404. PAYMENT OF ASSISTANCE.

''(a) STANDARDS OF ASSISTANCE.—The State plan shall specify standards of assistance, including—

''(1) the composition of the unit for which assistance will be provided;

''(2) a standard, expressed in money amounts, to be used in determining the need of applicants and recipients;

''(3) a standard, expressed in money amounts, to be used in determining the amount of the assistance payment; and

''(4) the methodology to be used in determining the payment amount received by assistance units.

''(b) LEVEL OF ASSISTANCE.—Except as otherwise provided in this title, the State plan shall provide that—

''(1) the determination of need and the amount of assistance for all applicants and recipients shall be made on an objective and equitable basis; and

''(2) families of similar composition with similar needs and circumstances shall be treated similarly.

''(c) CORRECTION OF PAYMENTS.—The State plan shall provide that the State agency will promptly take all necessary steps to correct any overpayment or underpayment of assistance under such plan, including the request for Federal tax refund intercepts as provided under section 416.

''(d) OPTIONAL VOLUNTARY DIVERSION PROGRAM.—The State plan shall, at the option of the State, and in such part or parts of the State as the State may select, provide that—

''(1) upon the recommendation of the caseworker who is handling the case of a family eligible for assistance under the State plan, the State shall, in lieu of any other assistance under the State plan to the family during a time period of not more than 3 months, make a lump-sum payment to the family for the time period in an amount not to exceed—

''(A) the value of the monthly benefits that would otherwise be provided to the family under the State plan; multiplied by

''(B) the number of months in the time period;

''(2) a lump-sum payment pursuant to subparagraph (A) shall not be made more than once to any family; and

''(3) if, during a time period for which the State has made a lump-sum payment to a family pursuant to subparagraph (A), the family applies for and (but for the lump-sum payment) would be eligible under the State plan for a monthly benefit that is greater than the value of the monthly benefit which would have been provided to the family under the State plan at the time of the calculation of the lump sum payment, then, notwithstanding subparagraph (A), the State shall, for that part of the time period that remains after the family becomes eligible for the greater monthly benefit, provide monthly benefits to the family in an amount not to exceed—

''(A) the amount by which the value of the greater monthly benefit exceeds the value of the former monthly benefit, multiplied by the number of months in the time period; divided by

''(B) the whole number of months remaining in the time period.''.

''SEC. 405. OTHER PROGRAMS.

''(a) WORK FIRST PROGRAM; WORKFARE OR JOB PLACEMENT VOUCHER PROGRAM.—The State plan shall provide that the State has in effect and operation—

''(1) a work first program that meets the requirements of part F; and

''(2) a workfare program that meets the requirements of part G, or a job placement voucher program that meets the requirements of part H, but not both.

''(b) PROVISION OF POSITIONS AND VOUCHERS.—The State plan shall provide that the State shall provide a position in the workfare program established by the State under part G, or a job placement voucher under the job placement voucher program established by the State under part H to any individual who, by reason of section 487(b), is prohibited from participating in the work first program operated by the State, and shall not provide such a position or such a voucher to any other individual.

''(c) PROVISION OF CASE MANAGEMENT SERVICES.—The State plan shall provide that the State shall provide to participants in such programs such case management services as are necessary to ensure the integrated provision of benefits and services under such programs.

''(d) STATE CHILD SUPPORT AGENCY.—The State plan shall—

''(1) provide that the State has in effect a plan approved under part D and operates a child support program in substantial compliance with such plan;

''(2) provide that the State agency administering the plan approved under this part shall be responsible for assuring that—

''(A) the benefits and services provided under plans approved under this part and part D are furnished in an integrated manner, including coordination of intake procedures with the agency administering the plan approved under part D;

''(B) all applicants for, and recipients of, temporary employment assistance are encouraged, assisted, and required (as provided under section 403(b)(1)(E)(ii)) to cooperate in the establishment and enforcement of paternity and child support obligations and are notified about the services available under the State plan approved under part D; and

''(C) procedures require referral of paternity and child support enforcement cases to the agency administering the plan approved under part D not later than 10 days after the application for temporary employment assistance; and

''(3) provide for prompt notice (including the transmittal of all relevant information) to the State child support collection agency established pursuant to part D of the furnishing of temporary employment assistance with respect to a child who has been deserted or abandoned by a parent (including a child born out-of-wedlock without regard to whether the paternity of such child has been established).

''(e) CHILD WELFARE SERVICES AND FOSTER CARE AND ADOPTION ASSISTANCE.—The State plan shall provide that the State has in effect—

''(1) a State plan for child welfare services approved under part B; and

''(2) a State plan for foster care and adoption assistance approved under part E,

and operates such plans in substantial compliance with the requirements of such parts.

''(f) REPORT OF CHILD ABUSE, ETC.—The State plan shall provide that the State agency will—

''(1) report to an appropriate agency or official, known or suspected instances of physical or mental injury, sexual abuse or exploitation, or negligent treatment or maltreatment of a child receiving assistance under the State plan under circumstances which indicate that the child's health or welfare is threatened thereby; and

''(2) provide such information with respect to a situation described in paragraph (1) as the State agency may have.

''(g) AVAILABILITY OF ASSISTANCE IN RURAL AREAS OF STATE.—The State plan shall consider and address the needs of rural areas in the State to ensure that families in such areas receive assistance to become self-sufficient.

''(h) FAMILY PRESERVATION.—

''(1) IN GENERAL.—The State plan shall describe the efforts by the State to promote family preservation and stability, including efforts—

''(A) to encourage fathers to stay home and be a part of the family;

''(B) to keep families together to the extent possible; and

''(C) except to the extent provided in paragraph (2), to treat 2-parent families and 1-parent families equally with respect to eligibility for assistance.

''(2) MAINTENANCE OF TREATMENT.—The State may impose eligibility limitations relating specifically to 2-parent families to the extent such limitations are no more restrictive than such limitations in effect in the State plan in fiscal year 1995.

''SEC. 406. ADMINISTRATIVE REQUIREMENTS FOR STATE PLAN.

''(a) STATEWIDE PLAN.—The State plan shall be in effect in all political subdivisions of the State, and, if administered by the subdivisions, be mandatory upon such subdivisions. If such plan is not administered uniformly throughout the State, the plan shall describe the administrative variations.

''(b) SINGLE ADMINISTRATING AGENCY.—The State plan shall provide for the establishment or designation of a single State agency to administer the plan or supervise the administration of the plan.

''(c) FINANCIAL PARTICIPATION.—The State plan shall provide for financial participation by the State in the same manner and amount as such State participates under title XIX, except that with respect to the sums expended for the administration of the State plan, the percentage shall be 50 percent.

''(d) REASONABLE PROMPTNESS.—The State plan shall provide that all individuals wishing to make application for temporary employment assistance shall have opportunity to do so, and that such assistance be furnished with reasonable promptness to all eligible individuals.

''(e) AUTOMATED DATA PROCESSING SYSTEM.—The State plan shall, at the option of the State, provide for the establishment and operation of an automated statewide management information system designed effectively and efficiently, to assist management in the administration of the State plan approved under this part, so as—

''(1) to control and account for—

''(A) all the factors in the total eligibility determination process under such plan for assistance, and

''(B) the costs, quality, and delivery of payments and services furnished to applicants for and recipients of assistance; and

''(2) to notify the appropriate officials for child support, food stamp, and social service programs, and the medical assistance program approved under title XIX, whenever a recipient becomes ineligible for such assistance or the amount of assistance provided to a recipient under the State plan is changed.

''(f) DISCLOSURE OF INFORMATION.—The State plan shall provide for safeguards which restrict the use or disclosure of information concerning applicants or recipients.

''(g) DETECTION OF FRAUD.—The State plan shall provide, in accordance with regulations issued by the Secretary, for appropriate measures to detect fraudulent applications for temporary employment assistance before the establishment of eligibility for such assistance.

''Subpart 2—Administrative Provisions

''SEC. 411. APPROVAL OF PLAN.

''(a) IN GENERAL.—The Secretary shall approve a State plan which fulfills the requirements under subpart 1 within 120 days of the submission of the plan by the State to the Secretary.

''(b) DEEMED APPROVAL.—If a State plan has not been rejected by the Secretary during the period specified in subsection (a), the plan shall be deemed to have been approved.

''SEC. 412. COMPLIANCE.

In the case of any State plan for temporary employment assistance which has been approved under section 411, if the Secretary, after reasonable notice and opportunity for hearing to the State agency administering or supervising the administration of such plan, finds that in the administration of the plan there is a failure to comply substantially with any provision required by subpart 1 to be included in the plan, the Secretary shall notify such State agency that further payments will not be made to the State (or in the Secretary's discretion, that payments will be limited to categories under or parts of the State plan not affected by such failure) until the Secretary is satisfied that such prohibited requirement is no longer so imposed, and that there is no longer any such failure to comply. Until the Secretary is so satisfied the Secretary shall make no further payments to such State (or shall limit payments to categories under or parts of the State plan not affected by such failure).

''SEC. 413. PAYMENTS TO STATES.

''(a) COMPUTATION OF AMOUNT.—Subject to section 412, from the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an approved plan for temporary employment assistance, for each quarter, beginning with the quarter commencing October 1, 1996, an amount equal to the Federal medical assistance percentage (as defined in section 1905(b)) of the expenditures by the State under such plan.

''(b) METHOD OF COMPUTATION AND PAYMENT.—The method of computing and paying such amounts shall be as follows:

''(1) The Secretary shall, prior to the beginning of each quarter, estimate the amount to be paid to the State for such quarter under the provisions of subsection (a), such estimate to be based on—

''(A) a report filed by the State containing its estimate of the total sum to be expended in such quarter in accordance with the provisions of such subsection and stating the amount appropriated or made available by the State and its political subdivisions for such expenditures in such quarter, and if such amount is less than the State's proportionate share of the total sum of such estimated expenditures, the source or sources from which the difference is expected to be derived;

''(B) records showing the number of needy children in the State; and

''(C) such other information as the Secretary may find necessary.

''(2) The Secretary of Health and Human Services shall then certify to the Secretary of the Treasury the amount so estimated by the Secretary of Health and Human Services—

''(A) reduced or increased, as the case may be, by any sum by which the Secretary of Health and Human Services finds that the estimate for any prior quarter was greater or less than the amount which should have been paid to the State for such quarter;

''(B) reduced by a sum equivalent to the pro rata share to which the Federal Government is equitably entitled, as determined by the Secretary of Health and Human Services, of the net amount recovered during any prior quarter by the State or any political subdivision thereof with respect to temporary employment assistance furnished under the State plan; and

''(C) reduced by such amount as is necessary to provide the appropriate reimbursement to the Federal Government that the State is required to make under section 457 out of that portion of child support collections retained by the State pursuant to such section,

except that such increases or reductions shall not be made to the extent that such sums have been applied to make the amount certified for any prior quarter greater or less than the amount estimated by the Secretary of Health and Human Services for such prior quarter.

''(c) METHOD OF PAYMENT.—The Secretary of the Treasury shall thereupon, through the Fiscal Service of the Department of the Treasury and prior to audit or settlement by the General Accounting Office, pay to the State, at the time or times fixed by the Secretary of Health and Human Services, the amount so certified.

''SEC. 414. QUALITY ASSURANCE, DATA COLLECTION, AND REPORTING SYSTEM.

''(a) QUALITY ASSURANCE.—

''(1) IN GENERAL.—Under the State plan, a quality assurance system shall be developed based upon a collaborative effort involving the Secretary, the State, the political subdivisions of the State, and assistance recipients, and shall include quantifiable program outcomes related to self sufficiency in the categories of welfare-to-work, payment accuracy, and child support.

''(2) MODIFICATIONS TO SYSTEM.—As deemed necessary, but not more often than every 2 years, the Secretary, in consultation with the State, the political subdivisions of the State, and assistance recipients, shall make appropriate changes in the design and administration of the quality assurance system, including changes in benchmarks, measures, and data collection or sampling procedures.

''(b) DATA COLLECTION AND REPORTING.—

''(1) IN GENERAL.—The State plan shall provide for a quarterly report to the Secretary regarding the data described in paragraphs (2) and (3) and such additional data needed for the quality assurance system. The data collection and reporting system under this subsection shall promote accountability, continuous improvement, and integrity in the State plans for temporary employment assistance and Work First.

''(2) DISAGGREGATED DATA.—The State shall collect the following data items on a monthly basis from disaggregated case records of applicants for and recipients of temporary employment assistance from the previous month:

''(A) The age of adults and children (including pregnant women).

''(B) Marital or familial status of cases: married (2-parent family), widowed, divorced, separated, or never married; or child living with other adult relative.

''(C) The gender, race, educational attainment, work experience, disability status (whether the individual is seriously ill, incapacitated, or caring for a disabled or incapacitated child) of adults.

''(D) The amount of cash assistance and the amount and reason for any reduction in such assistance. Any other data necessary to determine the timeliness and accuracy of benefits and welfare diversions.

''(E) Whether any member of the family receives benefits under any of the following:

''(i) Any housing program.

''(ii) The food stamp program under the Food Stamp Act of 1977.

''(iii) The Head Start programs carried out under the Head Start Act.

''(iv) Any job training program.

''(F) The number of months since the most recent application for assistance under the plan.

''(G) The total number of months for which assistance has been provided to the families under the plan.

''(H) The employment status, hours worked, and earnings of individuals while receiving assistance, whether the case was

closed due to employment, and other data needed to meet the work performance rate.

''(I) Status in Work First and workfare, including the number of hours an individual participated and the component in which the individual participated.

''(J) The number of persons in the assistance unit and their relationship to the youngest child. Nonrecipients in the household and their relationship to the youngest child.

''(K) Citizenship status.

''(L) Shelter arrangement.

''(M) Unearned income (not including temporary employment assistance), such as child support, and assets.

''(N) The number of children who have a parent who is deceased, incapacitated, or unemployed.

''(O) Geographic location.

''(3) AGGREGATED DATA.—The State shall collect the following data items on a monthly basis from aggregated case records of applicants for and recipients of temporary employment assistance from the previous month:

''(A) The number of adults receiving assistance.

''(B) The number of children receiving assistance.

''(C) The number of families receiving assistance.

''(D) The number of assistance units who had their grants reduced or terminated and the reason for the reduction or termination, including sanction, employment, and meeting the time limit for assistance).

''(E) The number of applications for assistance; the number approved and the number denied and the reason for denial.

''(4) LONGITUDINAL STUDIES.—The State shall submit selected data items for a cohort of individuals who are tracked over time. This longitudinal sample shall be used for selected data items described in paragraphs (2) and (3), as determined appropriate by the Secretary.

''(c) ADDITIONAL DATA.—The report required by subsection (b) for a fiscal year quarter shall also include the following:

''(1) REPORT ON USE OF FEDERAL FUNDS TO COVER ADMINISTRATIVE COSTS AND OVERHEAD.—A statement of—

''(A) the percentage of the Federal funds paid to the State under this part for the fiscal year quarter that are used to cover administrative costs or overhead; and

''(B) the total amount of State funds that are used to cover such costs or overhead.

''(2) REPORT ON STATE EXPENDITURES ON PROGRAMS FOR NEEDY FAMILIES.—A statement of the total amount expended by the State during the fiscal year quarter on programs for needy families, with the amount spent on the program under this part, and the purposes for which such amount was spent, separately stated.

''(3) REPORT ON NONCUSTODIAL PARENTS PARTICIPATING IN WORK ACTIVITIES.—The number of noncustodial parents in the State who participated in work activities during the fiscal year quarter.

''(4) REPORT ON CHILD SUPPORT COLLECTED.—The total amount of child support collected by the State agency administering the State plan under part D on behalf of a family receiving assistance under this part.

''(5) REPORT ON CHILD CARE.—The total amount expended by the State for child care under this part, along with a description of the types of child care provided, such as child care provided in the case of a family that has ceased to receive assistance under this part because of increased hours of, or increased income from, employment, or in the case of a family that is not receiving assistance under this part but would be at risk of becoming eligible for such assistance if child care was not provided.

''(6) REPORT ON TRANSITIONAL SERVICES.—The total amount expended by the State for providing transitional services to a family that has ceased to receive assistance under this part because of increased hours of, or increased income from, employment, along with a description of such services.

''(d) COLLECTION PROCEDURES.—The Secretary shall provide case sampling plans and data collection procedures as deemed necessary to make statistically valid estimates of plan performance.

''(e) VERIFICATION.—The Secretary shall develop and implement procedures for verifying the quality of the data submitted by the State, and shall provide technical assistance, funded by the compliance penalties imposed under section 412, if such data quality falls below acceptable standards.

''SEC. 415. COMPILATION AND REPORTING OF DATA.

''(a) CURRENT PROGRAMS.—The Secretary shall, on the basis of the Secretary's review of the reports received from the States under section 414, compile such data as the Secretary believes necessary, and from time to time, publish the findings as to the effectiveness of the programs developed and administered by the States under this part. The Secretary shall annually report to the Congress on the programs developed and administered by each State under this part.

''(b) RESEARCH, DEMONSTRATION AND EVALUATION.—Of the amount specified under section 413(a), an amount equal to 0.25 percent is authorized to be expended by the Secretary to support the following types of research, demonstrations, and evaluations:

''(1) STATE-INITIATED RESEARCH.—States may apply for grants to cover 90 percent of the costs of self-evaluations of programs under State plans approved under this part.

''(2) DEMONSTRATIONS.—

''(A) IN GENERAL.—The Secretary may implement and evaluate demonstrations of innovative and promising strategies to—

''(i) improve child well-being through reductions in illegitimacy, teen pregnancy, welfare dependency, homelessness, and poverty;

''(ii) test promising strategies by nonprofit and for-profit institutions to increase employment, earning, child support payments, and self-sufficiency with respect to temporary employment assistance clients under State plans; and

''(iii) foster the development of child care.

''(B) ADDITIONAL PARAMETERS.—Demonstrations implemented under this paragraph—

''(i) may provide one-time capital funds to establish, expand, or replicate programs;

''(ii) may test performance-based grant to loan financing in which programs meeting performance targets receive grants while programs not meeting such targets repay funding on a pro-rated basis; and

''(iii) should test stategies in multiple States and types of communities.

''(3) FEDERAL EVALUATIONS.—

''(A) IN GENERAL.—The Secretary shall conduct research on the effects, benefits, and costs of different approaches to operating welfare programs, including an implementation study based on a representative sample of States and localities, documenting what policies were adopted, how such policies were implemented, the types and mix of services provided, and other such factors as the Secretary deems appropriate.

''(B) RESEARCH ON RELATED ISSUES.—The Secretary shall also conduct research on issues related to the purposes of this part, such as strategies for moving welfare recipients into the workforce quickly, reducing teen pregnancies and out-of-wedlock births, and providing adequate child care.

''(C) STATE REIMBURSEMENT.—The Secretary may reimburse a State for any research-related costs incurred pursuant to research conducted under this paragraph.

''(D) USE OF RANDOM ASSIGNMENT.—Evaluations authorized under this paragraph should use random assignment to the maximum extent feasible and appropriate.

''(4) REGIONAL INFORMATION CENTERS.—

''(A) IN GENERAL.—The Secretary shall establish not less than 5, nor more than 7 regional information centers located at major research universities or consortiums of universities to ensure the effective implementation of welfare reform and the efficient dissemination of information about innovations, evaluation outcomes, and training initiatives.

''(B) CENTER RESPONSIBILITIES.—The Centers shall have the following functions:

''(i) Disseminate information about effective income support and related programs, along with suggestions for the replication of such programs.

''(ii) Research the factors that cause and sustain welfare dependency and poverty in the regions served by the respective centers.

''(iii) Assist the States in the region formulate and implement innovative programs and improvements in existing programs that help clients move off welfare and become productive citizens.

''(iv) Provide training as appropriate to staff of State agencies to enhance the ability of the agencies to successfully place Work First clients in productive employment or self-employment.

''(C) CENTER ELIGIBILITY TO PERFORM EVALUATIONS.—The Centers may compete for demonstration and evaluation contracts developed under this section.

''SEC. 416. COLLECTION OF OVERPAYMENTS FROM FEDERAL TAX REFUNDS.

''(a) IN GENERAL.—Upon receiving notice from a State agency administering a plan approved under this part that a named individual has been overpaid under the State plan approved under this part, the Secretary of the Treasury shall determine whether any amounts as refunds of Federal taxes paid are payable to such individual, regardless of whether such individual filed a tax return as a married or unmarried individual. If the Secretary of the Treasury finds that any such amount is payable, the Secretary shall withhold from such refunds an amount equal to the overpayment sought to be collected by the State and pay such amount to the State agency.

''(b) REGULATIONS.—The Secretary of the Treasury shall issue regulations, approved by the Secretary of Health and Human Services, that provide—

''(1) that a State may only submit under subsection (a) requests for collection of overpayments with respect to individuals—

''(A) who are no longer receiving temporary employment assistance under the State plan approved under this part,

''(B) with respect to whom the State has already taken appropriate action under State law against the income or resources of the individuals or families involved; and

''(C) to whom the State agency has given notice of its intent to request withholding by the Secretary of the Treasury from the income tax refunds of such individuals;

''(2) that the Secretary of the Treasury will give a timely and appropriate notice to any other person filing a joint return with the individual whose refund is subject to withholding under subsection (a); and

''(3) the procedures that the State and the Secretary of the Treasury will follow in carrying out this section which, to the maximum extent feasible and consistent with the

specific provisions of this section, will be the same as those issued pursuant to section 464(b) applicable to collection of past-due child support.''.

(b) PAYMENTS TO PUERTO RICO.—Section 1108(a)(1) (42 U.S.C. 1308(a)(1)) is amended—

(1) in subparagraph (F), by striking ''or''; and

(2) by striking subparagraph (G) and inserting the following:

''(G) $82,000,000 with respect to each of fiscal years 1989 through 1995, or

''(H) $102,500,000 with respect to the fiscal year 1996 and each fiscal year thereafter;''.

(c) CONFORMING AMENDMENTS RELATING TO COLLECTION OF OVERPAYMENTS.—

(1) Section 6402 of the Internal Revenue Code of 1986 (relating to authority to make credits or refunds) is amended—

(A) in subsection (a), by striking ''(c) and (d)'' and inserting ''(c), (d), and (e)'';

(B) by redesignating subsections (e) through (i) as subsections (f) through (j), respectively; and

(C) by inserting after subsection (d) the following:

''(g) COLLECTION OF OVERPAYMENTS UNDER TITLE IV–A OF THE SOCIAL SECURITY ACT.—The amount of any overpayment to be refunded to the person making the overpayment shall be reduced (after reductions pursuant to subsections (c) and (d), but before a credit against future liability for an internal revenue tax) in accordance with section 416 of the Social Security Act (concerning recovery of overpayments to individuals under State plans approved under part A of title IV of such Act).''.

(2) Section 552a(a)(8)(B)(iv)(III) of title 5, United States Code, is amended by striking ''section 464 or 1137 of the Social Security Act'' and inserting ''section 416, 464, or 1137 of the Social Security Act''.

(d) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall be effective with respect to calendar quarters beginning on or after October 1, 1996.

(2) SPECIAL RULE.—In the case of a State that the Secretary of Health and Human Services determines requires State legislation (other than legislation appropriating funds) in order to meet the requirements imposed by the amendment made by subsection (a), the State shall not be regarded as failing to comply with the requirements of such amendment before the first day of the first calendar quarter beginning after the close of the first regular session of the State legislature that begins after the date of enactment of this Act. For purposes of this paragraph, in the case of a State that has a 2-year legislative session, each year of the session shall be treated as a separate regular session of the State legislature.

Subtitle B—Make Work Pay

SEC. 9201. TRANSITIONAL MEDICAID BENEFITS.

(a) STATE OPTION OF EXTENSION OF MEDICAID ENROLLMENT FOR FORMER AFDC RECIPIENTS FOR 1 ADDITIONAL YEAR.—

(1) IN GENERAL.—Section 1925(b)(1) (42 U.S.C. 1396r–6(b)(1)) is amended by striking the period at the end and inserting the following: '', and that the State may, at its option, offer to each such family the option of extending coverage under this subsection for any of the first 2 succeeding 6-month periods, in the same manner and under the same conditions as the option of extending coverage under this subsection for the first succeeding 6-month period.''.

(2) CONFORMING AMENDMENTS.—Section 1925(b) (42 U.S.C. 1396r–6(b)) is amended—

(A) in the heading, by striking ''EXTENSION'' and inserting ''EXTENSIONS'';

(B) in the heading of paragraph (1), by striking ''REQUIREMENT'' and inserting ''IN GENERAL'';

(C) in paragraph (2)(B)(ii)—

(i) in the heading, by striking ''PERIOD'' and inserting ''PERIODS'', and

(ii) by striking ''in the period'' and inserting ''in any of the 6-month periods'';

(D) in paragraph (3)(A), by striking ''the 6-month period'' and inserting ''any 6-month period'';

(E) in paragraph (4)(A), by striking ''the extension period'' and inserting ''any extension period''; and

(F) in paragraph (5)(D)(i), by striking ''is a 3-month period'' and all that follows and inserting the following: ''is, with respect to a particular 6-month additional extension period provided under this subsection, a 3-month period beginning with the 1st or 4th month of such extension period.''.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply to calendar quarters beginning on or after October 1, 1997, without regard to whether or not final regulations to carry out such amendments have been promulgated by such date.

SEC. 9202. NOTICE OF AVAILABILITY REQUIRED TO BE PROVIDED TO APPLICANTS AND FORMER RECIPIENTS OF TEMPORARY FAMILY ASSISTANCE, FOOD STAMPS, AND MEDICAID.

(a) TEMPORARY FAMILY ASSISTANCE.—Section 406, as added by the amendment made by section 9101(a) of this Act, is amended by adding at the end the following:

''(h) NOTICE OF AVAILABILITY OF EITC.—The State plan shall provide that the State agency referred to in subsection (b) must provide written notice of the existence and availability of the earned income credit under section 32 of the Internal Revenue Code of 1986 to—

''(1) any individual who applies for assistance under the State plan, upon receipt of the application; and

''(2) any individual whose assistance under the State plan (or under the State plan approved under part A of this title (as in effect before the effective date of title IX of the Omnibus Budget Reconciliation Act of 1995) is terminated, in the notice of termination of benefits.''.

(b) FOOD STAMPS.—Section 11(e) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)) is amended—

(1) in paragraph (24) by striking ''and'' at the end;

(2) in paragraph (25) by striking the period at the end and inserting ''; and''; and

(3) by inserting after paragraph (25) the following:

''(26) that whenever a household applies for food stamp benefits, and whenever such benefits are terminated with respect to a household, the State agency shall provide to each member of such household notice of—

''(A) the existence of the earned income tax credit under section 32 of the Internal Revenue Code of 1986; and

''(B) the fact that such credit may be applicable to such member.''.

(c) MEDICAID.—Section 1902(a) (42 U.S.C. 1396a(a)) is amended—

(1) by striking ''and'' at the end of paragraph (61);

(2) by striking the period at the end of paragraph (62) and inserting ''; and''; and

(3) by inserting after paragraph (62) the following new paragraph:

''(63) provide that the State shall provide notice of the existence and availability of the earned income tax credit under section 32 of the Internal Revenue Code of 1986 to each individual applying for medical assistance under the State plan and to each individual whose eligibility for medical assistance under the State plan is terminated.''.

SEC. 9203. NOTICE OF AVAILABILITY OF EARNED INCOME TAX CREDIT AND DEPENDENT CARE TAX CREDIT TO BE INCLUDED ON W–4 FORM.

(a) IN GENERAL.—Section 11114 of the Omnibus Budget Reconciliation Act of 1990 (26 U.S.C. 21 note), relating to program to increase public awareness, is amended by adding at the end the following new sentence: ''Such means shall include printing a notice of the availability of such credits on the forms used by employees to determine the proper number of withholding exemptions under chapter 24 of such Code.''

SEC. 9204. ADVANCE PAYMENT OF EARNED INCOME TAX CREDIT THROUGH STATE DEMONSTRATION PROGRAMS.

(a) IN GENERAL.—Section 3507 of the Internal Revenue Code of 1986 (relating to the advance payment of the earned income tax credit) is amended by adding at the end the following:

''(g) STATE DEMONSTRATIONS.—

''(1) IN GENERAL.—In lieu of receiving earned income advance amounts from an employer under subsection (a), a participating resident shall receive advance earned income payments from a responsible State agency pursuant to a State Advance Payment Program that is designated pursuant to paragraph (2).

''(2) DESIGNATIONS.—

''(A) IN GENERAL.—From among the States submitting proposals satisfying the requirements of paragraph (3), the Secretary (in consultation with the Secretary of Health and Human Services) may designate not more than 4 State Advance Payment Demonstrations. States selected for the demonstrations may have, in the aggregate, no more than 5 percent of the total number of households participating in the program under the Food Stamp program in the immediately preceding fiscal year. Administrative costs of a State in conducting a demonstration under this section may be included for matching under section 413(a) of the Social Security Act and section 16(a) of the Food Stamp Act of 1977.

''(B) WHEN DESIGNATION MAY BE MADE.—Any designation under this paragraph shall be made no later than December 31, 1996.

''(C) PERIOD FOR WHICH DESIGNATION IS IN EFFECT.—

''(i) IN GENERAL.—Designations made under this paragraph shall be effective for advance earned income payments made after December 31, 1996, and before January 1, 2000.

''(ii) SPECIAL RULES.—

''(I) REVOCATION OF DESIGNATIONS.—The Secretary may revoke any designation made under this paragraph if the Secretary determines that the State is not complying substantially with the proposal described in paragraph (3) submitted by the State.

''(II) AUTOMATIC TERMINATION OF DESIGNATIONS.—Any failure by a State to comply with the reporting requirements described in paragraphs (3)(F) and (3)(G) shall have the effect of immediately terminating the designation under this paragraph and rendering paragraph (5)(A)(ii) inapplicable to subsequent payments.

''(3) PROPOSALS.—No State may be designated under paragraph (2) unless the State's proposal for such designation—

''(A) identifies the responsible State agency,

''(B) describes how and when the advance earned income payments will be made by that agency, including a description of any other State or Federal benefits with which such payments will be coordinated,

''(C) describes how the State will obtain the information on which the amount of advance earned income payments made to each participating resident will be determined in accordance with paragraph (4),

''(D) describes how State residents who will be eligible to receive advance earned income payments will be selected, notified of the opportunity to receive advance earned income payments from the responsible State agency, and given the opportunity to elect to participate in the program,

''(E) describes how the State will verify, in addition to receiving the certifications and statement described in paragraph (7)(D)(iv), the eligibility of participating residents for the earned income tax credit,

''(F) commits the State to furnishing to each participating resident by January 31 of each year a written statement showing—

''(i) the name and taxpayer identification number of the participating resident, and

''(ii) the total amount of advance earned income payments made to the participating resident during the prior calendar year,

''(G) commits the State to furnishing to the Secretary by December 1 of each year a written statement showing the name and taxpayer identification number of each participating resident,

''(H) commits the State to treat any advance earned income payments as described in paragraph (5) and any repayments of excessive advance earned income payments as described in paragraph (6),

''(I) commits the State to assess the development and implementation of its State Advance Payment Program, including an agreement to share its findings and lessons with other interested States in a manner to be described by the Secretary, and

''(J) is submitted to the Secretary on or before June 30, 1996.

''(4) AMOUNT AND TIMING OF ADVANCE EARNED INCOME PAYMENTS.—

''(A) AMOUNT.—

''(i) IN GENERAL.—The method for determining the amount of advance earned income payments made to each participating resident shall conform to the fullest extent possible with the provisions of subsection (c).

''(ii) SPECIAL RULE.—A State may, at its election, apply the rules of subsection (c)(2)(B) by substituting 'between 60 percent and 75 percent of the credit percentage in effect under section 32(b)(1) for an individual with the corresponding number of qualifying children' for '60 percent of the credit percentage in effect under section 32(b)(1) for such an eligible individual with 1 qualifying child' in clause (i) and 'the same percentage (as applied in clause (i))' for '60 percent' in clause (ii).

''(B) TIMING.—The frequency of advance earned income payments may be determined on the basis of the payroll periods of participating residents, on a single statewide schedule, or on any other reasonable basis prescribed by the State in its proposal; however, in no event may advance earned income payments be made to any participating resident less frequently than on a calendar-quarter basis.

''(5) PAYMENTS TO BE TREATED AS PAYMENTS OF WITHHOLDING AND FICA TAXES.—

''(A) IN GENERAL.—For purposes of this title, advance earned income payments during any calendar quarter—

''(i) shall neither be treated as a payment of compensation nor be included in gross income, and

''(ii) shall be treated as made out of—

''(I) amounts required to be deducted by the State and withheld for the calendar quarter by the State under section 3401 (relating to wage withholding),

''(II) amounts required to be deducted for the calendar quarter under section 3102 (relating to FICA employee taxes), and

''(III) amounts of the taxes imposed on the State for the calendar quarter under section 3111 (relating to FICA employer taxes),

as if the State had paid to the Secretary, on the day on which payments are made to participating residents, an amount equal to such payments.

''(B) IF ADVANCE PAYMENTS EXCEED TAXES DUE.—If for any calendar quarter the aggregate amount of advance earned income payments made by the responsible State agency under a State Advance Payment Program exceeds the sum of the amounts referred to in subparagraph (A)(ii) (without regard to paragraph (6)(A)), each such advance earned income payment shall be reduced by an amount which bears the same ratio to such excess as such advance earned income payment bears to the aggregate amount of all such advance earned income payments.

''(6) STATE REPAYMENT OF EXCESSIVE ADVANCE EARNED INCOME PAYMENTS.—

''(A) IN GENERAL.—Notwithstanding any other provision of law, in the case of an excessive advance earned income payment a State shall be treated as having deducted and withheld under section 3401 (relating to wage withholding), and as being required to pay to the United States, the repayment amount during the repayment calendar quarter.

''(B) EXCESSIVE ADVANCE EARNED INCOME PAYMENT.—For purposes of this section, the term 'excessive advance income payment' means that portion of any advance earned income payment that, when combined with other advance earned income payments previously made to the same participating resident during the same calendar year, exceeds the amount of earned income tax credit to which that participating resident is entitled under section 32 for that year.

''(C) REPAYMENT AMOUNT.—For purposes of this subsection, the term 'repayment amount' means an amount equal to 50 percent of the excess of—

''(i) excessive advance earned income payments made by a State during a particular calendar year, over

''(ii) the sum of—

''(I) 4 percent of all advance earned income payments made by the State during that calendar year, and

''(II) the excessive advance earned income payments made by the State during that calendar year that have been collected from participating residents by the Secretary.

''(D) REPAYMENT CALENDAR QUARTER.—For purposes of this subsection, the term 'repayment calendar quarter' means the second calendar quarter of the third calendar year beginning after the calendar year in which an excessive earned income payment is made.

''(7) DEFINITIONS.—For purposes of this subsection—

''(A) STATE ADVANCE PAYMENT PROGRAM.—The term 'State Advance Payment Program' means the program described in a proposal submitted for designation under paragraph (1) and designated by the Secretary under paragraph (2).

''(B) RESPONSIBLE STATE AGENCY.—The term 'responsible State agency' means the single State agency that will be making the advance earned income payments to residents of the State who elect to participate in a State Advance Payment Program.

''(C) ADVANCE EARNED INCOME PAYMENTS.—The term 'advance earned income payments' means an amount paid by a responsible State agency to residents of the State pursuant to a State Advance Payment Program.

''(D) PARTICIPATING RESIDENT.—The term 'participating resident' means an individual who—

''(i) is a resident of a State that has in effect a designated State Advance Payment Program,

''(ii) makes the election described in paragraph (3)(D) pursuant to guidelines prescribed by the State,

''(iii) certifies to the State the number of qualifying children the individual has, and

''(iv) provides to the State the certifications and statement described in subsections (b)(1), (b)(2), (b)(3), and (b)(4) (except that for purposes of this clause, the term 'any employer' shall be substituted for 'another employer' in subsection (b)(3)), along with any other information required by the State.''.

(b) TECHNICAL ASSISTANCE.—The Secretaries of the Treasury and Health and Human Services shall jointly ensure that technical assistance is provided to State Advance Payment Programs and that these programs are rigorously evaluated.

(c) ANNUAL REPORTS.—The Secretary shall issue annual reports detailing the extent to which—

(1) residents participate in the State Advance Payment Programs,

(2) participating residents file Federal and State tax returns,

(3) participating residents report accurately the amount of the advance earned income payments made to them by the responsible State agency during the year, and

(4) recipients of excessive advance earned income payments repay those amounts.

The report shall also contain an estimate of the amount of advance earned income payments made by each responsible State agency but not reported on the tax returns of a participating resident and the amount of excessive advance earned income payments.

(d) AUTHORIZATION OF APPROPRIATIONS.—For purposes of providing technical assistance described in subsection (b), preparing the reports described in subsection (c), and providing grants to States in support of designated State Advance Payment Programs, there are authorized to be appropriated in advance to the Secretary of the Treasury and the Secretary of Health and Human Services a total of $1,400,000 for fiscal years 1997 through 2000.

SEC. 9205. FUNDING OF CHILD CARE SERVICES.

(a) REPEAL OF CHILD CARE PROGRAMS UNDER THE CHILD CARE AND DEVELOPMENT BLOCK GRANT ACT OF1990.—The Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858 et seq.) is hereby repealed.

(b) FUNDING OF CHILD CARE SERVICES THROUGH SOCIAL SERVICES BLOCK GRANT PROGRAM.—Title XX (42 U.S.C. 1397–1397f) is amended by adding at the end the following:

''SEC. 2008. CHILD CARE.

''(a) CONDITIONAL GRANT.—

''(1) IN GENERAL.—In addition to any payment under section 2002 or 2007, the Secretary shall make a grant to each State with a plan approved under this section for a fiscal year in an amount equal to the special allotment of the State for the fiscal year.

''(2) LIMITATIONS ON AUTHORIZATION OF APPROPRIATIONS.—For grants under this section, there are authorized to be appropriated to the Secretary not more than—

''(A) $1,400,000,000 for fiscal year 1997;

''(B) $1,450,000,000 for each of fiscal years 1998, 1999, and 2000; and

''(C) $1,500,000,000 for each of fiscal years 2001 and 2002.

''(b) STATE PLANS.—

''(1) CONTENT.—A plan meets the requirements of this paragraph if the plan—

''(A) identifies an appropriate State agency to be the lead agency responsible for administering at the State level, and coordinating with local governments, the activities of the State pursuant to this section;

''(B) describes the activities the State will carry out with funds provided under this section;

''(C) provides assurances that the funds provided under this section will be used to supplement, not supplant, State and local funds as well as Federal funds provided under any Act and applied to child care activities in the State during fiscal year 1989;

''(D) provides assurances that the State will not expend more than 7 percent of the funds provided to the States under this section for the fiscal year for administrative expenses;

''(E) provides assurances that, in providing child care assistance, the State will give priority to families with low income and families living in a low-income geographical area;

''(F) ensures that child care providers reimbursed under this section meet applicable standards of State and local law;

''(G) provides assurances that the lead agency will coordinate the use of funds provided under this section with the use of other Federal resources for child care provided under this Act, and with other Federal, State, or local child care and preschool programs operated in the State;

''(H) provides for the establishment of such fiscal and accounting procedures as may be necessary to—

''(i) ensure a proper accounting of Federal funds received by the State under this section; and

''(ii) ensure the proper verification of the reports submitted by the State under subsection (f)(2);

''(I) provides assurances that the State will not impose more stringent standards and licening or regulatory requirements on child care providers receiving funds provided under this section than those imposed on other child care providers in the State;

''(J) provides assurances that the State will not implement any policy or practice which has the effect of significantly restricting parental choice by—

''(i) expressly or effectively excluding any category of care or type of provider within a category of care;

''(ii) limiting parental access to or choices from among various categories of care or types of providers; or

''(iii) excluding a significant number of providers in any category of care; and

''(K) provides assurances that parents will be informed regarding their options under this section, including the option of receiving a child care certificate or voucher.

''(2) FORM.—A State may submit a plan that meets the requirements of paragraph (1) in the form of amendments to the State plan submitted pursuant to section 658E of the Child Care and Development Block Grant Act of 1990, as in effect before the effective date of section 9205 of the Omnibus Budget Reconciliation Act of 1995.

''(3) APPROVAL.—Not later than 90 days after the date the State submits a plan to the Secretary under this subsection, the Secretary shall either approve or disapprove the plan. If the Secretary disapproves the plan, the Secretary shall provide the State with an explanation and recommendations for changes in the plan to gain approval.

''(c) SPECIAL ALLOTMENTS.—The special allotment of a State for a fiscal year equals the amount that bears the same ratio to the amount appropriated pursuant to this section for the fiscal year, as the number of children who have not attained 13 years of age and are residing with families in the State bears to the total number of such children in all States with plans approved under this section for the fiscal year, determined on the basis of the most recent data available from the Department of Commerce at the time the special allotment is determined.

''(d) PAYMENTS TO STATES.—

''(1) PAYMENTS.—

''(A) COMPUTATION OF AMOUNT.—From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has a plan approved under this section for a fiscal year, for each quarter, beginning with the quarter commencing October 1, 1996, an amount equal to ¼ of the special allotment of the State for the fiscal year.

''(B) METHOD OF COMPUTATION AND PAYMENT.—The method of computing and paying such amounts shall be as follows:

''(i) ESTIMATE.—The Secretary shall, before each quarter, estimate the amount to be paid to the State for the quarter under this section, based on a report filed by the State containing the State's estimate of the total sum to be expended by the State in such quarter in accordance with subsection (e).

''(ii) CERTIFICATION.—The Secretary of Health and Human Services shall then certify to the Secretary of the Treasury the amount so estimated by the Secretary of Health and Human Services reduced or increased, as the case may be, by any sum by which the Secretary of Health and Human Services finds that the estimate for any prior quarter was greater or less than the amount which should have been paid to the State for such quarter, except that such increases or reductions shall not be made to the extent that such sums have been applied to make the amount certified for any prior quarter greater or less than the amount estimated by the Secretary of Health and Human Services for such prior quarter.

''(iii) METHOD OF PAYMENT.—The Secretary of the Treasury shall thereupon, through the Fiscal Service of the Department of the Treasury and prior to audit or settlement by the General Accounting Office, pay to the State, at the time or times fixed by the Secretary of Health and Human Services, the amount so certified.

''(2) DEADLINE FOR EXPENDITURE OF FUNDS BY STATES.—Except as provided in paragraph (3)(A), each State to which funds are paid under this section for a fiscal year shall expend such funds in the fiscal year or in the immediately succeeding fiscal year.

''(3) REDISTRIBUTION OF UNEXPENDED SPECIAL ALLOTMENTS.—

''(A) REMITTANCE TO THE SECRETARY.—Each State to which funds are paid under this section for a fiscal year shall remit to the Secretary that part of such funds which the State intends not to, or does not, expend in the fiscal year or in the immediately succeeding fiscal year.

''(B) REDISTRIBUTION.—The Secretary shall increase the special allotment of each State with a plan approved under this part for a fiscal year that does not remit any amount to the Secretary for the fiscal year by an amount equal to—

''(i) the aggregate of the amounts remitted pursuant to subparagraph (A) for the fiscal year; multiplied by

''(ii) the adjusted State share for the fiscal year.

''(C) ADJUSTED STATE SHARE.—As used in subparagraph (B)(ii), the term 'adjusted State share' means, with respect to a fiscal year—

''(i) the special allotment of the State for the fiscal year (before any increase under subparagraph (B)); divided by

''(ii)(I) the sum of the special allotments of all States with plans approved under this part for the fiscal year; minus

''(II) the aggregate of the amounts remitted to the Secretary pursuant to subparagraph (A) for the fiscal year.

''(e) USE OF FUNDS.—

''(1) IN GENERAL.—Funds provided under this section shall be used to expand parent choices in selecting child care, to address deficiencies in the supply of child care, and to expand and improve child care services, with an emphasis on providing such services to low-income families and geographical areas. Subject to the approval of the Secretary, States to which funds are paid under this section shall use such funds to carry out child care programs and activities through cash grants, certificates, or contracts with families, or public or private entities as the State determines appropriate. States shall take parental preference into account to the maximum extent possible in carrying out child care programs.

''(2) SPECIFIC USES.—Each State to which funds are paid under this section may expend such funds for—

''(A) child care services for infants, sick children, children with special needs, and children of adolescent parents;

''(B) after-school and before-school programs and programs during nontraditional hours for the children of working parents;

''(C) programs for the recruitment and training of day care workers, including older Americans;

''(D) grant and loan programs to enable child care workers and providers to meet State and local standards and requirements;

''(E) child care programs developed by public and private sector partnerships;

''(F) State efforts to provide technical assistance designed to help providers improve the services offered to parents and children; and

''(G) other child care-related programs consistent with the purpose of this section and approved by the Secretary.

''(3) LIMITATIONS ON USE OF FUNDS.—A State to which funds are paid under this section for a fiscal year shall use not less than 80 percent of such funds to provide direct child care assistance to low-income parents through child care certificates or vouchers, contracts, or grants.

''(4) METHODS OF FUNDING.—Funds for child care services under this title shall be for the benefit of parents and shall be provided through child care vouchers or certificates provided directly to parents or through contracts or grants with public or private providers.

''(5) PARENTAL RIGHTS OF CHOICE.—Any parent who receives a child care certificate under this title may use such certificate with any child care provider, including those providers which have religious activities, if such provider is freely chosen by the parent from among the available alternatives.

''(6) CHILD CARE CERTIFICATES.—

''(A) IN GENERAL.—For purposes of this title, a child care certificate is a certificate issued by a State directly to a parent or legal guardian for use only as payment for child care services in any child care facility eligible to receive funds under this Act.

''(B) REDEMPTION.—If the demand for child care services of families qualified to receive such services from a State under this Act exceeds the available supply of such services, the State shall ration assistance to obtain such services using procedures that do not disadvantage parents using child care certificates, relative to other methods of financing, in either the waiting period or the pecuniary value of such services.

''(C) COMMENCEMENT OF CERTIFICATE PROGRAM.—Beginning not later than 1 year after the date of the enactment of this section, each State that receives funds under this title shall offer a child care certificate program in accordance with this section.

''(D) AUTHORITY TO USE CHILD CARE FUNDS FOR CERTIFICATE PROGRAM.—Each State to which funds are paid under this title may use the funds provided to the State under this title which are required to be used for child care activities to plan and establish the State's child care certificate program.

''(7) OPTION OF RECEIVING A CHILD CARE CERTIFICATE.—Each parent or legal guardian who receives assistance pursuant to this title shall be provided with the option of enrolling their child with an eligible child care provider that receives funds through grants, contracts, or child care certificates provided under this title. Such parent shall have the right to use such certificates to purchase child care services from an eligible provider of their choice. The State shall ensure that parental preference is considered to the maximum extent possible in awarding grants or contracts.

''(8) RIGHTS OF RELIGIOUS CHILD CARE PROVIDERS.—Notwithstanding any other provision of law, a religious child care provider who receives funds under this Act may require adherence by employees to the religious tenets or teachings of the provider.

''(9) ELIGIBLE CHILD CARE PROVIDERS.—Any child care provider who meets applicable standards of State and local law shall be eligible to receive funds under this section. As used in this paragraph, the term 'child care provider' includes—

''(A) proprietary for-profit entities, relatives, informal day care homes, religious child care providers, day care centers, and any other entities that the State determines appropriate subject to approval of the Secretary;

''(B) nonprofit organizations under subsections (c) and (d) of section 501 of the Internal Revenue Code of 1986;

''(C) professional or employee associations;

''(D) consortia of small businesses; and

''(E) units of State and local governments, and elementary, secondary, and post-secondary educational institutions.

''(10) PROHIBITED USES.—Any State to which funds are paid under this section may not use such funds—

''(A) to satisfy any State matching requirement imposed under any Federal grant;

''(B) for the purchase or improvement of land, or the purchase, construction, or permanent improvement (other than minor remodeling) of any building or other facility; or

''(C) to provide any service which the State makes generally available to the residents of the State without cost to such residents and without regard to the income of such residents.

''(f) REPORTING REQUIREMENTS.—

''(1) NOTICE TO SECRETARY OF UNEXPENDED FUNDS.—Each State which has not completely expended the funds paid to the State under this section for a fiscal year in the fiscal year or the immediately succeeding fiscal year shall notify the Secretary of any amount not so expended.

''(2) STATE REPORTS ON USE OF FUNDS.—Not later than 18 months after the date of the enactment of this section, and each year thereafter, the State shall prepare and submit to the Secretary, in such form as the Secretary shall prescribe, a report describing the State's use of funds paid to the State under this section, including—

''(A) the number, type, and distribution of services and programs under this section;

''(B) the average cost of child care, by type of provider;

''(C) the number of children serviced under this section;

''(D) the average income and distribution of incomes of the families being served;

''(E) efforts undertaken by the State pursuant to this section to promote and ensure health and safety and improve quality; and

''(F) such other information as the Secretary considers appropriate.

''(3) GUIDELINES FOR STATE REPORTS; COORDINATION WITH REPORTS UNDER SECTION 2006.—Within 6 months after the date of the enactment of this section, the Secretary shall establish guidelines for State reports under paragraph (2). To the extent feasible, the Secretary shall coordinate such reporting requirement with the reports required under section 2006 and, as the Secretary deems appropriate, with other reporting requirements placed on States as a condition of receipt of other Federal funds which support child care.

''(4) REPORTS BY THE SECRETARY.—

''(A) REPORTS TO THE CONGRESS OF SUMMARY OF STATE REPORTS.—The Secretary shall annually summarize the information reported to the Secretary pursuant to paragraph (2) and provide such summary to the Congress.

''(B) REPORTS TO THE STATES ON EFFECTIVE PRACTICES.—The Secretary shall annually provide the States with a report on particularly effective practices and programs supported by funds paid to the State under this section, which ensure the health and safety of children in care, promote quality child care, and provide training to all types of providers.

''(g) ADMINISTRATION AND ENFORCEMENT.—

''(1) ADMINISTRATION.—The Secretary shall—

''(A) coordinate all activities of the Department of Health and Human Services relating to child care, and, to the maximum extent practicable, coordinate such activities with similar activities of other Federal entities;

''(B) collect, publish, and make available to the public a listing of State child care standards at least once every 3 years; and

''(C) provide technical assistance to assist States to carry out this section, including assistance on a reimbursable basis.

''(2) ENFORCEMENT.—

''(A) REVIEW OF COMPLIANCE WITH STATE PLAN.—The Secretary shall review and monitor State compliance with this section and the plans approved under this section for the State, and shall have the power to terminate payments to the State in accordance with subparagraph (B).

''(B) NONCOMPLIANCE.—

''(i) IN GENERAL.—If the Secretary, after reasonable notice to a State and opportunity for a hearing, finds that—

''(I) there has been a failure by the State to comply substantially with any provision or requirement set forth in the plan approved under this section for the State; or

''(II) in the operation of any program for which assistance is provided under this section there is a failure by the State to comply substantially with any provision of this section;

the Secretary shall notify the State of the findings and that no further payments may be made to such State under this section (or, in the case of noncompliance in the operation of a program or activity, that no further payments to the State will be made with respect to such program or activity) until the Secretary is satisfied that there is no longer any such failure to comply or that the noncompliance will be promptly corrected.

''(ii) ADDITIONAL SANCTIONS.—In the case of a finding of noncompliance made pursuant to clause (i), the Secretary may, in addition to imposing the sanctions described in such subparagraph, impose the other appropriate sanctions, including recoupment of money improperly expended for purposes prohibited or not authorized by this section, and disqualification from the receipt of financial assistance under this section.

''(iii) NOTICE.—The notice required under subparagraph (A) shall include a specific identification of any additional sanction being imposed under clause (ii).

''(C) ISSUANCE OF RULES.—The Secretary shall establish by rule procedures for—

''(i) receiving, processing, and determining the validity of complaints concerning any failure of a State to comply with the State plan or any requirement of this section; and

''(ii) imposing sanctions under this subsection.

''SEC. 2009. CHILD CARE DURING PARTICIPATION IN EMPLOYMENT, EDUCATION, AND TRAINING; EXTENDED ELIGIBILITY.

''(a) CHILD CARE GUARANTEE.—

''(1) IN GENERAL.—Each State agency referred to in section 2008(b)(1)(A) shall guarantee child care in accordance with section 2008—

''(A) for any individual who is participating in an education or training activity (including participation in a program established under part G of title IV) if the State agency approves the activity and determines that the individual is participating satisfactorily in the activity;

''(B) for each family with a dependent child (as defined in section 413(a)(2)(E)) requiring such care to the extent that such care is determined by the State agency to be necessary for an individual in the family to accept employment or remain employed, including in a community service job under part G of title IV; and

''(C) to the extent that the State agency determines that such care is necessary for the employment of an individual, if the family of which the individual is a member has ceased to receive assistance under the State plan approved under part A of title IV by reason of increased hours of, or income from, such employment, subject to paragraph (2) of this subsection.

''(2) LIMITATIONS ON ELIGIBILITY FOR TRANSITIONAL CHILD CARE.—A family shall not be eligible for child care under paragraph (1)(C)—

''(A) for more than 12 months after the last month for which the family received assistance described in such paragraph;

''(B) if the family did not receive such assistance in at least 3 of the most recent 6 months in which the family received such assistance;

''(C) if the family does not include a child who is (or, if needy, would be) a dependent child (within the meaning of section 413(a)(2)(E));

''(D) for any month beginning after the caretaker relative (within the meaning of such part) in the family has terminated his or her employment without good cause; or

''(E) with respect to a child, for any month beginning after the caretaker relative in the family has refused to cooperate with the State in establishing or enforcing the obligation of any parent of the child to provide support for the child, without good cause as determined by the State agency in accordance with standards prescribed by the Secretary which shall take into consideration the best interests of the child.

''(b) STATE ENTITLEMENT TO PAYMENTS.—Each State with a plan approved under section 2008 shall be entitled to receive from the Secretary for any fiscal year an amount equal to—

''(1) the total amount expended by the State to carry out subsection (a) during the fiscal year; multiplied by

''(2) the Federal medical assistance percentage (as defined in the last sentence of section 1118).''.

(c) EFFECTIVE DATE.—The amendments and repeals made by this section shall take effect on October 1, 1996.

SEC. 9206. CERTAIN FEDERAL ASSISTANCE INCLUDIBLE IN GROSS INCOME.

(a) IN GENERAL.—Part II of subchapter B of chapter 1 of the Internal Revenue Code of 1986 (relating to items specifically included in gross income) is amended by adding at the end the following new section:

"SEC. 91. CERTAIN FEDERAL ASSISTANCE.

''(a) IN GENERAL.—Gross income shall include an amount equal to the specified Federal assistance received by the taxpayer during the taxable year.

''(b) SPECIFIED FEDERAL ASSISTANCE.—For purposes of this section—

''(1) IN GENERAL.—The term 'specified Federal assistance' means—

''(A) assistance provided under a State plan approved under part A of title IV of the Social Security Act (relating to temporary employment assistance program),

''(B) assistance provided under any food stamp program, and

''(C) supplemental security income benefits under title XVI of the Social Security Act (including supplemental security income benefits of the type described in section 1616 of such Act or section 212 of Public Law 93-66).

''(2) SPECIAL RULE.—In the case of assistance provided under a program described in subsection (d)(2), such term shall include only the assistance required to be provided under section 21 or 22 (as the case may be) of the Food Stamp Act of 1977.

''(c) INDIVIDUALS SUBJECT TO TAX.—For purposes of this section—

''(1) TEMPORARY EMPLOYMENT ASSISTANCE PROGRAM.—Assistance described in subsection (b)(1)(A) shall be treated as received by the relative with whom the dependent child is living (within the meaning of section 406(c) of the Social Security Act).

''(2) FOOD STAMPS.—In the case of assistance described in subsection (b)(1)(B)—

''(A) IN GENERAL.—Except as provided in subparagraph (B), such assistance shall be treated as received ratably by each of the individuals taken into account in determining the amount of such assistance for the benefit of such individuals.

''(B) ASSISTANCE TO CHILDREN TREATED AS RECEIVED BY PARENTS, ETC.—The amount of assistance which would (but for this subparagraph) be treated as received by a child shall be treated as received as follows:

''(i) If there is an includible parent, such amount shall be treated as received by the includible parent (or if there is more than 1 includible parent, as received ratably by each includible parent).

''(ii) If there is no includible parent and there is an includible grandparent, such amount shall be treated as received by the includible grandparent (or if there is more than 1 includible grandparent, as received ratably by each includible grandparent).

''(iii) If there is no includible parent or grandparent, such amount shall be treated as received ratably by each includible adult.

''(C) DEFINITIONS.—For purposes of subparagraph (B)—

''(i) CHILD.—The term 'child' means any individual who has not attained age 16 as of the close of the taxable year. Such term shall not include any individual who is an includible parent of a child (as defined in the preceding sentence).

''(ii) ADULT.—The term 'adult' means any individual who is not a child.

''(iii) INCLUDIBLE.—The term 'includible' means, with respect to any individual, an individual who is included in determining the amount of assistance paid to the household which includes the child.

''(iv) PARENT.—The term 'parent' includes the stepfather and stepmother of the child.

''(v) GRANDPARENT.—The term 'grandparent' means any parent of a parent of the child.

''(d) FOOD STAMP PROGRAM.—For purposes of subsection (b), the term 'food stamp program' means—

''(1) the food stamp program (as defined in section 3(h) of the Food Stamp Act of 1977), and

''(2) the portion of the program under sections 21 and 22 of such Act which provides food assistance.''

(b) REPORTING.—

(1) IN GENERAL.—Subpart B of part III of subchapter A of chapter 61 of such Code is amended by adding at the end the following new section:

"SEC. 6050Q. PAYMENTS OF CERTAIN FEDERAL ASSISTANCE.

''(a) REQUIREMENT OF REPORTING.—The appropriate official shall make a return, according to the forms and regulations prescribed by the Secretary, setting forth—

''(1) the aggregate amount of specified Federal assistance paid to any individual during any calendar year, and

''(2) the name, address, and TIN of such individual.

''(b) STATEMENTS TO BE FURNISHED TO PERSONS WITH RESPECT TO WHOM INFORMATION IS REQUIRED.—Every person required to make a return under subsection (a) shall furnish to each individual whose name is required to be set forth in such return a written statement showing—

''(1) the aggregate amount of payments made to the individual which are required to be shown on such return, and

''(2) the name of the agency making the payments.

The written statement required under the preceding sentence shall be furnished to the individual on or before January 31 of the year following the calendar year for which the return under subsection (a) was required to be made.

''(c) DEFINITIONS AND SPECIAL RULE.—For purposes of this section—

''(1) APPROPRIATE OFFICIAL.—The term 'appropriate official' means—

''(A) in the case of specified Federal assistance described in section 91(b)(1)(A), the head of the State agency administering the plan under which such assistance is provided,

''(B) in the case of specified Federal assistance described in section 91(b)(1)(B), the head of the State agency administering the program under which such assistance is provided, and

''(C) in the case of specified Federal assistance described in section 91(b)(1)(C), the Secretary of Health and Human Services.

''(2) SPECIFIED FEDERAL ASSISTANCE.—The term 'specified Federal assistance' has the meaning given such term by section 91(b).

''(3) AMOUNTS TREATED AS PAID.—The rules of section 91(c) shall apply for purposes of determining to whom specified Federal assistance is paid.''

(2) PENALTIES.—

(A) Subparagraph (B) of section 6724(d)(1) of such Code is amended by redesignating clauses (ix) through (xiv) as clauses (x) through (xv), respectively, and by inserting after clause (viii) the following new clause:

''(ix) section 6050Q (relating to payments of certain Federal assistance),''.

(B) Paragraph (2) of section 6724(d) of such Code is amended by redesignating subparagraphs (Q) through (T) as subparagraphs (R) through (U), respectively, and by inserting after subparagraph (P) the following new subparagraph:

''(Q) section 6050Q(b) (relating to payments of certain Federal assistance),''.

(c) TEMPORARY EMPLOYMENT ASSISTANCE PROGRAM, SUPPLEMENTAL SECURITY INCOME, AND FOOD STAMP BENEFITS NOT TAKEN INTO ACCOUNT FOR PURPOSES OF THE EARNED INCOME TAX CREDIT.—Section 32 of the Internal Revenue Code of 1986 (relating to the earned income tax credit), is amended by adding at the end the following new subsection:

''(k) ADJUSTED GROSS INCOME DETERMINED WITHOUT REGARD TO CERTAIN FEDERAL ASSISTANCE.—For purposes of this section, adjusted gross income shall be determined without regard to any amount which is includible in gross income solely by reason of section 91.''

(d) CLERICAL AMENDMENTS.—

(1) The table of sections for part II of subchapter B of chapter 1 of such Code is amended by adding at the end the following new item:

''Sec. 91. Certain Federal assistance.''

(2) The table of sections for subpart B of part III of subchapter A of chapter 61 of such Code is amended by adding at the end the following new item:

''Sec. 6050Q. Payments of certain Federal assistance.''

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to benefits received after December 31, 1995, except that the amendment made by subsection (c) shall apply to taxable years beginning after such date.

SEC. 9207. DEPENDENT CARE CREDIT TO BE REFUNDABLE; HIGH-INCOME TAXPAYERS INELIGIBLE FOR CREDIT.

(a) CREDIT TO BE REFUNDABLE.—

(1) IN GENERAL.—Section 21 of the Internal Revenue Code of 1986 (relating to expenses for household and dependent care services necessary for gainful employment) is hereby moved to subpart C of part IV of subchapter A of chapter 1 of such Code (relating to refundable credits) and inserted after section 34.

(2) TECHNICAL AMENDMENTS.—

(A) Section 35 of such Code is redesignated as section 36.

(B) Section 21 of such Code is redesignated as section 35.

(C) Paragraph (1) of section 35(a) of such Code (as redesignated by subparagraph (B)) is amended by striking ''this chapter'' and inserting ''this subtitle''.

(D) Subparagraph (C) of section 129(a)(2) of such Code is amended by striking ''section 21(e)'' and inserting ''section 35(e)''.

(E) Paragraph (2) of section 129(b) of such Code is amended by striking ''section 21(d)(2)'' and inserting ''section 35(d)(2)''.

(F) Paragraph (1) of section 129(e) of such Code is amended by striking ''section 21(b)(2)'' and inserting ''section 35(b)(2)''.

(G) Subsection (e) of section 213 of such Code is amended by striking ''section 21'' and inserting ''section 35''.

(H) Paragraph (2) of section 1324(b) of title 31, United States Code, is amended by inserting before the period '', or from section 35 of such Code''.

(I) The table of sections for subpart C of part IV of subchapter A of chapter 1 of such Code is amended by striking the item relating to section 35 and inserting the following:

''Sec. 35. Expenses for household and dependent care services necessary for gainful employment.

''Sec. 36. Overpayments of tax.''.

(J) The table of sections for subpart A of such part IV is amended by striking the item relating to section 21.

(b) HIGHER-INCOME TAXPAYERS INELIGIBLE FOR CREDIT.—Subsection (a) of section 35 of such Code, as redesignated by subsection (a), is amended by adding at the end the following new paragraph:

''(3) PHASEOUT OF CREDIT FOR HIGHER-INCOME TAXPAYERS.—The amount of the credit which would (but for this paragraph) be allowed by this section shall be reduced (but not below zero) by an amount which bears the same ratio to such amount of credit as the excess of the taxpayer's adjusted gross income for the taxable year over $60,000 bears to $20,000. Any reduction determined

under the preceding sentence which is not a multiple of $10 shall be rounded to the nearest multiple of $10.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1996.

Subtitle C—Work First

SEC. 9301. WORK FIRST PROGRAM.

(a) ESTABLISHMENT AND OPERATION OF PROGRAM.—Title IV (42 U.S.C. 601 et seq.) is amended by striking part F and inserting the following:

''Part F—Work First Program

''SEC. 481. STATE ROLE.

''(a) PROGRAM REQUIREMENTS.—Any State may establish and operate a work first program that meets the following requirements:

''(1) OBJECTIVE.—The objective of the program is for each program participant to find and hold a full-time unsubsidized paid job, and for this goal to be achieved in a cost-effective fashion.

''(2) METHOD.—The method of the program is to connect recipients of assistance under the State plan approved under part A with the private sector labor market as soon as possible and offer them the support and skills necessary to remain in the labor market. Each component of the program should be permeated with an emphasis on employment and with an understanding that minimum wage jobs are a stepping stone to more highly paid employment. The program shall provide recipients with education, training, job search and placement, wage supplementation, temporary subsidized jobs, or such other services that the State deems necessary to help a recipient obtain private sector employment.

''(3) JOB CREATION.—The creation of jobs, with an emphasis on private sector jobs, shall be a component of the program and shall be a priority for each State office with responsibilities under the program.

''(4) FORMS OF ASSISTANCE.—The State shall provide assistance to participants in the program in the form of education, training, job placement services (including vouchers for job placement services), work supplementation programs, temporary subsidized job creation, job counseling, assistance in establishing microenterprises, or other services to provide individuals with the support and skills necessary to obtain and keep employment in the private sector.

''(5) 2-YEAR LIMITATION ON PARTICIPATION.—The program shall comply with section 487(b).

''(6) AGREEMENTS OF MUTUAL RESPONSIBILITY.—

''(A) IN GENERAL.—The State agency shall develop an agreement of mutual responsibility for each program participant, which will be an individualized comprehensive plan, developed by the team and the participant, to move the participant into a full-time unsubsidized job. The agreement should detail the education, training, or skills that the individual will be receiving to obtain a full-time unsubsidized job, and the obligations of the individual.

''(B) HOURS OF PARTICIPATION REQUIREMENT.—The agreement shall provide that the individual shall participate in activities in accordance with the agreement for—

''(i) not fewer than 20 hours per week during fiscal years 1997 and 1998;

''(ii) not fewer than 25 hours per week during fiscal year 1999; and

''(iii) not fewer than 30 hours per week thereafter.

''(7) CASELOAD PARTICIPATION RATES.—The program shall comply with section 488.

''(8) NONDISPLACEMENT.—The program may not be operated in a manner that results in—

''(A) the displacement of a currently employed worker or position by a program participant;

''(B) the replacement of an employee who has been terminated with a program participant; or

''(C) the replacement of an individual who is on layoff from the same position given to a progrm participant or any equivalent position.

''(b) ANNUAL REPORTS.—

''(1) COMPLIANCE WITH PERFORMANCE MEASURES.—Each State that operates a program under this part shall submit to the Secretary annual reports that compare the achievements of the program with the performance-based measures established under section 488(c).

''(2) COMPLIANCE WITH PARTICIPATION RATES.—Each State that operates a program under this part for a fiscal year shall submit to the Secretary a report on the participation rate of the State for the fiscal year.

''SEC. 482. REVAMPED JOBS PROGRAM.

''A State that establishes a program under this part may operate a program similar to the program known as the 'GAIN Program' that has been operated by Riverside County, California, under Federal law in effect immediately before the date this part first applies to the State of California.

''SEC. 483. USE OF PLACEMENT COMPANIES.

''(a) IN GENERAL.—A State that establishes a program under this part may enter into contracts with private companies (whether operated for profit or not for profit) for the placement of participants in the program in positions of full-time employment, preferably in the private sector, for wages sufficient to eliminate the need of such participants for cash assistance.

''(b) REQUIRED CONTRACT TERMS.—Each contract entered into under this section with a company shall meet the following requirements:

''(1) PROVISION OF JOB READINESS AND SUPPORT SERVICES.—The contract shall require the company to provide, to any program participant who presents to the company a voucher issued under subsection (d) intensive personalized support and job readiness services designed to prepare the individual for employment and ensure the continued success of the individual in employment.

''(2) PAYMENTS.—

''(A) IN GENERAL.—The contract shall provide for payments to be made to the company with respect to each program participant who presents to the company a voucher issued under subsection (d).

''(B) STRUCTURE.—The contract shall provide for the majority of the amounts to be paid under the contract with respect to a program participant, to be paid after the company has placed the participant in a position of full-time employment and the participant has been employed in the position for such period of not less than 5 months as the State deems appropriate.

''(c) COMPETITIVE BIDDING REQUIRED.—Contracts under this section shall be awarded only after competitive bidding.

''(d) VOUCHERS.—The State shall issue a voucher to each program participant whose agreement of mutual responsibility provides for the use of placement companies under this section, indicating that the participant is eligible for the services of such a company.

''SEC. 484. TEMPORARY SUBSIDIZED JOB CREATION.

''A State that establishes a program under this part may establish a program similar to the program known as 'JOBS Plus' that has been operated by the State of Oregon under Federal law in effect immediately before the date this part first applies to the State of Oregon.

''SEC. 485. MICROENTERPRISE.

''(a) GRANTS AND LOANS TO NONPROFIT ORGANIZATIONS FOR THE PROVISION OF TECHNICAL ASSISTANCE, TRAINING, AND CREDIT TO LOW INCOME ENTREPRENEURS.—A State that establishes a program under this part may make grants and loans to nonprofit organizations to provide technical assistance, training, and credit to low income entrepreneurs for the purpose of establishing microenterprises.

''(b) MICROENTERPRISE DEFINED.—For purposes of this subsection, the term 'microenterprise' means a commercial enterprise which has 5 or fewer employees, 1 or more of whom owns the enterprise.

''SEC. 486. WORK SUPPLEMENTATION PROGRAM.

''(a) IN GENERAL.—A State that establishes a program under this part may institute a work supplementation program under which the State, to the extent it considers appropriate, may reserve the sums that would otherwise be payable under the State plan approved under part A to participants in the program and use the sums instead for the purpose of providing and subsidizing jobs for the participants (as described in subsection (c)(3)(A) and (B)), as an alternative to providing such assistance to the participants.

''(b) STATE FLEXIBILITY.—

''(1) Nothing in this part, or in any State plan approved under part A, shall be construed to prevent a State from operating (on such terms and conditions and in such cases as the State may find to be necessary or appropriate) a work supplementation program in accordance with this section and section 484 (as in effect immediately before the date this part first applies to the State).

''(2) Notwithstanding any other provision of law, a State may adjust the levels of the standards of need under the State plan as the State determines to be necessary and appropriate for carrying out a work supplementation program under this section.

''(3) Notwithstanding any other provision of law, a State operating a work supplementation program under this section may provide that the need standards in effect in those areas of the State in which the program is in operation may be different from the need standards in effect in the areas in which the program is not in operation, and the State may provide that the need standards for categories of recipients may vary among such categories to the extent the State determines to be appropriate on the basis of ability to participate in the work supplementation program.

''(4) Notwithstanding any other provision of law, a State may make such further adjustments in the amounts of assistance provided under the plan to different categories of recipients (as determined under paragraph (3)) in order to offset increases in benefits from needs-related programs (other than the State plan approved under part A) as the State determines to be necessary and appropriate to further the purposes of the work supplementation program.

''(5) In determining the amounts to be reserved and used for providing and subsidizing jobs under this section as described in subsection (a), the State may use a sampling methodology.

''(6) Notwithstanding any other provision of law, a State operating a work supplementation program under this section, may reduce or eliminate the amount of earned income to be disregarded under the State plan as the State determines to be necessary and appropriate to further the purposes of the work supplementation program.

''(c) RULES RELATING TO SUPPLEMENTED JOBS.—

''(1) A work supplementation program operated by a State under this section may

provide that any individual who is an eligible individual (as determined under paragraph (2)) shall take a supplemented job (as defined in paragraph (3)) to the extent that supplemented jobs are available under the program. Payments by the State to individuals or to employers under the work supplementation program shall be treated as expenditures incurred by the State for temporary employment assistance under part A except as limited by subsection (d).

''(2) For purposes of this section, an eligible individual is an individual who is in a category which the State determines should be eligible to participate in the work supplementation program, and who would, at the time of placement in the job involved, be eligible for assistance under an approved State plan if the State did not have a work supplementation program in effect.

''(3) For purposes of this subsection, a supplemented job is—

''(A) a job provided to an eligible individual by the State or local agency administering the State plan under part A; or

''(B) a job provided to an eligible individual by any other employer for which all or part of the wages are paid by the State or local agency.

A State may provide or subsidize under the program any job which the State determines to be appropriate.

''(d) COST LIMITATION.—The amount of the Federal payment to a State under section 413 for expenditures incurred in making payments to individuals and employers under a work supplementation program under this subsection shall not exceed an amount equal to the amount which would otherwise be payable under such section if the family of each individual employed in the program established in the State under this section had received the maximum amount of assistance providable under the State plan to such a family with no income (without regard to adjustments under subsection (b) of this section) for the lesser of—

''(1) 9 months; or

''(2) the number of months in which the individual was employed in the program.

''(e) RULES OF INTERPRETATION.—

''(1) This section shall not be construed as requiring the State or local agency administering the State plan to provide employee status to an eligible individual to whom the State or local agency provides a job under the work supplementation program (or with respect to whom the State or local agency provides all or part of the wages paid to the individual by another entity under the program), or as requiring any State or local agency to provide that an eligible individual filling a job position provided by another entity under the program be provided employee status by the entity during the first 13 weeks the individual fills the position.

''(2) Wages paid under a work supplementation program shall be considered to be earned income for purposes of any provision of law.

''(f) PRESERVATION OF MEDICAID ELIGIBILITY.—Any State that chooses to operate a work supplementation program under this section shall provide that any individual who participates in the program, and any child or relative of the individual (or other individual living in the same household as the individual) who would be eligible for assistance under the State plan approved under part A if the State did not have a work supplementation program, shall be considered individuals receiving assistance under the State plan approved under part A for purposes of eligibility for medical assistance under the State plan approved under title XIX.

''SEC. 487. PARTICIPATION RULES.

''(a) IN GENERAL.—Except as provided in subsection (b), a State that establishes a program under this part may require any individual receiving assistance under the State plan approved under part A to participate in the program.

''(b) 2-YEAR LIMITATION ON PARTICIPATION.—

''(1) IN GENERAL.—Except as provided in paragraph (2), an individual may not participate in a State program established under this part if the individual has participated in the State program established under this part for 24 months after the date the individual first signed an agreement of mutual responsibility under this part, excluding any month during which the individual worked for an average of at least 25 hours per week in a private sector job.

''(2) AUTHORITY TO ALLOW REPEAT PARTICIPATION.—

''(A) IN GENERAL.—Subject to subparagraph (B) of this paragraph, a State may allow an individual who, by reason of paragraph (1), would be prohibited from participating in the State program established under this part to participate in the program for such additional period or periods as the State determines appropriate.

''(B) LIMITATION ON PERCENTAGE OF REPEAT PARTICIPANTS.—

''(i) IN GENERAL.—Except as provided in clause (ii) of this subparagraph, the number of individuals allowed under subparagraph (A) to participate during a program year in a State program established under this part shall not exceed—

''(I) 10 percent of the total number of individuals who participated in the State program established under this part or the State program established under part H during the immediately preceding program year; or

''(II) in the case of fiscal year 2004 or any succeeding fiscal year, 15 percent of such total number of individuals.

''(ii) AUTHORITY TO INCREASE LIMITATION.—

''(I) PETITION.—A State may request the Secretary to increase to not more than 15 percent the percentage limitation imposed by clause (i)(I) for a fiscal year before fiscal year 2004.

''(II) AUTHORITY TO GRANT REQUEST.—The Secretary may approve a request made pursuant to subclause (I) if the Secretary deems it appropriate. The Secretary shall develop recommendations on the criteria that should be applied in evaluating requests under subclause (I).

''SEC. 488. CASELOAD PARTICIPATION RATES; PERFORMANCE MEASURES.

''(a) PARTICIPATION RATES.—

''(1) REQUIREMENT.—A State that operates a program under this part shall achieve a participation rate for the following fiscal years of not less than the following percentage:

''Fiscal year:	Percentage:
1997	16
1998	20
1999	24
2000	28
2001	32
2002	40
2003 or later	52.

''(2) PARTICIPATION RATE DEFINED.—

''(A) IN GENERAL.—As used in this subsection, the term 'participation rate' means, with respect to a State and a fiscal year, an amount equal to—

''(i) the average monthly number of individuals who, during the fiscal year, participate in the State program established under this part or (if applicable) part G or H; divided by

''(ii) the average monthly number of individuals who are not described in section 402(c)(1)(D) and for whom an individual responsibility plan is in effect under section 403 during the fiscal year.

''(B) SPECIAL RULE.—For each of the 1st 12 months after an individual ceases to receive assistance under a State plan approved under part A by reason of having become employed for more than 25 hours per week in an unsubsidized job in the private sector, the individual shall be considered to be participating in the State program established under this part, and to be an adult recipient of such assistance, for purposes of subparagraph (A).

''(3) STATE COMPLIANCE REPORTS.—Each State that operates a program under this part for a fiscal year shall submit to the Secretary a report on the participation rate of the State for the fiscal year.

''(4) EFFECT OF FAILURE TO MEET PARTICIPATION RATES.—

''(A) IN GENERAL.—If a State reports that the State has failed to achieve the participation rate required by paragraph (1) for the fiscal year, the Secretary may make recommendations for changes in the State program established under this part and (if the State has established a program under part G) the State program established under part G. The State may elect to follow such recommendations, and shall demonstrate to the Secretary how the State will achieve the required participation rates.

''(B) SECOND CONSECUTIVE FAILURE.—Notwithstanding subparagraph (A), if a State fails to achieve the participation rate required by paragraph (1) for 2 consecutive fiscal years, the Secretary may—

''(i) require the State to make changes in the State program established under this part and (if the State has established a program under part G) the State program established under part G; and

''(ii) reduce by 5 percent the amount otherwise payable to the State under section 413.

''(b) PERFORMANCE STANDARDS.—The Secretary shall develop standards to be used to measure the effectiveness of the programs established under this part and part G in moving recipients of assistance under the State plan approved under part A into full-time unsubsidized employment.

''(c) PERFORMANCE-BASED MEASURES.—

''(1) ESTABLISHMENT.—The Secretary shall, by regulation, establish measures of the effectiveness of the State programs established under this part and under part G in moving recipients of assistance under the State plan approved under part A into full-time unsubsidized employment, based on the performance of such programs.

''(2) ANNUAL COMPLIANCE REPORTS.—Each State that operates a program under this part shall submit to the Secretary annual reports that compare the achievements of the program with the performance-based measures established under paragraph (1).

''SEC. 489. FEDERAL ROLE.

''(a) APPROVAL OF STATE PLANS.—

''(1) IN GENERAL.—Within 60 days after the date a State submits to the Secretary a plan that provides for the establishment and operation of a work first program that meets the requirements of section 481, the Secretary shall approve the plan.

''(2) AUTHORITY TO EXTEND APPROVAL DEADLINE.—The 60-day deadline established in paragraph (1) with respect to a State may be extended in accordance with an agreement between the Secretary and the State.

''(b) PERFORMANCE-BASED MEASURES.—The Secretary shall, by regulation, establish measures of the effectiveness of the State program established under this part and (if the State has established a program under part G) the State program established under

part G in moving recipients of assistance under the State plan approved under part A into full-time unsubsidized employment, based on the performance of such programs.

''(c) EFFECT OF FAILURE TO MEET PARTICIPATION RATES.—

''(1) IN GENERAL.—If a State reports that the State has failed to achieve the participation rate required by section 488 for the fiscal year, the Secretary may make recommendations for changes in the State program established under this part and (if the State has established a program under part G) the State program established under part G. The State may elect to follow such recommendations, and shall demonstrate to the Secretary how the State will achieve the required participation rates.

''(2) SECOND CONSECUTIVE FAILURE.—Notwithstanding paragraph (1), if the State has failed to achieve the participation rates required by section 488 for 2 consecutive fiscal years, the Secretary may require the State to make changes in the State program established under this part and (if the State has established a program under part G) the State program established under part G.

''Part G—Workfare Program

''SEC. 490. ESTABLISHMENT AND OPERATION OF PROGRAM.

''(a) IN GENERAL.—A State that establishes a work first program under part F may establish and carry out a workfare program that meets the requirements of this part, unless the State has established a job placement voucher program under part H.

''(b) OBJECTIVE.—The objective of the workfare program is for each program participant to find and hold a full-time unsubsidized paid job, and for this goal to be achieved in a cost-effective fashion.

''(c) CASE MANAGEMENT TEAMS.—The State shall assign to each program participant a case management team that shall meet with the participant and assist the participant to choose the most suitable workfare job under subsection (e), (f), or (g) and to eventually obtain a full-time unsubsidized paid job.

''(d) PROVISION OF JOBS.—The State shall provide each participant in the program with a community service job that meets the requirements of subsection (e) or a subsidized job that meets the requirements of subsection (f) or (g).

''(e) COMMUNITY SERVICE JOBS.—

''(1) IN GENERAL.—Except as provided in paragraphs (2) and (3), each participant shall work for not fewer than 30 hours per week (or, at the option of the State, 20 hours per week during fiscal years 1997 and 1998, not fewer than 25 hours per week during fiscal year 1999, not fewer than 30 hours per week during fiscal years 2000 and 2001, and not fewer than 35 hours per week thereafter) in a community service job, and be paid at a rate which is not greater than 75 percent (or, at the option of the State, 100 percent) of the maximum amount of assistance that may be provided under the State plan approved under part A to a family of the same size and composition with no income.

''(2) EXCEPTION.—(A) If the participant has obtained unsubsidized part-time employment in the private sector, the State shall provide the participant with a part-time community service job.

''(B) If the State provides a participant a part-time community service job under subparagraph (A), the State shall ensure that the participant works for not fewer than 30 hours per week.

''(3) WAGES NOT CONSIDERED EARNED INCOME.—Wages paid under a workfare program shall not be considered to be earned income for purposes of any provision of law.

''(4) COMMUNITY SERVICE JOB DEFINED.—For purposes of this section, the term 'community service job' means—

''(A) a job provided to a participant by the State administering the State plan under part A; or

''(B) a job provided to a participant by any other employer for which all or part of the wages are paid by the State.

A State may provide or subsidize under the program any job which the State determines to be appropriate.

''(f) TEMPORARY SUBSIDIZED JOB CREATION.—A State that establishes a workfare program under this part may establish a program similar to the program operated by the State of Oregon, which is known as 'JOBS Plus'.

''(g) WORK SUPPLEMENTATION PROGRAM.—

''(1) IN GENERAL.—A State that establishes a workfare program under this part may institute a work supplementation program under which the State, to the extent it considers appropriate, may reserve the sums that would otherwise be payable to participants in the program as a community service minimum wage and use the sums instead for the purpose of providing and subsidizing private sector jobs for the participants.

''(2) EMPLOYER AGREEMENT.—An employer who provides a private sector job to a participant under paragraph (1) shall agree to provide to the participant an amount in wages equal to the poverty threshold for a family of three.

''(h) JOB SEARCH REQUIREMENT.—The State shall require each participant to spend a minimum of 5 hours per week on activities related to securing unsubsidized full-time employment in the private sector.

''(i) DURATION OF PARTICIPATION.—

''(1) IN GENERAL.—Except as provided in paragraph (2), an individual may not participate for more than 2 years in a workfare program under this part.

''(2) AUTHORITY TO ALLOW REPEATED PARTICIPATION.—

''(A) IN GENERAL.—Subject to subparagraph (B), a State may allow an individual who, by reason of paragraph (1), would be prohibited from participating in the State program established under this part to participate in the program for such additional period or periods as the State determines appropriate.

''(B) LIMITATION ON PERCENTAGE OF REPEAT PARTICIPANTS.—

''(i) IN GENERAL.—Except as provided in clause (ii), the number of individuals allowed under subparagraph (A) to participate during a program year in a State program established under this part shall not exceed 10 percent of the total number of individuals who participated in the program during the immediately preceding program year.

''(ii) AUTHORITY TO INCREASE LIMITATION.—

''(I) PETITION.—A State may request the Secretary to increase the percentage limitation imposed by clause (i) to not more than 15 percent.

''(II) AUTHORITY TO GRANT REQUEST.—The Secretary may approve a request made pursuant to subclause (I) if the Secretary deems it appropriate. The Secretary shall develop recommendations on the criteria that should be applied in evaluating requests under subclause (I).

''(j) USE OF PLACEMENT COMPANIES.—A State that establishes a workfare program under this part may enter into contracts with private companies (whether operated for profit or not for profit) for the placement of participants in the program in positions of full-time employment, preferably in the private sector, for wages sufficient to eliminate the need of such participants for cash assistance in accordance with section 483.

''(k) MAXIMUM OF 3 COMMUNITY SERVICE JOBS.—A program participant may not receive more than 3 community service jobs under the program.

''Part H—Job Placement Voucher Program

''SEC. 490A. JOB PLACEMENT VOUCHER PROGRAM.

''A State that is not operating a workfare program under part G may establish a job placement voucher program that meets the following requirements:

''(1) The program shall offer each program participant a voucher which the participant may use to obtain employment in the private sector.

''(2) An employer who receives a voucher issued under the program from an individual may redeem the voucher at any time after the individual has been employed by the employer for 6 months, unless another employee of the employer was displaced by the employment of the individual.

''(3) Upon presentation of a voucher by an employer to the State agency responsible for the administration of the program, the State agency shall pay to the employer an amount equal to 50 percent of the total amount of assistance provided under the State plan approved under part A to the family of which the individual is a member for the most recent 12 months for which the family was eligible for such assistance.''.

(c) FUNDING.—Section 413(a), as added by section 9101(a) of this Act, is amended—

(1) by striking ''Subject to'' and inserting the following:

''(1) IN GENERAL.—Subject to''; and

(2) by inserting after and below the end the following:

''(2) WORK FIRST AND OTHER PROGRAMS.—(A) Each State that is operating a program in accordance with a plan approved under part F and a program in accordance with part G or H shall be entitled to payments under paragraph (3) for any fiscal year in an amount equal to the sum of the applicable percentages (specified in such paragraph) of its expenditures to carry out such programs (subject to limitations prescribed by or pursuant to such parts or this part on expenditures that may be included for purposes of determining payment under paragraph (3)), but such payments for any fiscal year in the case of any State may not exceed the limitation determined under subparagraph (B) with respect to the State.

''(B) The limitation determined under this subparagraph with respect to a State for any fiscal year is the amount that bears the same ratio to the amount specified in subparagraph (C) for such fiscal year as the average monthly number of adult recipients (as defined in subparagraph (D)) in the State in the preceding fiscal year bears to the average monthly number of such recipients in all the States for such preceding year.

''(C)(i) The amount specified in this subparagraph is—

''(I) $1,600,000,000 for fiscal year 1997;

''(II) $1,600,000,000 for fiscal year 1998;

''(III) $1,900,000,000 for fiscal year 1999;

''(IV) $2,500,000,000 for fiscal year 2000; and

''(V) $3,200,000,000 for fiscal year 2001; and

''(VI) $4,700,000,000 for fiscal year 2002; and

''(VII) the amount determined under clause (ii) for fiscal year 2003 and each succeeding fiscal year.

''(ii) The amount determined under this clause for a fiscal year is the product of the following:

''(I) The amount specified in this subparagraph for the immediately preceding fiscal year.

''(II) 1.00 plus the percentage (if any) by which—

''(aa) the average of the Consumer Price Index (as defined in section 1(f)(5) of the Internal Revenue Code of 1986) for the most recent 12-month period for which such information is available; exceeds

''(bb) the average of the Consumer Price Index (as so defined) for the 12-month period ending on June 30 of the 2nd preceding fiscal year.

''(III) The amount that bears the same ratio to the amount specified in this subparagraph for the immediately preceding fiscal year as the number of individuals whom the Secretary estimates will participate in programs operated under part F, G, or H during the fiscal year bears to the total number of individuals who participated in such programs during such preceding fiscal year.

''(D) For purposes of this paragraph, the term 'adult recipient' in the case of any State means an individual other than a dependent child (unless such child is the custodial parent of another dependent child) whose needs are met (in whole or in part) with assistance provided under the State plan approved under this part.

''(E) For purposes of subparagraph (D), the term 'dependent child' means a needy child (i) who has been deprived of parental support or care by reason of the death, continued absence from the home (other than absence occasioned solely by reason of the performance of active duty in the uniformed services of the United States), or physical or mental incapacity of a parent, and who is living with his father, mother, grandfather, grandmother, brother, sister, stepfather, stepmother, stepbrother, stepsister, uncle, aunt, first cousin, nephew, or niece, in a place of residence maintained by one or more of such relatives as his or their own home, and (ii) who is (I) under the age of eighteen, or (II) at the option of the State, under the age of nineteen and a full-time student in a secondary school (or in the equivalent level of vocational or technical training), if, before he attains age nineteen, he may reasonably be expected to complete the program of such secondary school (or such training).

''(F) For purposes of subparagraph (E), the term 'relative with whom any dependent child is living' means the individual who is one of the relatives specified in subparagraph (E) and with whom such child is living (within the meaning of such subsection) in a place of residence maintained by such individual (himself or together with any one or more of the other relatives so specified) as his (or their) own home.

''(3)(A) In lieu of any payment under paragraph (1) therefor, the Secretary shall pay to each State that is operating a program in accordance with a plan approved under part F and a program in accordance with part G or H, with respect to expenditures by the State to carry out such programs, an amount equal to—

''(i) with respect to so much of such expenditures in a fiscal year as do not exceed the State's expenditures in the fiscal year 1987 with respect to which payments were made to such State from its allotment for such fiscal year pursuant to part C of this title as then in effect, 90 percent; and

''(ii) with respect to so much of such expenditures in a fiscal year as exceed the amount described in clause (i)—

''(I) 50 percent, in the case of expenditures for administrative costs made by a State in operating such programs for such fiscal year (other than the personnel costs for staff employed full-time in the operation of such program) and the costs of transportation and other work-related supportive services; and

''(II) 60 percent or the Federal medical assistance percentage (as defined in the last sentence of section 1118), whichever is the greater, in the case of expenditures made by a State in operating such programs for such fiscal year (other than for costs described in subclause (I)).

''(B) With respect to the amount for which payment is made to a State under subparagraph (A)(i), the State's expenditures for the costs of operating such programs may be in cash or in kind, fairly evaluated.

''(C) Not more than 10 percent of the amount payable to a State under this paragraph for a quarter may be for expenditures made during the quarter with respect to program participants who are not eligible for assistance under the State plan approved under this part.''.

(d) SECRETARY'S SPECIAL ADJUSTMENT FUND.—Section 413(a), as added by section 9101(a) of this Act, is amended by adding at the end the following:

''(4) SECRETARY'S SPECIAL ADJUSTMENT FUND.—(A) There shall be available to the Secretary from the amount appropriated for payments under paragraph (2) for States' programs under parts F and G for fiscal year 1996, $300,000,000 for special adjustments to States' limitations on Federal payments for such programs.

''(B) A State may, not later than March 1 and September 1 of each fiscal year, submit to the Secretary a request to adjust the limitation on payments under this section with respect to its program under part F (and, in fiscal years after 1997) its program under part G for the following fiscal year. The Secretary shall only consider such a request from a State which has, or which demonstrates convincingly on the basis of estimates that it will, submit allowable claims for Federal payment in the full amount available to it under paragraph (2) in the current fiscal year and obligated 95 percent of its full amount in the prior fiscal year. The Secretary shall by regulation prescribe criteria for the equitable allocation among the States of Federal payments pursuant to adjustments of the limitations referred to in the preceding sentence in the case where the requests of all States that the Secretary finds reasonable exceed the amount available, and, within 30 days following the dates specified in this paragraph, will notify each State whether one or more of its limitations will be adjusted in accordance with the State's request and the amount of the adjustment (which may be some or all of the amount requested).

''(C) The Secretary may adjust the limitation on Federal payments to a State for a fiscal year under paragraph (2), and upon a determination by the Secretary that (and the amount by which) a State's limitation should be raised, the amount specified in such paragraph shall be considered to be so increased for the following fiscal year.

''(D) The amount made available under subparagraph (A) for special adjustments shall remain available to the Secretary until expended. That amount shall be reduced by the sum of the adjustments approved by the Secretary in any fiscal year, and the amount shall be increased in a fiscal year by the amount by which all States' limitations under paragraph (2) of this subsection and section 2008 for a fiscal year exceeded the sum of the Federal payments under such provisons of law for such fiscal year, but for fiscal years after 1997, such amount at the end of such fiscal year shall not exceed $400,000,000.''.

(e) CONFORMING AMENDMENTS.—

(1) Section 1115(b)(2)(A) (42 U.S.C. 1315(b)(2)(A)) is amended by striking '', and 402(a)(19) (relating to the work incentive program)''.

(2) Section 1108 (42 U.S.C. 1308) is amended—

(A) in subsection (a), by striking ''or, in the case of part A of title IV, section 403(k)''; and

(B) in subsection (d), by striking ''(exclusive of any amounts on account of services and items to which, in the case of part A of such title, section 403(k) applies)''.

(3) Section 1902(a)(10)(A)(i)(I) (42 U.S.C. 1396a(a)(19)(A)(i)(I)) is amended—

(A) by striking ''402(a)(37), 406(h), or''; and

(B) by striking ''482(e)(6)'' and inserting ''486(f)''.

(4) Section 1928(a)(1) (42 U.S.C. 1396s(a)(1)) is amended by striking ''482(e)(6)'' and inserting ''486(f)''.

(f) INTENT OF THE CONGRESS.—The Congress intends for State activities under section 484 of the Social Security Act (as added by the amendment made by section 9301(a) of this Act) to emphasize the use of the funds that would otherwise be used to provide individuals with assistance under part A of title IV of the Social Security Act and with food stamp benefits under the Food Stamp Act of 1977, to subsidize the wages of such individuals in temporary jobs.

(g) SENSE OF THE CONGRESS.—It is the sense of the Congress that States should target individuals who have not attained 25 years of age for participation in the program established by the State under part F of title IV of the Social Security Act (as added by the amendment made by section 9301(a) of this section) in order to break the cycle of welfare dependency.

SEC. 9302. REGULATIONS.

The Secretary of Health and Human Services shall prescribe such regulations as may be necessary to implement the amendments made by this subtitle.

SEC. 9303. APPLICABILITY TO STATES.

(a) STATE OPTION TO ACCELERATE APPLICABILITY.—If a State formally notifies the Secretary of Health and Human Services that the State desires to accelerate the applicability to the State of the amendments made by this subtitle, the amendments shall apply to the State on and after such earlier date as the State may select.

(b) STATE OPTION TO DELAY APPLICABILITY UNTIL WAIVERS EXPIRE.—The amendments made by this subtitle shall not apply to a State with respect to which there is in effect a waiver issued under section 1115 of the Social Security Act for the State program established under part F of title IV of such Act, until the waiver expires, if the State formally notifies the Secretary of Health and Human Services that the State desires to so delay such effective date.

(c) AUTHORITY OF THE SECRETARY OF HEALTH AND HUMAN SERVICES TO DELAY APPLICABILITY TO A STATE.—If a State formally notifies the Secretary of Health and Human Services that the State desires to delay the applicability to the State of the amendments made by this title, the amendments shall apply to the State on and after any later date agreed upon by the Secretary and the State.

Subtitle D—Family Responsibility And Improved Child Support Enforcement

CHAPTER 1—ELIGIBILITY AND OTHER MATTERS CONCERNING TITLE IV–D PROGRAM CLIENTS

SEC. 9401. STATE OBLIGATION TO PROVIDE PATERNITY ESTABLISHMENT AND CHILD SUPPORT ENFORCEMENT SERVICES.

(a) STATE LAW REQUIREMENTS.—Section 466(a) (42 U.S.C. 666(a)) is amended by inserting after paragraph (11) the following:

''(12) USE OF CENTRAL CASE REGISTRY AND CENTRALIZED COLLECTIONS UNIT.—Procedures under which—

''(A) every child support order established or modified in the State on or after October

1, 1998, is recorded in the central case registry established in accordance with section 454A(e); and

''(B) child support payments are collected through the centralized collections unit established in accordance with section 454B—

''(i) on and after October 1, 1998, under each order subject to wage withholding under section 466(b); and

''(ii) on and after October 1, 1999, under each other order required to be recorded in such central case registry under this paragraph or section 454A(e), except as provided in subparagraph (C); and

''(C)(i) parties subject to a child support order described in subparagraph (B)(ii) may opt out of the procedure for payment of support through the centralized collections unit (but not the procedure for inclusion in the central case registry) by filing with the State agency a written agreement, signed by both parties, to an alternative payment procedure; and

''(ii) an agreement described in clause (i) becomes void whenever either party advises the State agency of an intent to vacate the agreement.''.

(b) STATE PLAN REQUIREMENTS.—Section 454 (42 U.S.C. 654) is amended—

(1) by striking paragraph (4) and inserting the following:

''(4) provide that such State will undertake—

''(A) to provide appropriate services under this part to—

''(i) each child with respect to whom an assignment is effective under section 403(b)(1)(E)(i), 471(a)(17), or 1912 (except in cases where the State agency determines, in accordance with paragraph (25), that it is against the best interests of the child to do so); and

''(ii) each child not described in clause (i)—

''(I) with respect to whom an individual applies for such services; and

''(II) (on and after October 1, 1998) each child with respect to whom a support order is recorded in the central State case registry established under section 454A, regardless of whether application is made for services under this part; and

''(B) to enforce the support obligation established with respect to the custodial parent of a child described in subparagraph (A) unless the parties to the order which establishes the support obligation have opted, in accordance with section 466(a)(12)(C), for an alternative payment procedure.''; and

(2) in paragraph (6)—

(A) by striking subparagraph (A) and inserting the following:

''(A) services under the State plan shall be made available to nonresidents on the same terms as to residents;'';

(B) in subparagraph (B)—

(i) by inserting ''on individuals not receiving assistance under part A'' after ''such services shall be imposed''; and

(ii) by inserting ''but no fees or costs shall be imposed on any absent or custodial parent or other individual for inclusion in the central State registry maintained pursuant to section 454A(e)''; and

(C) in each of subparagraphs (B), (C), and (D)—

(i) by indenting such subparagraph and aligning its left margin with the left margin of subparagraph (A); and

(ii) by striking the final comma and inserting a semicolon.

(c) CONFORMING AMENDMENTS.—

(1) Section 452(g)(2)(A) (42 U.S.C. 652(g)(2)(A)) is amended by striking ''454(6)'' each place it appears and inserting ''454(4)(A)(ii)''.

(2) Section 454(23) (42 U.S.C. 654(23)) is amended, effective October 1, 1998, by striking ''information as to any application fees for such services and''.

(3) Section 466(a)(3)(B) (42 U.S.C. 666(a)(3)(B)) is amended by striking ''in the case of overdue support which a State has agreed to collect under section 454(6)'' and inserting ''in any other case''.

(4) Section 466(e) (42 U.S.C. 666(e)) is amended by striking ''or (6)''.

SEC. 9402. DISTRIBUTION OF PAYMENTS.

(a) DISTRIBUTIONS THROUGH STATE CHILD SUPPORT ENFORCEMENT AGENCY TO FORMER ASSISTANCE RECIPIENTS.—Section 454(5) (42 U.S.C. 654(5)) is amended—

(1) in subparagraph (A)—

(A) by striking section 402(a)(26) is effective,'' and inserting ''section 403(b)(1)(E)(i) is effective, except as otherwise specifically provided in section 464 or 466(a)(3),''; and

(B) by striking ''except that'' and all that follows through the semicolon; and

(2) in subparagraph (B), by striking '', except'' and all that follows through ''medical assistance''.

(b) DISTRIBUTION TO A FAMILY CURRENTLY RECEIVING TEMPORARY EMPLOYMENT ASSISTANCE.—Section 457 (42 U.S.C. 657) is amended—

(1) by striking subsection (a) and redesignating subsection (b) as subsection (a);

(2) in subsection (a) (as so redesignated)—

(A) in the matter preceding paragraph (2), to read as follows:

''(a) IN THE CASE OF A FAMILY RECEIVING TEA.—Amounts collected under this part during any month as support of a child who is receiving assistance under part A (or a parent or caretaker relative of such a child) shall (except in the case of a State exercising the option under subsection (b)) be distributed as follows:

''(1) an amount equal to the amount that will be disregarded pursuant to section 402(d)(2)(C) shall be taken from each of—

''(A) the amounts received in a month which represent payments for that month; and

''(B) the amounts received in a month which represent payments for a prior month which were made by the absent parent in that prior month;

and shall be paid to the family without affecting its eligibility for assistance or decreasing any amount otherwise payable as assistance to such family during such month;'';

(B) in paragraph (4), by striking ''or (B)'' and all that follows through the period and inserting ''; then (B) from any remainder, amounts equal to arrearages of such support obligations assigned, pursuant to part A, to any other State or States shall be paid to such other State or States and used to pay any such arrearages (with appropriate reimbursement of the Federal Government to the extent of its participation in the financing); and then (C) any remainder shall be paid to the family.''; and

(3) by inserting after subsection (a) (as so redesignated) the following new subsection:

''(b) ALTERNATIVE DISTRIBUTION IN CASE OF FAMILY RECEIVING TEA.—In the case of a State electing the option under this subsection, amounts collected as described in subsection (a) shall be distributed as follows:

''(1) an amount equal to the amount that will be disregarded pursuant to section 402(d)(2)(C) shall be taken from each of—

''(A) the amounts received in a month which represent payments for that month; and

''(B) the amounts received in a month which represent payments for a prior month which were made by the absent parent in that prior month;

and shall be paid to the family without affecting its eligibility for assistance or decreasing any amount otherwise payable as assistance to such family during such month;

''(2) second, from any remainder, amounts equal to the balance of support owed for the current month shall be paid to the family;

''(3) third, from any remainder, amounts equal to arrearages of such support obligations assigned, pursuant to part A, to the State making the collection shall be retained and used by such State to pay any such arrearages (with appropriate reimbursement of the Federal Government to the extent of its participation in the financing);

''(4) fourth, from any remainder, amounts equal to arrearages of such support obligations assigned, pursuant to part A, to any other State or States shall be paid to such other State or States and used to pay any such arrearages (with appropriate reimbursement of the Federal Government to the extent of its participation in the financing); and

''(5) fifth, any remainder shall be paid to the family.''.

(c) DISTRIBUTION TO A FAMILY NOT RECEIVING TEA.—Section 457(c) (42 U.S.C. 657(c)) is amended to read as follows:

''(c) DISTRIBUTIONS IN CASE OF FAMILY NOT RECEIVING TEA.—Amounts collected by a State agency under this part during any month as support of a child who is not receiving assistance under part A (or of a parent or caretaker relative of such a child) shall (subject to the remaining provisions of this section) be distributed as follows:

''(1) first, amounts equal to the total of such support owed for such month shall be paid to the family;

''(2) second, from any remainder, amounts equal to arrearages of such support obligations for months during which such child did not receive assistance under part A shall be paid to the family;

''(3) third, from any remainder, amounts equal to arrearages of such support obligations assigned to the State making the collection pursuant to part A shall be retained and used by such State to pay any such arrearages (with appropriate reimbursement of the Federal Government to the extent of its participation in the financing); and

''(4) fourth, from any remainder, amounts equal to arrearages of such support obligations assigned to any other State pursuant to part A shall be paid to such other State or States, and used to pay such arrearages, in the order in which such arrearages accrued (with appropriate reimbursement of the Federal Government to the extent of its participation in the financing).''.

(d) DISTRIBUTION TO A CHILD RECEIVING ASSISTANCE UNDER TITLE IV–E.—Section 457(d) (42 U.S.C. 657(d)) is amended, in the matter preceding paragraph (1), by striking ''Notwithstanding the preceding provisions of this section, amounts'' and inserting the following:

''(d) DISTRIBUTIONS IN CASE OF A CHILD RECEIVING ASSISTANCE UNDER TITLE IV–E.—Amounts''.

(e) REGULATIONS.—The Secretary of Health and Human Services shall promulgate regulations under part A of title IV of the Social Security Act, establishing standards applicable to States electing the alternative formula under section 457(b) of such Act for distribution of collections on behalf of families receiving temporary employment assistance, designed to minimize irregular monthly payments to such families.

(f) CLERICAL AMENDMENTS.—Section 454 (42 U.S.C. 654) is amended—

(1) in paragraph (11)—

(A) by striking ''(11)'' and inserting ''(11)(A)''; and

(B) by inserting after the semicolon ''and''; and

(2) by redesignating paragraph (12) as subparagraph (B) of paragraph (11).

(g) EFFECTIVE DATES.—

(1) IN GENERAL.—Execpt as otherwise provided in this subsection, the amendments made by this section shall become effective on October 1, 1996.

(2) FAMILY NOT RECEIVING TEA.—The amendment made by subsection (c) shall become effective on October 1, 1999.

(3) SPECIAL RULES.—

(A) APPLICABILITY.—A State may elect to have the amendments made by any subsection of this section become effective only with respect to child support cases beginning on or after the effective date of such subsection.

(B) DELAYED IMPLEMENTATION.—A State may elect to have the amendments made by this section (other than subsection (c)) become effective on a date later than October 1, 1996, which date shall coincide with the operation of the single statewide automated data processing and information retrieval system required by section 454A of the Social Security Act (as added by section 9415(a)(2) of this Act) and the State centralized collection unit required by section 454B of the Social Security Act (as added by section 9422(b) of this Act).

SEC. 9403. DUE PROCESS RIGHTS.

(a) IN GENERAL.—Section 454 (42 U.S.C. 654), as amended by section 9402(f) of this Act, is amended by inserting after paragraph (11) the following new paragraph:

''(12) provide for procedures to ensure that—

''(A) individuals who are applying for or receiving services under this part, or are parties to cases in which services are being provided under this part—

''(i) receive notice of all proceedings in which support obligations might be established or modified; and

''(ii) receive a copy of any order establishing or modifying a child support obligation, or (in the case of a petition for modification) a notice of determination that there should be no change in the amount of the child support award, within 14 days after issuance of such order or determination;

''(B) individuals applying for or receiving services under this part have access to a fair hearing that meets standards established by the Secretary and ensures prompt consideration and resolution of complaints (but the resort to such procedure shall not stay the enforcement of any support order); and

''(C) individuals adversely affected by the establishment or modification of (or, in the case of a petition for modification, the determination that there should be no change in) a child support order shall be afforded not less than 30 days after the receipt of the order or determination to initiate proceedings to challenge such order or determination;''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall become effective on October 1, 1997.

SEC. 9404. PRIVACY SAFEGUARDS.

(a) STATE PLAN REQUIREMENT.—Section 454 (42 U.S.C. 454) is amended—

(1) by striking ''and'' at the end of paragraph (23);

(2) by striking the period at the end of paragraph (24) and inserting ''; and''; and

(3) by adding after paragraph (24) the following:

''(25) will have in effect safeguards applicable to all sensitive and confidential information handled by the State agency designed to protect the privacy rights of the parties, including—

''(A) safeguards against unauthorized use or disclosure of information relating to proceedings or actions to establish paternity, or to establish or enforce support;

''(B) prohibitions on the release of information on the whereabouts of one party to another party against whom a protective order with respect to the former party has been entered; and

''(C) prohibitions on the release of information on the whereabouts of one party to another party if the State has reason to believe that the release of the information may result in physical or emotional harm to the former party.''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall become effective on October 1, 1997.

CHAPTER 2—PROGRAM ADMINISTRATION AND FUNDING

SEC. 9411. FEDERAL MATCHING PAYMENTS.

(a) INCREASED BASE MATCHING RATE.—Section 455(a)(2) (42 U.S.C. 655(a)(2)) is amended to read as follows:

''(2) The applicable percent for a quarter for purposes of paragraph (1)(A) is—

''(A) for fiscal year 1997, 69 percent,

''(B) for fiscal year 1998, 72 percent, and

''(C) for fiscal year 1999 and succeeding fiscal years, 75 percent.''.

(b) MAINTENANCE OF EFFORT.—Section 455 (42 U.S.C. 655) is amended—

(1) in subsection (a)(1), in the matter preceding subparagraph (A), by striking ''From'' and inserting ''Subject to subsection (c), from''; and

(2) by inserting after subsection (b) the following new subsection:

''(c) MAINTENANCE OF EFFORT.—Notwithstanding the provisions of subsection (a), total expenditures for the State program under this part for fiscal year 1997 and each succeeding fiscal year, reduced by the percentage specified for such fiscal year under subsection (a)(2)(A), (B), or (C)(i), shall not be less than such total expenditures for fiscal year 1996, reduced by 66 percent.''.

SEC. 9412. PERFORMANCE-BASED INCENTIVES AND PENALTIES.

(a) INCENTIVE ADJUSTMENTS TO FEDERAL MATCHING RATE.—Section 458 (42 U.S.C. 658) is amended to read as follows:

''INCENTIVE ADJUSTMENTS TO MATCHING RATE

''SEC. 458. (a) INCENTIVE ADJUSTMENT.—(1) IN GENERAL.—In order to encourage and reward State child support enforcement programs which perform in an effective manner, the Federal matching rate for payments to a State under section 455(a)(1)(A), for each fiscal year beginning on or after October 1, 1998, shall be increased by a factor reflecting the sum of the applicable incentive adjustments (if any) determined in accordance with regulations under this section with respect to Statewide paternity establishment and to overall performance in child support enforcement.

''(2) STANDARDS.—(A) IN GENERAL.—The Secretary shall specify in regulations—

''(i) the levels of accomplishment, and rates of improvement as alternatives to such levels, which States must attain to qualify for incentive adjustments under this section; and

''(ii) the amounts of incentive adjustment that shall be awarded to States achieving specified accomplishment or improvement levels, which amounts shall be graduated, ranging up to—

''(I) 5 percentage points, in connection with Statewide paternity establishment; and

''(II) 10 percentage points, in connection with overall performance in child support enforcement.

''(B) LIMITATION.—In setting performance standards pursuant to subparagraph (A)(i) and adjustment amounts pursuant to subparagraph (A)(ii), the Secretary shall ensure that the aggregate number of percentage point increases as incentive adjustments to all States do not exceed such aggregate increases as assumed by the Secretary in estimates of the cost of this section as of June 1995, unless the aggregate performance of all States exceeds the projected aggregate performance of all States in such cost estimates.

''(3) DETERMINATION OF INCENTIVE ADJUSTMENT.—The Secretary shall determine the amount (if any) of incentive adjustment due each State on the basis of the data submitted by the State pursuant to section 454(15)(B) concerning the levels of accomplishment (and rates of improvement) with respect to performance indicators specified by the Secretary pursuant to this section.

''(4) FISCAL YEAR SUBJECT TO INCENTIVE ADJUSTMENT.—The total percentage point increase determined pursuant to this section with respect to a State program in a fiscal year shall apply as an adjustment to the applicable percent under section 455(a)(2) for payments to such State for the succeeding fiscal year.

''(5) RECYCLING OF INCENTIVE ADJUSTMENT.—A State shall expend in the State program under this part all funds paid to the State by the Federal Government as a result of an incentive adjustment under this section.

''(b) MEANING OF TERMS.—For purposes of this section—

''(1) the term 'Statewide paternity establishment percentage' means, with respect to a fiscal year, the ratio (expressed as a percentage) of—

''(A) the total number of out-of-wedlock children in the State under one year of age for whom paternity is established or acknowledged during the fiscal year, to

''(B) the total number of children born out of wedlock in the State during such fiscal year; and

''(2) the term 'overall performance in child support enforcement' means a measure or measures of the effectiveness of the State agency in a fiscal year which takes into account factors including—

''(A) the percentage of cases requiring a child support order in which such an order was established;

''(B) the percentage of cases in which child support is being paid;

''(C) the ratio of child support collected to child support due; and

''(D) the cost-effectiveness of the State program, as determined in accordance with standards established by the Secretary in regulations.''.

(b) ADJUSTMENT OF PAYMENTS UNDER PART D OF TITLE IV.—Section 455(a)(2) (42 U.S.C. 655(a)(2)), as amended by section 9411(a) of this Act, is amended—

(1) by striking the period at the end of subparagraph (C)(ii) and inserting a comma; and

(2) by adding after and below subparagraph (C), flush with the left margin of the subsection, the following:

''increased by the incentive adjustment factor (if any) determined by the Secretary pursuant to section 458.''.

(c) CONFORMING AMENDMENTS.—Section 454(22) (42 U.S.C. 654(22)) is amended—

(1) by striking ''incentive payments'' the first place it appears and inserting ''incentive adjustments''; and

(2) by striking ''any such incentive payments made to the State for such period'' and inserting ''any increases in Federal payments to the State resulting from such incentive adjustments''.

(d) CALCULATION OF IV–D PATERNITY ESTABLISHMENT PERCENTAGE.—(1) Section 452(g)(1) (42 U.S.C. 652(g)(1)) is amended in the matter preceding subparagraph (A) by inserting ''its overall performance in child support enforcement is satisfactory (as defined

in section 458(b) and regulations of the Secretary), and'' after ''1994,''.

(2) Section 452(g)(2) (42 U.S.C. 652(g)(2)) is amended—

(A) in subparagraph (A), in the matter preceding clause (i)—

(i) by striking ''paternity establishment percentage'' and inserting ''IV–D paternity establishment percentage''; and

(ii) by striking ''(or all States, as the case may be)'';

(B) in subparagraph (A)(i), by striking ''during the fiscal year'';

(C) in subparagraph (A)(ii)(I), by striking ''as of the end of the fiscal year'' and inserting ''in the fiscal year or, at the option of the State, as of the end of such year'';

(D) in subparagraph (A)(ii)(II), by striking ''or (E) as of the end of the fiscal year'' and inserting ''in the fiscal year or, at the option of the State, as of the end of such year'';

(E) in subparagraph (A)(iii)—

(i) by striking ''during the fiscal year''; and

(ii) by striking ''and'' at the end; and

(F) in the matter following subparagraph (A)—

(i) by striking ''who were born out of wedlock during the immediately preceding fiscal year'' and inserting ''born out of wedlock'';

(ii) by striking ''such preceding fiscal year'' both places it appears and inserting ''the preceding fiscal year''; and

(iii) by striking ''or (E)'' the second place it appears.

(3) Section 452(g)(3) (42 U.S.C. 652(g)(3)) is amended—

(A) by striking subparagraph (A) and redesignating subparagraphs (B) and (C) as subparagraphs (A) and (B), respectively;

(B) in subparagraph (A), as redesignated, by striking ''the percentage of children born out-of-wedlock in the State'' and inserting ''the percentage of children in the State who are born out of wedlock or for whom support has not been established''; and

(C) in subparagraph (B), as redesignated—

(i) by inserting ''and overall performance in child support enforcement'' after ''paternity establishment percentages''; and

(ii) by inserting ''and securing support'' before the period.

(e) REDUCTION OF PAYMENTS UNDER PART D OF TITLE IV.—

(1) NEW REQUIREMENTS.—Section 455 (42 U.S.C. 655) is amended by inserting after subsection (b) the following:

''(c)(1) If the Secretary finds, with respect to a State program under this part in a fiscal year beginning on or after October 1, 1997—

''(A)(i) on the basis of data submitted by a State pursuant to section 454(15)(B), that the State program in such fiscal year failed to achieve the IV–D paternity establishment percentage (as defined in section 452(g)(2)(A)) or the appropriate level of overall performance in child support enforcement (as defined in section 458(b)(2)), or to meet other performance measures that may be established by the Secretary, or

''(ii) on the basis of an audit or audits of such State data conducted pursuant to section 452(a)(4)(C), that the State data submitted pursuant to section 454(15)(B) is incomplete or unreliable; and

''(B) that, with respect to the succeeding fiscal year—

''(i) the State failed to take sufficient corrective action to achieve the appropriate performance levels as described in subparagraph (A)(i) of this paragraph, or

''(ii) the data submitted by the State pursuant to section 454(15)(B) is incomplete or unreliable,

the amounts otherwise payable to the State under this part for quarters following the end of such succeeding fiscal year, prior to quarters following the end of the first quarter throughout which the State program is in compliance with such performance requirement, shall be reduced by the percentage specified in paragraph (2).

''(2) The reductions required under paragraph (1) shall be—

''(A) not less than 6 nor more than 8 percent, or

''(B) not less than 8 nor more than 12 percent, if the finding is the second consecutive finding made pursuant to paragraph (1), or

''(C) not less than 12 nor more than 15 percent, if the finding is the third or a subsequent consecutive such finding.

''(3) For purposes of this subsection, section 405(d), and section 452(a)(4), a State which is determined as a result of an audit to have submitted incomplete or unreliable data pursuant to section 454(15)(B), shall be determined to have submitted adequate data if the Secretary determines that the extent of the incompleteness or unreliability of the data is of a technical nature which does not adversely affect the determination of the level of the State's performance.''.

(2) CONFORMING AMENDMENTS.—

(A) Section 452(a)(4) (42 U.S.C. 652(a)(4)) is amended by striking ''403(h)'' each place such term appears and inserting ''455(c)''.

(B) Subsections (d)(3)(A), (g)(1), and (g)(3)(A) of section 452 (42 U.S.C. 652) are each amended by striking ''403(h)'' and inserting ''455(c)''.

(f) EFFECTIVE DATES.—

(1) INCENTIVE ADJUSTMENTS.—(A) The amendments made by subsections (a), (b), and (c) shall become effective October 1, 1997, except to the extent provided in subparagraph (B).

(B) Section 458 of the Social Security Act, as in effect prior to the enactment of this section, shall be effective for purposes of incentive payments to States for fiscal years prior to fiscal year 1999.

(2) PENALTY REDUCTIONS.—(A) The amendments made by subsection (d) shall become effective with respect to calendar quarters beginning on and after the date of enactment of this Act.

(B) The amendments made by subsection (e) shall become effective with respect to calendar quarters beginning on and after the date one year after the date of enactment of this Act.

SEC. 9413. FEDERAL AND STATE REVIEWS AND AUDITS.

(a) STATE AGENCY ACTIVITIES.—Section 454 (42 U.S.C. 654) is amended—

(1) in paragraph (14), by striking ''(14)'' and inserting ''(14)(A)'';

(2) by redesignating paragraph (15) as subparagraph (B) of paragraph (14); and

(3) by inserting after paragraph (14) the following new paragraph:

''(15) provide for—

''(A) a process for annual reviews of and reports to the Secretary on the State program under this part, which shall include such information as may be necessary to measure State compliance with Federal requirements for expedited procedures and timely case processing, using such standards and procedures as are required by the Secretary, under which the State agency will determine the extent to which such program is in conformity with applicable requirements with respect to the operation of State programs under this part (including the status of complaints filed under the procedure required under paragraph (12)(B)); and

''(B) a process of extracting from the State automated data processing system and transmitting to the Secretary data and calculations concerning the levels of accomplishment (and rates of improvement) with respect to applicable performance indicators (including IV–D paternity establishment percentages and overall performance in child support enforcement) to the extent necessary for purposes of sections 452(g) and 458.''.

(b) FEDERAL ACTIVITIES.—Section 452(a)(4) (42 U.S.C. 652(a)(4)) is amended to read as follows:

''(4)(A) review data and calculations transmitted by State agencies pursuant to section 454(15)(B) on State program accomplishments with respect to performance indicators for purposes of section 452(g) and 458, and determine the amount (if any) of penalty reductions pursuant to section 455(c) to be applied to the State;

''(B) review annual reports by State agencies pursuant to section 454(15)(A) on State program conformity with Federal requirements; evaluate any elements of a State program in which significant deficiencies are indicated by such report on the status of complaints under the State procedure under section 454(12)(B); and, as appropriate, provide to the State agency comments, recommendations for additional or alternative corrective actions, and technical assistance; and

''(C) conduct audits, in accordance with the government auditing standards of the United States Comptroller General—

''(i) at least once every 3 years (or more frequently, in the case of a State which fails to meet requirements of this part, or of regulations implementing such requirements, concerning performance standards and reliability of program data) to assess the completeness, reliability, and security of the data, and the accuracy of the reporting systems, used for the calculations of performance indicators specified in subsection (g) and section 458;

''(ii) of the adequacy of financial management of the State program, including assessments of—

''(I) whether Federal and other funds made available to carry out the State program under this part are being appropriately expended, and are properly and fully accounted for; and

''(II) whether collections and disbursements of support payments and program income are carried out correctly and are properly and fully accounted for; and

''(iii) for such other purposes as the Secretary may find necessary;''.

(c) EFFECTIVE DATE.—The amendments made by this section shall be effective with respect to calendar quarters beginning on or after the date one year after enactment of this section.

SEC. 9414. REQUIRED REPORTING PROCEDURES.

(a) ESTABLISHMENT.—Section 452(a)(5) (42 U.S.C. 652(a)(5)) is amended by inserting '', and establish procedures to be followed by States for collecting and reporting information required to be provided under this part, and establish uniform definitions (including those necessary to enable the measurement of State compliance with the requirements of this part relating to expedited processes and timely case processing) to be applied in following such procedures'' before the semicolon.

(b) STATE PLAN REQUIREMENT.—Section 454 (42 U.S.C. 654), as amended by section 9404(a) of this Act, is amended—

(1) by striking ''and'' at the end of paragraph (24);

(2) by striking the period at the end of paragraph (25) and inserting ''; and''; and

(3) by adding after paragraph (25) the following:

''(26) provide that the State shall use the definitions established under section 452(a)(5) in collecting and reporting information as required under this part.''.

SEC. 9415. AUTOMATED DATA PROCESSING REQUIREMENTS.

(a) REVISED REQUIREMENTS.—(1) Section 454(16) (42 U.S.C. 654(16)) is amended—

(A) by striking '', at the option of the State,'';

(B) by inserting ''and operation by the State agency'' after ''for the establishment'';

(C) by inserting ''meeting the requirements of section 454A'' after ''information retrieval system'';

(D) by striking ''in the State and localities thereof, so as (A)'' and inserting ''so as'';

(E) by striking ''(i)''; and

(F) by striking ''(including'' and all that follows and inserting a semicolon.

(2) Part D of title IV (42 U.S.C. 651–669) is amended by inserting after section 454 the following new section:

''AUTOMATED DATA PROCESSING

''SEC. 454A. (a) IN GENERAL.—In order to meet the requirements of this section, for purposes of the requirement of section 454(16), a State agency shall have in operation a single statewide automated data processing and information retrieval system which has the capability to perform the tasks specified in this section, and performs such tasks with the frequency and in the manner specified in this part or in regulations or guidelines of the Secretary.

''(b) PROGRAM MANAGEMENT.—The automated system required under this section shall perform such functions as the Secretary may specify relating to management of the program under this part, including—

''(1) controlling and accounting for use of Federal, State, and local funds to carry out such program; and

''(2) maintaining the data necessary to meet Federal reporting requirements on a timely basis.

''(c) CALCULATION OF PERFORMANCE INDICATORS.—In order to enable the Secretary to determine the incentive and penalty adjustments required by sections 452(g) and 458, the State agency shall—

''(1) use the automated system—

''(A) to maintain the requisite data on State performance with respect to paternity establishment and child support enforcement in the State; and

''(B) to calculate the IV–D paternity establishment percentage and overall performance in child support enforcement for the State for each fiscal year; and

''(2) have in place systems controls to ensure the completeness, and reliability of, and ready access to, the data described in paragraph (1)(A), and the accuracy of the calculations described in paragraph (1)(B).

''(d) INFORMATION INTEGRITY AND SECURITY.—The State agency shall have in effect safeguards on the integrity, accuracy, and completeness of, access to, and use of data in the automated system required under this section, which shall include the following (in addition to such other safeguards as the Secretary specifies in regulations):

''(1) POLICIES RESTRICTING ACCESS.—Written policies concerning access to data by State agency personnel, and sharing of data with other persons, which—

''(A) permit access to and use of data only to the extent necessary to carry out program responsibilities;

''(B) specify the data which may be used for particular program purposes, and the personnel permitted access to such data; and

''(C) ensure that data obtained or disclosed for a limited program purpose is not used or redisclosed for another, impermissible purpose.

''(2) SYSTEMS CONTROLS.—Systems controls (such as passwords or blocking of fields) to ensure strict adherence to the policies specified under paragraph (1).

''(3) MONITORING OF ACCESS.—Routine monitoring of access to and use of the automated system, through methods such as audit trails and feedback mechanisms, to guard against and promptly identify unauthorized access or use.

''(4) TRAINING AND INFORMATION.—The State agency shall have in effect procedures to ensure that all personnel (including State and local agency staff and contractors) who may have access to or be required to use sensitive or confidential program data are fully informed of applicable requirements and penalties, and are adequately trained in security procedures.

''(5) PENALTIES.—The State agency shall have in effect administrative penalties (up to and including dismissal from employment) for unauthorized access to, or disclosure or use of, confidential data.''.

(3) REGULATIONS.—Section 452 (42 U.S.C. 652) is amended by adding at the end the following:

''(j) The Secretary shall prescribe final regulations for implementation of the requirements of section 454A not later than 2 years after the date of the enactment of this subsection.''.

(4) IMPLEMENTATION TIMETABLE.—Section 454(24) (42 U.S.C. 654(24)), as amended by sections 9404(a)(2) and 9414(b)(1) of this Act, is amended to read as follows:

''(24) provide that the State will have in effect an automated data processing and information retrieval system—

''(A) by October 1, 1995, meeting all requirements of this part which were enacted on or before the date of enactment of the Family Support Act of 1988; and

''(B) by October 1, 1999, meeting all requirements of this part enacted on or before the date of enactment of the Omnibus Budget Reconciliation Act of 1995 (but this provision shall not be construed to alter earlier deadlines specified for elements of such system), except that such deadline shall be extended by 1 day for each day (if any) by which the Secretary fails to meet the deadline imposed by section 452(j) of this Act;''.

(b) SPECIAL FEDERAL MATCHING RATE FOR DEVELOPMENT COSTS OF AUTOMATED SYSTEMS.—Section 455(a) (42 U.S.C. 655(a)) is amended—

(1) in paragraph (1)(B)—

(A) by striking ''90 percent'' and inserting ''the percent specified in paragraph (3)'';

(B) by striking ''so much of''; and

(C) by striking ''which the Secretary'' and all that follows and inserting '', and''; and

(2) by adding at the end the following new paragraph:

''(3)(A) The Secretary shall pay to each State, for each quarter in fiscal year 1996, 90 percent of so much of State expenditures described in subparagraph (1)(B) as the Secretary finds are for a system meeting the requirements specified in section 454(16), or meeting such requirements without regard to clause (D) thereof.

''(B)(i) The Secretary shall pay to each State, for each quarter in fiscal years 1997 through 2001, the percentage specified in clause (ii) of so much of State expenditures described in subparagraph (1)(B) as the Secretary finds are for a system meeting the requirements specified in section 454(16) and 454A, subject to clause (iii).

''(ii) The percentage specified in this clause, for purposes of clause (i), is the higher of—

''(I) 80 percent, or

''(II) the percentage otherwise applicable to Federal payments to the State under subparagraph (A) (as adjusted pursuant to section 458).''.

(c) CONFORMING AMENDMENT.—Section 123(c) of the Family Support Act of 1988 (102 Stat. 2352; Public Law 100–485) is repealed.

(d) ADDITIONAL PROVISIONS.—For additional provisions of section 454A, as added by subsection (a) of this section, see the amendments made by sections 9421, 9422(c), and 9433(d) of this Act.

SEC. 9416. DIRECTOR OF CSE PROGRAM; STAFFING STUDY.

(a) REPORTING TO SECRETARY.—Section 452(a) (42 U.S.C. 652(a)) is amended in the matter preceding paragraph (1) by striking ''directly''.

(b) STAFFING STUDIES.—

(1) SCOPE.—The Secretary of Health and Human Services shall, directly or by contract, conduct studies of the staffing of each State child support enforcement program under part D of title IV of the Social Security Act. Such studies shall include a review of the staffing needs created by requirements for automated data processing, maintenance of a central case registry and centralized collections of child support, and of changes in these needs resulting from changes in such requirements. Such studies shall examine and report on effective staffing practices used by the States and on recommended staffing procedures.

(2) FREQUENCY OF STUDIES.—The Secretary shall complete the first staffing study required under paragraph (1) by October 1, 1997, and may conduct additional studies subsequently at appropriate intervals.

(3) REPORT TO THE CONGRESS.—The Secretary shall submit a report to the Congress stating the findings and conclusions of each study conducted under this subsection.

SEC. 9417. FUNDING FOR SECRETARIAL ASSISTANCE TO STATE PROGRAMS.

Section 452 (42 U.S.C. 652), as amended by section 9415(a)(3) of this Act, is amended by adding at the end the following new subsection:

''(k) FUNDING FOR FEDERAL ACTIVITIES ASSISTING STATE PROGRAMS.—(1) There shall be available to the Secretary, from amounts appropriated for fiscal year 1996 and each succeeding fiscal year for payments to States under this part, the amount specified in paragraph (2) for the costs to the Secretary for—

''(A) information dissemination and technical assistance to States, training of State and Federal staff, staffing studies, and related activities needed to improve programs (including technical assistance concerning State automated systems);

''(B) research, demonstration, and special projects of regional or national significance relating to the operation of State programs under this part; and

''(C) operation of the Federal Parent Locator Service under section 453, to the extent such costs are not recovered through user fees.

''(2) The amount specified in this paragraph for a fiscal year is the amount equal to a percentage of the reduction in Federal payments to States under part A on account of child support (including arrearages) collected in the preceding fiscal year on behalf of children receiving assistance under State plans approved under part A in such preceding fiscal year (as determined on the basis of the most recent reliable data available to the Secretary as of the end of the third calendar quarter following the end of such preceding fiscal year), equal to—

''(A) 1 percent, for the activities specified in subparagraphs (A) and (B) of paragraph (1); and

''(B) 2 percent, for the activities specified in subparagraph (C) of paragraph (1).''.

SEC. 9418. REPORTS AND DATA COLLECTION BY THE SECRETARY.

(a) ANNUAL REPORT TO CONGRESS.—(1) Section 452(a)(10)(A) (42 U.S.C. 652(a)(10)(A)) is amended—

(A) by striking ''this part;'' and inserting ''this part, including—''; and

(B) by adding at the end the following indented clauses:

''(i) the total amount of child support payments collected as a result of services furnished during such fiscal year to individuals receiving services under this part;

''(ii) the cost to the States and to the Federal Government of furnishing such services to those individuals; and

''(iii) the number of cases involving families—

''(I) who became ineligible for assistance under a State plan approved under part A during a month in such fiscal year; and

''(II) with respect to whom a child support payment was received in the same month;''.

(2) Section 452(a)(10)(C) (42 U.S.C. 652(a)(10)(C)) is amended—

(A) in the matter preceding clause (i)—

(i) by striking ''with the data required under each clause being separately stated for cases'' and inserting ''separately stated for (1) cases'';

(ii) by striking ''cases where the child was formerly receiving'' and inserting ''or formerly received'';

(iii) by inserting ''or 1912'' after ''471(a)(17)''; and

(iv) by inserting ''(2)'' before ''all other'';

(B) in each of clauses (i) and (ii), by striking '', and the total amount of such obligations'';

(C) in clause (iii), by striking ''described in'' and all that follows and inserting ''in which support was collected during the fiscal year;'';

(D) by striking clause (iv); and

(E) by redesignating clause (v) as clause (vii), and inserting after clause (iii) the following new clauses:

''(iv) the total amount of support collected during such fiscal year and distributed as current support;

''(v) the total amount of support collected during such fiscal year and distributed as arrearages;

''(vi) the total amount of support due and unpaid for all fiscal years; and''.

(3) Section 452(a)(10)(G) (42 U.S.C. 652(a)(10)(G)) is amended by striking ''on the use of Federal courts and''.

(4) Section 452(a)(10) (42 U.S.C. 652(a)(10)) is amended by striking all that follows subparagraph (I).

(b) DATA COLLECTION AND REPORTING.—Section 469 (42 U.S.C. 669) is amended—

(1) by striking subsections (a) and (b) and inserting the following:

''(a) The Secretary shall collect and maintain, on a fiscal year basis, up-to-date statistics, by State, with respect to services to establish paternity and services to establish child support obligations, the data specified in subsection (b), separately stated, in the case of each such service, with respect to—

''(1) families (or dependent children) receiving assistance under State plans approved under part A (or E); and

''(2) families not receiving such assistance.

''(b) The data referred to in subsection (a) are—

''(1) the number of cases in the caseload of the State agency administering the plan under this part in which such service is needed; and

''(2) the number of such cases in which the service has been provided.''; and

(2) in subsection (c), by striking ''(a)(2)'' and inserting ''(b)(2)''.

(c) EFFECTIVE DATE.—The amendments made by this section shall be effective with respect to fiscal year 1996 and succeeding fiscal years.

CHAPTER 3—LOCATE AND CASE TRACKING

SEC. 9421. CENTRAL STATE AND CASE REGISTRY.

Section 454A, as added by section 9415(a)(2) of this Act, is amended by adding at the end the following:

''(e) CENTRAL CASE REGISTRY.—(1) IN GENERAL.—The automated system required under this section shall perform the functions, in accordance with the provisions of this subsection, of a single central registry containing records with respect to each case in which services are being provided by the State agency (including, on and after October 1, 1998, each order specified in section 466(a)(12)), using such standardized data elements (such as names, social security numbers or other uniform identification numbers, dates of birth, and case identification numbers), and containing such other information (such as information on case status) as the Secretary may require.

''(2) PAYMENT RECORDS.—Each case record in the central registry shall include a record of—

''(A) the amount of monthly (or other periodic) support owed under the support order, and other amounts due or overdue (including arrears, interest or late payment penalties, and fees);

''(B) the date on which or circumstances under which the support obligation will terminate under such order;

''(C) all child support and related amounts collected (including such amounts as fees, late payment penalties, and interest on arrearages);

''(D) the distribution of such amounts collected; and

''(E) the birth date of the child for whom the child support order is entered.

''(3) UPDATING AND MONITORING.—The State agency shall promptly establish and maintain, and regularly monitor, case records in the registry required by this subsection, on the basis of—

''(A) information on administrative actions and administrative and judicial proceedings and orders relating to paternity and support;

''(B) information obtained from matches with Federal, State, or local data sources;

''(C) information on support collections and distributions; and

''(D) any other relevant information.

''(f) DATA MATCHES AND OTHER DISCLOSURES OF INFORMATION.—The automated system required under this section shall have the capacity, and be used by the State agency, to extract data at such times, and in such standardized format or formats, as may be required by the Secretary, and to share and match data with, and receive data from, other data bases and data matching services, in order to obtain (or provide) information necessary to enable the State agency (or Secretary or other State or Federal agencies) to carry out responsibilities under this part. Data matching activities of the State agency shall include at least the following:

''(1) DATA BANK OF CHILD SUPPORT ORDERS.—Furnish to the Data Bank of Child Support Orders established under section 453(h) (and update as necessary, with information including notice of expiration of orders) minimal information (to be specified by the Secretary) on each child support case in the central case registry.

''(2) FEDERAL PARENT LOCATOR SERVICE.—Exchange data with the Federal Parent Locator Service for the purposes specified in section 453.

''(3) TEMPORARY EMPLOYMENT ASSISTANCE PROGRAM AND MEDICAID AGENCIES.—Exchange data with State agencies (of the State and of other States) administering the programs under part A and title XIX, as necessary for the performance of State agency responsibilities under this part and under such programs.

''(4) INTRA- AND INTERSTATE DATA MATCHES.—Exchange data with other agencies of the State, agencies of other States, and interstate information networks, as necessary and appropriate to carry out (or assist other States to carry out) the purposes of this part.''.

SEC. 9422. CENTRALIZED COLLECTION AND DISBURSEMENT OF SUPPORT PAYMENTS.

(a) STATE PLAN REQUIREMENT.—Section 454 (42 U.S.C. 654), as amended by sections 9404(a) and 9414(b) of this Act, is amended—

(1) by striking ''and'' at the end of paragraph (25);

(2) by striking the period at the end of paragraph (26) and inserting ''; and''; and

(3) by adding after paragraph (26) the following new paragraph:

''(27) provide that the State agency, on and after October 1, 1998—

''(A) will operate a centralized, automated unit for the collection and disbursement of child support under orders being enforced under this part, in accordance with section 454B; and

''(B) will have sufficient State staff (consisting of State employees), and (at State option) contractors reporting directly to the State agency to monitor and enforce support collections through such centralized unit, including carrying out the automated data processing responsibilities specified in section 454A(g) and to impose, as appropriate in particular cases, the administrative enforcement remedies specified in section 466(c)(1).''.

(b) ESTABLISHMENT OF CENTRALIZED COLLECTION UNIT.—Part D of title IV (42 U.S.C. 651–669) is amended by adding after section 454A the following new section:

''CENTRALIZED COLLECTION AND DISBURSEMENT OF SUPPORT PAYMENTS

''SEC. 454B. (a) IN GENERAL.—In order to meet the requirement of section 454(27), the State agency must operate a single centralized, automated unit for the collection and disbursement of support payments, coordinated with the automated data system required under section 454A, in accordance with the provisions of this section, which shall be—

''(1) operated directly by the State agency (or by two or more State agencies under a regional cooperative agreement), or by a single contractor responsible directly to the State agency; and

''(2) used for the collection and disbursement (including interstate collection and disbursement) of payments under support orders in all cases being enforced by the State pursuant to section 454(4).

''(b) REQUIRED PROCEDURES.—The centralized collections unit shall use automated procedures, electronic processes, and computer-driven technology to the maximum extent feasible, efficient, and economical, for the collection and disbursement of support payments, including procedures—

''(1) for receipt of payments from parents, employers, and other States, and for disbursements to custodial parents and other obligees, the State agency, and the State agencies of other States;

''(2) for accurate identification of payments;

''(3) to ensure prompt disbursement of the custodial parent's share of any payment; and

''(4) to furnish to either parent, upon request, timely information on the current status of support payments.''.

(c) USE OF AUTOMATED SYSTEM.—Section 454A, as added by section 9415(a)(2) of this Act and as amended by section 9421 of this Act, is amended by adding at the end the following new subsection:

''(g) CENTRALIZED COLLECTION AND DISTRIBUTION OF SUPPORT PAYMENTS.—The automated system required under this section shall be used, to the maximum extent feasible, to assist and facilitate collections and disbursement of support payments through the centralized collections unit operated pursuant to section 454B, through the performance of functions including at a minimum—

''(1) generation of orders and notices to employers (and other debtors) for the withholding of wages (and other income)—

''(A) within two working days after receipt (from the directory of New Hires established under section 453(i) or any other source) of notice of and the income source subject to such withholding; and

''(B) using uniform formats directed by the Secretary;

''(2) ongoing monitoring to promptly identify failures to make timely payment; and

''(3) automatic use of enforcement mechanisms (including mechanisms authorized pursuant to section 466(c)) where payments are not timely made.''.

(d) EFFECTIVE DATE.—The amendments made by this section shall become effective on October 1, 1998.

SEC. 9423. AMENDMENTS CONCERNING INCOME WITHHOLDING.

(a) MANDATORY INCOME WITHHOLDING.—(1) Section 466(a)(1) (42 U.S.C. 666(a)(1)) is amended to read as follows:

''(1) INCOME WITHHOLDING.—(A) UNDER ORDERS ENFORCED UNDER THE STATE PLAN.—Procedures described in subsection (b) for the withholding from income of amounts payable as support in cases subject to enforcement under the State plan.

''(B) UNDER CERTAIN ORDERS PREDATING CHANGE IN REQUIREMENT.—Procedures under which all child support orders issued (or modified) before October 1, 1996, and which are not otherwise subject to withholding under subsection (b), shall become subject to withholding from wages as provided in subsection (b) if arrearages occur, without the need for a judicial or administrative hearing.''.

(2) Section 466(a)(8) (42 U.S.C. 666(a)(8)) is repealed.

(3) Section 466(b) (42 U.S.C. 666(b)) is amended—

(A) in the matter preceding paragraph (1), by striking ''subsection (a)(1)'' and inserting ''subsection (a)(1)(A)'';

(B) in paragraph (5), by striking all that follows ''administered by'' and inserting ''the State through the centralized collections unit established pursuant to section 454B, in accordance with the requirements of such section 454B.'';

(C) in paragraph (6)(A)(i)—

(i) by inserting '', in accordance with timetables established by the Secretary,'' after ''must be required''; and

(ii) by striking ''to the appropriate agency'' and all that follows and inserting ''to the State centralized collections unit within 5 working days after the date such amount would (but for this subsection) have been paid or credited to the employee, for distribution in accordance with this part.'';

(D) in paragraph (6)(A)(ii), by inserting ''be in a standard format prescribed by the Secretary, and'' after ''shall''; and

(E) in paragraph (6)(D)—

(i) by striking ''employer who discharges'' and inserting ''employer who—(A) discharges'';

(ii) by relocating subparagraph (A), as designated, as an indented subparagraph after and below the introductory matter;

(iii) by striking the period at the end; and

(iv) by adding after and below subparagraph (A) the following new subparagraph:

''(B) fails to withhold support from wages, or to pay such amounts to the State centralized collections unit in accordance with this subsection.''.

(b) CONFORMING AMENDMENT.—Section 466(c) (42 U.S.C. 666(c)) is repealed.

(c) DEFINITION OF TERMS.—The Secretary shall promulgate regulations providing definitions, for purposes of part D of title IV of the Social Security Act, for the term ''income'' and for such other terms relating to income withholding under section 466(b) of such Act as the Secretary may find it necessary or advisable to define.

SEC. 9424. LOCATOR INFORMATION FROM INTERSTATE NETWORKS.

Section 466(a) (42 U.S.C. 666(a)), as amended by section 9423(a)(2) of this Act, is amended by inserting after paragraph (7) the following:

''(8) LOCATOR INFORMATION FROM INTERSTATE NETWORKS.—Procedures ensuring that the State will neither provide funding for, nor use for any purpose (including any purpose unrelated to the purposes of this part), any automated interstate network or system used to locate individuals—

''(A) for purposes relating to the use of motor vehicles; or

''(B) providing information for law enforcement purposes (where child support enforcement agencies are otherwise allowed access by State and Federal law),

unless all Federal and State agencies administering programs under this part (including the entities established under section 453) have access to information in such system or network to the same extent as any other user of such system or network.''.

SEC. 9425. EXPANDED FEDERAL PARENT LOCATOR SERVICE.

(a) EXPANDED AUTHORITY TO LOCATE INDIVIDUALS AND ASSETS.—Section 453 (42 U.S.C. 653) is amended—

(1) in subsection (a), by striking all that follows ''subsection (c))'' and inserting the following:

'', for the purpose of establishing parentage, establishing, setting the amount of, modifying, or enforcing child support obligations—

''(1) information on, or facilitating the discovery of, the location of any individual—

''(A) who is under an obligation to pay child support;

''(B) against whom such an obligation is sought; or

''(C) to whom such an obligation is owed, including such individual's social security number (or numbers), most recent residential address, and the name, address, and employer identification number of such individual's employer; and

''(2) information on the individual's wages (or other income) from, and benefits of, employment (including rights to or enrollment in group health care coverage); and

''(3) information on the type, status, location, and amount of any assets of, or debts owed by or to, any such individual.''; and

(2) in subsection (b)—

(A) in the matter preceding paragraph (1), by striking ''social security'' and all that follows through ''absent parent'' and inserting ''information specified in subsection (a)''; and

(B) in paragraph (2), by inserting before the period '', or from any consumer reporting agency (as defined in section 603(f) of the Fair Credit Reporting Act (15 U.S.C. 1681a(f))'';

(3) in subsection (e)(1), by inserting before the period '', or by consumer reporting agencies''.

(b) REIMBURSEMENT FOR DATA FROM FEDERAL AGENCIES.—Section 453(e)(2) (42 U.S.C. 653(e)(2)) is amended in the fourth sentence by inserting before the period ''in an amount which the Secretary determines to be reasonable payment for the data exchange (which amount shall not include payment for the costs of obtaining, compiling, or maintaining the data)''.

(c) ACCESS TO CONSUMER REPORTS UNDER FAIR CREDIT REPORTING ACT.—(1) Section 608 of the Fair Credit Reporting Act (15 U.S.C. 1681f) is amended—

(A) by striking '', limited to'' and inserting ''to a governmental agency (including the entire consumer report, in the case of a Federal, State, or local agency administering a program under part D of title IV of the Social Security Act, and limited to''; and

(B) by striking ''employment, to a governmental agency'' and inserting ''employment, in the case of any other governmental agency)''.

(2) REIMBURSEMENT FOR REPORTS BY STATE AGENCIES AND CREDIT BUREAUS.—Section 453 (42 U.S.C. 653) is amended by adding at the end the following new subsection:

''(g) The Secretary is authorized to reimburse costs to State agencies and consumer credit reporting agencies the costs incurred by such entities in furnishing information requested by the Secretary pursuant to this section in an amount which the Secretary determines to be reasonable payment for the data exchange (which amount shall not include payment for the costs of obtaining, compiling, or maintaining the data).''.

(d) DISCLOSURE OF TAX RETURN INFORMATION.—(1) Section 6103(1)(6)(A)(ii) of the Internal Revenue Code of 1986 is amended by striking '', but only if'' and all that follows and inserting a period.

(2) Section 6103(1)(8)(A) of the Internal Revenue Code of 1986 is amended by inserting ''Federal,'' before ''State or local''.

(e) TECHNICAL AMENDMENTS.—

(1) Sections 452(a)(9), 453(a), 453(b), 463(a), and 463(e) (42 U.S.C. 652(a)(9), 653(a), 653(b), 663(a), and 663(e)) are each amended by inserting ''Federal'' before ''Parent'' each place it appears.

(2) Section 453 (42 U.S.C. 653) is amended in the heading by adding ''FEDERAL'' before ''PARENT''.

(f) NEW COMPONENTS.—Section 453 (42 U.S.C. 653), as amended by subsection (c)(2) of this section, is amended by adding at the end the following:

''(h) DATA BANK OF CHILD SUPPORT ORDERS.—

''(1) IN GENERAL.—Not later than October 1, 1998, In order to assist States in administering their State plans under this part and parts A, F, and G, and for the other purposes specified in this section, the Secretary shall establish and maintain in the Federal Parent Locator Service an automated registry to be known as the Data Bank of Child Support Orders, which shall contain abstracts of child support orders and other information described in paragraph (2) on each case in each State central case registry maintained pursuant to section 454A(e), as furnished (and regularly updated), pursuant to section 454A(f), by State agencies administering programs under this part.

''(2) CASE INFORMATION.—The information referred to in paragraph (1), as specified by the Secretary, shall include sufficient information (including names, social security numbers or other uniform identification numbers, and State case identification numbers) to identify the individuals who owe or are owed support (or with respect to or on behalf of whom support obligations are sought to be established), and the State or States which have established or modified, or are enforcing or seeking to establish, such an order.

''(i) DIRECTORY OF NEW HIRES.—

''(1) IN GENERAL.—Not later than October 1, 1998, In order to assist States in administering their State plans under this part and

parts A, F, and G, and for the other purposes specified in this section, the Secretary shall establish and maintain in the Federal Parent Locator Service an automated directory to be known as the directory of New Hires, containing—

''(A) information supplied by employers on each newly hired individual, in accordance with paragraph (2); and

''(B) information supplied by State agencies administering State unemployment compensation laws, in accordance with paragraph (3).

''(2) EMPLOYER INFORMATION.—

''(A) INFORMATION REQUIRED.—Subject to subparagraph (D), each employer shall furnish to the Secretary, for inclusion in the directory established under this subsection, not later than 10 days after the date (on or after October 1, 1998) on which the employer hires a new employee (as defined in subparagraph (C)), a report containing the name, date of birth, and social security number of such employee, and the employer identification number of the employer.

''(B) REPORTING METHOD AND FORMAT.—The Secretary shall provide for transmission of the reports required under subparagraph (A) using formats and methods which minimize the burden on employers, which shall include—

''(i) automated or electronic transmission of such reports;

''(ii) transmission by regular mail; and

''(iii) transmission of a copy of the form required for purposes of compliance with section 3402 of the Internal Revenue Code of 1986.

''(C) EMPLOYEE DEFINED.—For purposes of this paragraph, the term 'employee' means any individual subject to the requirement of section 3402(f)(2) of the Internal Revenue Code of 1986.

''(D) PAPERWORK REDUCTION REQUIREMENT.—As required by the information resources management policies published by the Director of the Office of Management and Budget pursuant to section 3504(b)(1) of title 44, United States Code, the Secretary, in order to minimize the cost and reporting burden on employers, shall not require reporting pursuant to this paragraph if an alternative reporting mechanism can be developed that either relies on existing Federal or State reporting or enables the Secretary to collect the needed information in a more cost-effective and equally expeditious manner, taking into account the reporting costs on employers.

''(E) CIVIL MONEY PENALTY ON NONCOMPLYING EMPLOYERS.—(i) Any employer that fails to make a timely report in accordance with this paragraph with respect to an individual shall be subject to a civil money penalty, for each calendar year in which the failure occurs, of the lesser of $500 or 1 percent of the wages or other compensation paid by such employer to such individual during such calendar year.

''(ii) Subject to clause (iii), the provisions of section 1128A (other than subsections (a) and (b) thereof) shall apply to a civil money penalty under clause (i) in the same manner as they apply to a civil money penalty or proceeding under section 1128A(a).

''(iii) Any employer with respect to whom a penalty under this subparagraph is upheld after an administrative hearing shall be liable to pay all costs of the Secretary with respect to such hearing.

''(3) EMPLOYMENT SECURITY INFORMATION.—

''(A) REPORTING REQUIREMENT.—Each State agency administering a State unemployment compensation law approved by the Secretary of Labor under the Federal Unemployment Tax Act shall furnish to the Secretary of Health and Human Services extracts of the reports to the Secretary of Labor concerning the wages and unemployment compensation paid to individuals required under section 303(a)(6), in accordance with subparagraph (B).

''(B) MANNER OF COMPLIANCE.—The extracts required under subparagraph (A) shall be furnished to the Secretary of Health and Human Services on a quarterly basis, with respect to calendar quarters beginning on and after October 1, 1996, by such dates, in such format, and containing such information as required by that Secretary in regulations.

''(j) DATA MATCHES AND OTHER DISCLOSURES.—

''(1) VERIFICATION BY SOCIAL SECURITY ADMINISTRATION.—(A) The Secretary shall transmit data on individuals and employers maintained under this section to the Social Security Administration to the extent necessary for verification in accordance with subparagraph (B).

''(B) The Social Security Administration shall verify the accuracy of, correct or supply to the extent necessary and feasible, and report to the Secretary, the following information in data supplied by the Secretary pursuant to subparagraph (A):

''(i) the name, social security number, and birth date of each individual; and

''(ii) the employer identification number of each employer.

''(2) CHILD SUPPORT LOCATOR MATCHES.—For the purpose of locating individuals for purposes of paternity establishment and establishment and enforcement of child support, the Secretary shall—

''(A) match data in the directory of New Hires against the child support order abstracts in the Data Bank of Child Support Orders not less often than every 2 working days; and

''(B) report information obtained from such a match to concerned State agencies operating programs under this part not later than 2 working days after such match.

''(3) DATA MATCHES AND DISCLOSURES OF DATA IN ALL REGISTRIES FOR TITLE IV PROGRAM PURPOSES.—The Secretary shall—

''(A) perform matches of data in each component of the Federal Parent Locator Service maintained under this section against data in each other such component (other than the matches required pursuant to paragraph (1)), and report information resulting from such matches to State agencies operating programs under this part and parts A, F, and G; and

''(B) disclose data in such registries to such State agencies,

to the extent, and with the frequency, that the Secretary determines to be effective in assisting such States to carry out their responsibilities under such programs.

''(k) FEES.—

''(1) FOR SSA VERIFICATION.—The Secretary shall reimburse the Commissioner of Social Security, at a rate negotiated between the Secretary and the Commissioner, the costs incurred by the Commissioner in performing the verification services specified in subsection (j).

''(2) FOR INFORMATION FROM SESAS.—The Secretary shall reimburse costs incurred by State employment security agencies in furnishing data as required by subsection (j)(3), at rates which the Secretary determines to be reasonable (which rates shall not include payment for the costs of obtaining, compiling, or maintaining such data).

''(3) FOR INFORMATION FURNISHED TO STATE AND FEDERAL AGENCIES.—State and Federal agencies receiving data or information from the Secretary pursuant to this section shall reimburse the costs incurred by the Secretary in furnishing such data or information, at rates which the Secretary determines to be reasonable (which rates shall include payment for the costs of obtaining, verifying, maintaining, and matching such data or information).

''(l) RESTRICTION ON DISCLOSURE AND USE.—Data in the Federal Parent Locator Service, and information resulting from matches using such data, shall not be used or disclosed except as specifically provided in this section.

''(m) RETENTION OF DATA.—Data in the Federal Parent Locator Service, and data resulting from matches performed pursuant to this section, shall be retained for such period (determined by the Secretary) as appropriate for the data uses specified in this section.

''(n) INFORMATION INTEGRITY AND SECURITY.—The Secretary shall establish and implement safeguards with respect to the entities established under this section designed to—

''(1) ensure the accuracy and completeness of information in the Federal Parent Locator Service; and

''(2) restrict access to confidential information in the Federal Parent Locator Service to authorized persons, and restrict use of such information to authorized purposes.

''(o) LIMIT ON LIABILITY.—The Secretary shall not be liable to either a State or an individual for inaccurate information provided to a component of the Federal Parent Locator Service section and disclosed by the Secretary in accordance with this section.''.

(g) CONFORMING AMENDMENTS.—

(1) TO PART D OF TITLE IV OF THE SOCIAL SECURITY ACT.—Section 454(8)(B) (42 U.S.C. 654(8)(B)) is amended to read as follows:

''(B) the Federal Parent Locator Service established under section 453;''.

(2) TO FEDERAL UNEMPLOYMENT TAX ACT.—Section 3304(16) of the Internal Revenue Code of 1986 is amended—

(A) by striking ''Secretary of Health, Education, and Welfare'' each place such term appears and inserting ''Secretary of Health and Human Services'';

(B) in subparagraph (B), by striking ''such information'' and all that follows and inserting ''information furnished under subparagraph (A) or (B) is used only for the purposes authorized under such subparagraph;'';

(C) by striking ''and'' at the end of subparagraph (A);

(D) by redesignating subparagraph (B) as subparagraph (C); and

(E) by inserting after subparagraph (A) the following new subparagraph:

''(B) wage and unemployment compensation information contained in the records of such agency shall be furnished to the Secretary of Health and Human Services (in accordance with regulations promulgated by such Secretary) as necessary for the purposes of the directory of New Hires established under section 453(i) of the Social Security Act, and''.

(3) TO STATE GRANT PROGRAM UNDER TITLE III OF THE SOCIAL SECURITY ACT.—Section 303(a) (42 U.S.C. 503(a)) is amended—

(A) by striking ''and'' at the end of paragraph (8);

(B) by striking the period at the end of paragraph (9) and inserting ''; and''; and

(C) by adding after paragraph (9) the following new paragraph:

''(10) The making of quarterly electronic reports, at such dates, in such format, and containing such information, as required by the Secretary of Health and Human Services under section 453(i)(3), and compliance with such provisions as such Secretary may find necessary to ensure the correctness and verification of such reports.''.

SEC. 9426. USE OF SOCIAL SECURITY NUMBERS.

(a) STATE LAW REQUIREMENT.—Section 466(a) (42 U.S.C. 666(a)), as amended by section 9401(a) of this Act, is amended by inserting after paragraph (12) the following:

''(13) SOCIAL SECURITY NUMBERS REQUIRED.—Procedures requiring the recording of social security numbers—

''(A) of both parties on marriage licenses and divorce decrees; and

''(B) of both parents, on birth records and child support and paternity orders.''.

(b) CLARIFICATION OF FEDERAL POLICY.—Section 205(c)(2)(C)(ii) (42 U.S.C. 405(c)(2)(C)(ii)) is amended by striking the third sentence and inserting ''This clause shall not be considered to authorize disclosure of such numbers except as provided in the preceding sentence.''.

CHAPTER 4—STREAMLINING AND UNIFORMITY OF PROCEDURES

SEC. 9431. ADOPTION OF UNIFORM STATE LAWS.

Section 466(a) (42 U.S.C. 666(a)), as amended by sections 9401(a) and 9426(a) of this Act, is amended inserting after paragraph (13) the following:

''(14) INTERSTATE ENFORCEMENT.—(A) ADOPTION OF UIFSA.—Procedures under which the State adopts in its entirety (with the modifications and additions specified in this paragraph) not later than January 1, 1997, and uses on and after such date, the Uniform Interstate Family Support Act, as approved by the National Conference of Commissioners on Uniform State Laws in August, 1992.

''(B) EXPANDED APPLICATION OF UIFSA.—The State law adopted pursuant to subparagraph (A) shall be applied to any case—

''(i) involving an order established or modified in one State and for which a subsequent modification is sought in another State; or

''(ii) in which interstate activity is required to enforce an order.

''(C) JURISDICTION TO MODIFY ORDERS.—The State law adopted pursuant to subparagraph (A) of this paragraph shall contain the following provision in lieu of section 611(a)(1) of the Uniform Interstate Family Support Act described in such subparagraph (A):

'''(1) the following requirements are met:

'''(i) the child, the individual obligee, and the obligor—

'''(I) do not reside in the issuing State; and

'''(II) either reside in this State or are subject to the jurisdiction of this State pursuant to section 201; and

'''(ii) (in any case where another State is exercising or seeks to exercise jurisdiction to modify the order) the conditions of section 204 are met to the same extent as required for proceedings to establish orders; or'.

''(D) SERVICE OF PROCESS.—The State law adopted pursuant to subparagraph (A) shall recognize as valid, for purposes of any proceeding subject to such State law, service of process upon persons in the State (and proof of such service) by any means acceptable in another State which is the initiating or responding State in such proceeding.

''(E) COOPERATION BY EMPLOYERS.—The State law adopted pursuant to subparagraph (A) shall provide for the use of procedures (including sanctions for noncompliance) under which all entities in the State (including for-profit, nonprofit, and governmental employers) are required to provide promptly, in response to a request by the State agency of that or any other State administering a program under this part, information on the employment, compensation, and benefits of any individual employed by such entity as an employee or contractor.''.

SEC. 9432. IMPROVEMENTS TO FULL FAITH AND CREDIT FOR CHILD SUPPORT ORDERS.

Section 1738B of title 28, United States Code, is amended—

(1) in subsection (a)(2), by striking ''subsection (e)'' and inserting ''subsections (e), (f), and (i)'';

(2) in subsection (b), by inserting after the 2nd undesignated paragraph the following:

'''child's home State' means the State in which a child lived with a parent or a person acting as parent for at least six consecutive months immediately preceding the time of filing of a petition or comparable pleading for support and, if a child is less than six months old, the State in which the child lived from birth with any of them. A period of temporary absence of any of them is counted as part of the six-month period.'';

(3) in subsection (c), by inserting ''by a court of a State'' before ''is made'';

(4) in subsection (c)(1), by inserting ''and subsections (e), (f), and (g)'' after ''located'';

(5) in subsection (d)—

(A) by inserting ''individual'' before ''contestant''; and

(B) by striking ''subsection (e)'' and inserting ''subsections (e) and (f)'';

(6) in subsection (e), by striking ''make a modification of a child support order with respect to a child that is made'' and inserting ''modify a child support order issued'';

(7) in subsection (e)(1), by inserting ''pursuant to subsection (i)'' before the semicolon;

(8) in subsection (e)(2)—

(A) by inserting ''individual'' before ''contestant'' each place such term appears; and

(B) by striking ''to that court's making the modification and assuming'' and inserting ''with the State of continuing, exclusive jurisdiction for a court of another State to modify the order and assume'';

(9) by redesignating subsections (f) and (g) as subsections (g) and (h), respectively;

(10) by inserting after subsection (e) the following:

''(f) RECOGNITION OF CHILD SUPPORT ORDERS.—If one or more child support orders have been issued in this or another State with regard to an obligor and a child, a court shall apply the following rules in determining which order to recognize for purposes of continuing, exclusive jurisdiction and enforcement:

''(1) If only one court has issued a child support order, the order of that court must be recognized.

''(2) If two or more courts have issued child support orders for the same obligor and child, and only one of the courts would have continuing, exclusive jurisdiction under this section, the order of that court must be recognized.

''(3) If two or more courts have issued child support orders for the same obligor and child, and only one of the courts would have continuing, exclusive jurisdiction under this section, an order issued by a court in the current home State of the child must be recognized, but if an order has not been issued in the current home State of the child, the order most recently issued must be recognized.

''(4) If two or more courts have issued child support orders for the same obligor and child, and none of the courts would have continuing, exclusive jurisdiction under this section, a court may issue a child support order, which must be recognized.

''(5) The court that has issued an order recognized under this subsection is the court having continuing, exclusive jurisdiction.'';

(11) in subsection (g) (as so redesignated)—

(A) by striking ''PRIOR'' and inserting ''MODIFIED''; and

(B) by striking ''subsection (e)'' and inserting ''subsections (e) and (f)'';

(12) in subsection (h) (as so redesignated)—

(A) in paragraph (2), by inserting ''including the duration of current payments and other obligations of support'' before the comma; and

(B) in paragraph (3), by inserting ''arrears under'' after ''enforce''; and

(13) by adding at the end the following:

''(i) REGISTRATION FOR MODIFICATION.—If there is no individual contestant or child residing in the issuing State, the party or support enforcement agency seeking to modify, or to modify and enforce, a child support order issued in another State shall register that order in a State with jurisdiction over the nonmovant for the purpose of modification.''.

SEC. 9433. STATE LAWS PROVIDING EXPEDITED PROCEDURES.

(a) STATE LAW REQUIREMENTS.—Section 466 (42 U.S.C. 666) is amended—

(1) in subsection (a)(2), in the first sentence, to read as follows: ''Expedited administrative and judicial procedures (including the procedures specified in subsection (c)) for establishing paternity and for establishing, modifying, and enforcing support obligations.''; and

(2) by adding after subsection (b) the following new subsection:

''(c) EXPEDITED PROCEDURES.—The procedures specified in this subsection are the following:

''(1) ADMINISTRATIVE ACTION BY STATE AGENCY.—Procedures which give the State agency the authority (and recognize and enforce the authority of State agencies of other States), without the necessity of obtaining an order from any other judicial or administrative tribunal (but subject to due process safeguards, including (as appropriate) requirements for notice, opportunity to contest the action, and opportunity for an appeal on the record to an independent administrative or judicial tribunal), to take the following actions relating to establishment or enforcement of orders:

''(A) GENETIC TESTING.—To order genetic testing for the purpose of paternity establishment as provided in section 466(a)(5).

''(B) DEFAULT ORDERS.—To enter a default order, upon a showing of service of process and any additional showing required by State law—

''(i) establishing paternity, in the case of any putative father who refuses to submit to genetic testing; and

''(ii) establishing or modifying a support obligation, in the case of a parent (or other obligor or obligee) who fails to respond to notice to appear at a proceeding for such purpose.

''(C) SUBPOENAS.—To subpoena any financial or other information needed to establish, modify, or enforce an order, and to sanction failure to respond to any such subpoena.

''(D) ACCESS TO PERSONAL AND FINANCIAL INFORMATION.—To obtain access, subject to safeguards on privacy and information security, to the following records (including automated access, in the case of records maintained in automated data bases):

''(i) records of other State and local government agencies, including—

''(I) vital statistics (including records of marriage, birth, and divorce);

''(II) State and local tax and revenue records (including information on residence address, employer, income and assets);

''(III) records concerning real and titled personal property;

''(IV) records of occupational and professional licenses, and records concerning the ownership and control of corporations, partnerships, and other business entities;

''(V) employment security records;

''(VI) records of agencies administering public assistance programs;

''(VII) records of the motor vehicle department; and

''(VIII) corrections records; and

''(ii) certain records held by private entities, including—

''(I) customer records of public utilities and cable television companies; and

''(II) information (including information on assets and liabilities) on individuals who owe or are owed support (or against or with respect to whom a support obligation is sought) held by financial institutions (subject to limitations on liability of such entities arising from affording such access).

''(E) INCOME WITHHOLDING.—To order income withholding in accordance with subsection (a)(1) and (b) of section 466.

''(F) CHANGE IN PAYEE.—(In cases where support is subject to an assignment under section 403(b)(1)(E)(i), 471(a)(17), or 1912, or to a requirement to pay through the centralized collections unit under section 454B) upon providing notice to obligor and obligee, to direct the obligor or other payor to change the payee to the appropriate government entity.

''(G) SECURE ASSETS TO SATISFY ARREARAGES.—For the purpose of securing overdue support—

''(i) to intercept and seize any periodic or lump-sum payment to the obligor by or through a State or local government agency, including—

''(I) unemployment compensation, workers' compensation, and other benefits;

''(II) judgments and settlements in cases under the jurisdiction of the State or local government; and

''(III) lottery winnings;

''(ii) to attach and seize assets of the obligor held by financial institutions;

''(iii) to attach public and private retirement funds in appropriate cases, as determined by the Secretary; and

''(iv) to impose liens in accordance with paragraph (a)(4) and, in appropriate cases, to force sale of property and distribution of proceeds.

''(H) INCREASE MONTHLY PAYMENTS.—For the purpose of securing overdue support, to increase the amount of monthly support payments to include amounts for arrearages (subject to such conditions or restrictions as the State may provide).

''(I) SUSPENSION OF DRIVERS' LICENSES.—To suspend drivers' licenses of individuals owing past-due support, in accordance with subsection (a)(16).

''(2) SUBSTANTIVE AND PROCEDURAL RULES.—The expedited procedures required under subsection (a)(2) shall include the following rules and authority, applicable with respect to all proceedings to establish paternity or to establish, modify, or enforce support orders:

''(A) LOCATOR INFORMATION; PRESUMPTIONS CONCERNING NOTICE.—Procedures under which—

''(i) the parties to any paternity or child support proceedings are required (subject to privacy safeguards) to file with the tribunal before entry of an order, and to update as appropriate, information on location and identity (including Social Security number, residential and mailing addresses, telephone number, driver's license number, and name, address, and telephone number of employer); and

''(ii) in any subsequent child support enforcement action between the same parties, the tribunal shall be authorized, upon sufficient showing that diligent effort has been made to ascertain such party's current location, to deem due process requirements for notice and service of process to be met, with respect to such party, by delivery to the most recent residential or employer address so filed pursuant to clause (i).

''(B) STATEWIDE JURISDICTION.—Procedures under which—

''(i) the State agency and any administrative or judicial tribunal with authority to hear child support and paternity cases exerts statewide jurisdiction over the parties, and orders issued in such cases have statewide effect; and

''(ii) (in the case of a State in which orders in such cases are issued by local jurisdictions) a case may be transferred between jurisdictions in the State without need for any additional filing by the petitioner, or service of process upon the respondent, to retain jurisdiction over the parties.''.

(c) EXCEPTIONS FROM STATE LAW REQUIREMENTS.—Section 466(d) (42 U.S.C. 666(d)) is amended—

(1) by striking ''(d) If'' and inserting the following:

''(d) EXEMPTIONS FROM REQUIREMENTS.—

''(1) IN GENERAL.—Subject to paragraph (2), if''; and

(2) by adding at the end the following new paragraph:

''(2) NONEXEMPT REQUIREMENTS.—The Secretary shall not grant an exemption from the requirements of—

''(A) subsection (a)(5) (concerning procedures for paternity establishment);

''(B) subsection (a)(10) (concerning modification of orders);

''(C) subsection (a)(12) (concerning recording of orders in the central State case registry);

''(D) subsection (a)(13) (concerning recording of Social Security numbers);

''(E) subsection (a)(14) (concerning interstate enforcement); or

''(F) subsection (c) (concerning expedited procedures), other than paragraph (1)(A) thereof (concerning establishment or modification of support amount).''.

(d) AUTOMATION OF STATE AGENCY FUNCTIONS.—Section 454A, as added by section 9415(a)(2) of this Act and as amended by sections 9421 and 9422(c) of this Act, is amended by adding at the end the following new subsection:

''(h) EXPEDITED ADMINISTRATIVE PROCEDURES.—The automated system required under this section shall be used, to the maximum extent feasible, to implement any expedited administrative procedures required under section 466(c).''.

CHAPTER 5—PATERNITY ESTABLISHMENT

SEC. 9441. SENSE OF THE CONGRESS.

It is the sense of the Congress that social services should be provided in hospitals to women who have become pregnant as a result of rape or incest.

SEC. 9442. AVAILABILITY OF PARENTING SOCIAL SERVICES FOR NEW FATHERS.

Section 466(a) (42 U.S.C. 666(a)), as amended by sections 9401(a), 9426(a), and 9431 of this Act, is amended by inserting after paragraph (14) the following:

''(15) Procedures for providing new fathers with positive parenting counseling that stresses the importance of paying child support in a timely manner, in accordance with regulations prescribed by the Secretary.''.

SEC. 9443. COOPERATION REQUIREMENT AND GOOD CAUSE EXCEPTION.

(a) IN GENERAL.—Section 454 (42 U.S.C. 654) is amended—

(1) by striking ''and'' at the end of paragraph (23);

(2) by striking the period at the end of paragraph (24) and inserting ''; and''; and

(3) by inserting after paragraph (24) the following:

''(25) provide that the State agency administering the plan under this part—

''(A) will make the determination specified under paragraph (4), as to whether an individual is cooperating with efforts to establish paternity and secure support (or has good cause not to cooperate with such efforts) for purposes of the requirements of sections 403(b)(1)(E)(i) and 1912;

''(B) will advise individuals, both orally and in writing, of the grounds for good cause exceptions to the requirement to cooperate with such efforts;

''(C) will take the best interests of the child into consideration in making the determination whether such individual has good cause not to cooperate with such efforts;

''(D)(i) will make the initial determination as to whether an individual is cooperating (or has good cause not to cooperate) with efforts to establish paternity within 10 days after such individual is referred to such State agency by the State agency administering the program under part A of title XIX;

''(ii) will make redeterminations as to cooperation or good cause at appropriate intervals; and

''(iii) will promptly notify the individual, and the State agencies administering such programs, of each such determination and redetermination;

''(E) with respect to any child born on or after the date 10 months after enactment of this provision, will not determine (or redetermine) the mother (or other custodial relative) of such child to be cooperating with efforts to establish paternity unless such individual furnishes—

''(i) the name of the putative father (or fathers); and

''(ii) sufficient additional information to enable the State agency, if reasonable efforts were made, to verify the identity of the person named as the putative father (including such information as the putative father's present address, telephone number, date of birth, past or present place of employment, school previously or currently attended, and names and addresses of parents, friends, or relatives able to provide location information, or other information that could enable service of process on such person), and

''(F)(i) (where a custodial parent who was initially determined not to be cooperating (or to have good cause not to cooperate) is later determined to be cooperating or to have good cause not to cooperate) will immediately notify the State agencies administering the programs under part A of title XIX that this eligibility condition has been met; and

''(ii) (where a custodial parent was initially determined to be cooperating (or to have good cause not to cooperate)) will not later determine such individual not to be cooperating (or not to have good cause not to cooperate) until such individual has been afforded an opportunity for a hearing.''.

(b) MEDICAID AMENDMENTS.—Section 1912(a) (42 U.S.C. 1396k(a)) is amended—

(1) in paragraph (1)(B), by inserting ''(except as provided in paragraph (2))'' after ''to cooperate with the State'';

(2) in subparagraphs (B) and (C) of paragraph (1) by striking '', unless'' and all that follows and inserting a semicolon; and

(3) by redesignating paragraph (2) as paragraph (5), and inserting after paragraph (1) the following new paragraphs:

''(2) provide that the State agency will immediately refer each applicant or recipient requiring paternity establishment services to the State agency administering the program under part D of title IV;

''(3) provide that an individual will not be required to cooperate with the State, as provided under paragraph (1), if the individual is found to have good cause for refusing to cooperate, as determined in accordance with standards prescribed by the Secretary, which

standards shall take into consideration the best interests of the individuals involved—

''(A) to the satisfaction of the State agency administering the program under part D, as determined in accordance with section 454(25), with respect to the requirements to cooperate with efforts to establish paternity and to obtain support (including medical support) from a parent; and

''(B) to the satisfaction of the State agency administering the program under this title, with respect to other requirements to cooperate under paragraph (1);

''(4) provide that (except as provided in paragraph (5)) an applicant requiring paternity establishment services (other than an individual presumptively eligible pursuant to section 1920) shall not be eligible for medical assistance under this title until such applicant—

''(i) has furnished to the agency administering the State plan under part D of title IV the information specified in section 454(25)(E); or

''(ii) has been determined by such agency to have good cause not to cooperate; and

''(5) provide that the provisions of paragraph (4) shall not apply with respect to an applicant—

''(i) if such agency has not, within 10 days after such individual was referred to such agency, provided the notification required by section 454(25)(D)(iii), until such notification is received); and

''(ii) if such individual appeals a determination that the individual lacks good cause for noncooperation, until after such determination is affirmed after notice and opportunity for a hearing.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall be effective with respect to applications filed in or after the first calendar quarter beginning 10 months or more after the date of the enactment of this Act (or such earlier quarter as the State may select) for assistance under a State plan approved under part A of title IV of the Social Security Act or for medical assistance under a State plan approved under title XIX of such Act.

SEC. 9444. FEDERAL MATCHING PAYMENTS.

(a) INCREASED BASE MATCHING RATE.—Section 455(a)(2) (42 U.S.C. 655(a)(2)) is amended to read as follows:

''(2) The applicable percent for a quarter for purposes of paragraph (1)(A) is—

''(A) for fiscal year 1996, 69 percent;

''(B) for fiscal year 1997, 72 percent; and

''(C) for fiscal year 1998 and succeeding fiscal years, 75 percent.''.

(b) MAINTENANCE OF EFFORT.—Section 455 (42 U.S.C. 655) is amended—

(1) in subsection (a)(1), in the matter preceding subparagraph (A), by striking ''From'' and inserting ''Subject to subsection (c), from''; and

(2) by inserting after subsection (b) the following:

''(c) MAINTENANCE OF EFFORT.—Notwithstanding subsection (a), total expenditures for the State program under this part for fiscal year 1996 and each succeeding fiscal year, reduced by the percentage specified for such fiscal year under subparagraph (A), (B), or (C)(i) of paragraph (2), shall not be less than such total expenditures for fiscal year 1995, reduced by 66 percent.''.

SEC. 9445. STATE LAWS CONCERNING PATERNITY ESTABLISHMENT.

(a) STATE LAWS REQUIRED.—Section 466(a)(5) (42 U.S.C. 666(a)(5)) is amended—

(1) by striking ''(5)'' and inserting the following:

''(5) PROCEDURES CONCERNING PATERNITY ESTABLISHMENT.—'';

(2) in subparagraph (A)—

(A) by striking ''(A)(i)'' and inserting the following:

''(A) ESTABLISHMENT PROCESS AVAILABLE FROM BIRTH UNTIL AGE EIGHTEEN.—(i)''; and

(B) by indenting clauses (i) and (ii) so that the left margin of such clauses is 2 ems to the right of the left margin of paragraph (4);

(3) in subparagraph (B)—

(A) by striking ''(B)'' and inserting the following:

''(B) PROCEDURES CONCERNING GENETIC TESTING.—(i)'';

(B) in clause (i), as redesignated, by inserting before the period '', where such request is supported by a sworn statement (I) by such party alleging paternity setting forth facts establishing a reasonable possibility of the requisite sexual contact of the parties, or (II) by such party denying paternity setting forth facts establishing a reasonable possibility of the nonexistence of sexual contact of the parties;'';

(C) by inserting after and below clause (i) (as redesignated) the following new clause:

''(ii) Procedures which require the State agency, in any case in which such agency orders genetic testing—

''(I) to pay costs of such tests, subject to recoupment (where the State so elects) from the putative father if paternity is established; and

''(II) to obtain additional testing in any case where an original test result is disputed, upon request and advance payment by the disputing party.'';

(4) by striking subparagraphs (C) and (D) and inserting the following:

''(C) PATERNITY ACKNOWLEDGMENT.—(i) Procedures for a simple civil process for voluntarily acknowledging paternity under which the State must provide that, before a mother and a putative father can sign an acknowledgment of paternity, the putative father and the mother must be given notice, orally, in writing, and in a language that each can understand, of the alternatives to, the legal consequences of, and the rights (including, if 1 parent is a minor, any rights afforded due to minority status) and responsibilities that arise from, signing the acknowledgment.

''(ii) Such procedures must include a hospital-based program for the voluntary acknowledgment of paternity focusing on the period immediately before or after the birth of a child.

''(iii) Such procedures must require the State agency responsible for maintaining birth records to offer voluntary paternity establishment services.

''(iv) The Secretary shall prescribe regulations governing voluntary paternity establishment services offered by hospitals and birth record agencies. The Secretary shall prescribe regulations specifying the types of other entities that may offer voluntary paternity establishment services, and governing the provision of such services, which shall include a requirement that such an entity must use the same notice provisions used by, the same materials used by, provide the personnel providing such services with the same training provided by, and evaluate the provision of such services in the same manner as, voluntary paternity establishment programs of hospitals and birth record agencies.

''(v) Such procedures must require the State and those required to establish paternity to use only the affidavit developed under section 452(a)(7) for the voluntary acknowledgment of paternity, and to give full faith and credit to such an affidavit signed in any other State.

''(D) STATUS OF SIGNED PATERNITY ACKNOWLEDGMENT.—(i) Procedures under which a signed acknowledgment of paternity is considered a legal finding of paternity, subject to the right of any signatory to rescind the acknowledgment within 60 days.

''(ii)(I) Procedures under which, after the 60-day period referred to in clause (i), a signed acknowledgment of paternity may be challenged in court only on the basis of fraud, duress, or material mistake of fact, with the burden of proof upon the challenger, and under which the legal responsibilities (including child support obligations) of any signatory arising from the acknowledgment may not be suspended during the challenge, except for good cause shown.

''(II) Procedures under which, after the 60-day period referred to in clause (i), a minor who signs an acknowledgment of paternity other than in the presence of a parent or court-appointed guardian ad litem may rescind the acknowledgment in a judicial or administrative proceeding, until the earlier of—

''(aa) attaining the age of majority; or

''(bb) the date of the first judicial or administrative proceeding brought (after the signing) to establish a child support obligation, visitation rights, or custody rights with respect to the child whose paternity is the subject of the acknowledgment, and at which the minor is represented by a parent, guardian ad litem, or attorney.'';

(5) by striking subparagraph (E) and inserting the following:

''(E) BAR ON ACKNOWLEDGMENT RATIFICATION PROCEEDINGS.—Procedures under which no judicial or administrative proceedings are required or permitted to ratify an unchallenged acknowledgment of paternity.'';

(6) by striking subparagraph (F) and inserting the following:

''(F) ADMISSIBILITY OF GENETIC TESTING RESULTS.—Procedures—

''(i) requiring that the State admit into evidence, for purposes of establishing paternity, results of any genetic test that is—

''(I) of a type generally acknowledged, by accreditation bodies designated by the Secretary, as reliable evidence of paternity; and

''(II) performed by a laboratory approved by such an accreditation body;

''(ii) that any objection to genetic testing results must be made in writing not later than a specified number of days before any hearing at which such results may be introduced into evidence (or, at State option, not later than a specified number of days after receipt of such results); and

''(iii) that, if no objection is made, the test results are admissible as evidence of paternity without the need for foundation testimony or other proof of authenticity or accuracy.''; and

(7) by adding after subparagraph (H) the following new subparagraphs:

''(I) NO RIGHT TO JURY TRIAL.—Procedures providing that the parties to an action to establish paternity are not entitled to jury trial.

''(J) TEMPORARY SUPPORT ORDER BASED ON PROBABLE PATERNITY IN CONTESTED CASES.—Procedures which require that a temporary order be issued, upon motion by a party, requiring the provision of child support pending an administrative or judicial determination of parentage, where there is clear and convincing evidence of paternity (on the basis of genetic tests or other evidence).

''(K) PROOF OF CERTAIN SUPPORT AND PATERNITY ESTABLISHMENT COSTS.—Procedures under which bills for pregnancy, childbirth, and genetic testing are admissible as evidence without requiring third-party foundation testimony, and shall constitute prima facie evidence of amounts incurred for such services and testing on behalf of the child.

''(L) WAIVER OF STATE DEBTS FOR COOPERATION.—At the option of the State, procedures under which the tribunal establishing paternity and support has discretion to waive rights to all or part of amounts owed to the

State (but not to the mother) for costs related to pregnancy, childbirth, and genetic testing and for public assistance paid to the family where the father cooperates or acknowledges paternity before or after genetic testing.

''(M) STANDING OF PUTATIVE FATHERS.—Procedures ensuring that the putative father has a reasonable opportunity to initiate a paternity action.''.

(b) NATIONAL PATERNITY ACKNOWLEDGMENT AFFIDAVIT.—Section 452(a)(7) (42 U.S.C. 652(a)(7)) is amended by inserting '', and develop an affidavit to be used for the voluntary acknowledgment of paternity which shall include the social security account number of each parent'' before the semicolon.

(c) TECHNICAL AMENDMENT.—Section 468 (42 U.S.C. 668) is amended by striking ''a simple civil process for voluntarily acknowledging paternity and''.

SEC. 9446. OUTREACH FOR VOLUNTARY PATERNITY ESTABLISHMENT.

(a) STATE PLAN REQUIREMENT.—Section 454(23) (42 U.S.C. 654(23)) is amended by adding at the end the following new subparagraph:

''(C) publicize the availability and encourage the use of procedures for voluntary establishment of paternity and child support through a variety of means, which—

''(i) include distribution of written materials at health care facilities (including hospitals and clinics), and other locations such as schools;

''(ii) may include pre-natal programs to educate expectant couples on individual and joint rights and responsibilities with respect to paternity (and may require all expectant recipients of assistance under part A to participate in such pre-natal programs, as an element of cooperation with efforts to establish paternity and child support);

''(iii) include, with respect to each child discharged from a hospital after birth for whom paternity or child support has not been established, reasonable follow-up efforts (including at least one contact of each parent whose whereabouts are known, except where there is reason to believe such follow-up efforts would put mother or child at risk), providing—

''(I) in the case of a child for whom paternity has not been established, information on the benefits of and procedures for establishing paternity; and

''(II) in the case of a child for whom paternity has been established but child support has not been established, information on the benefits of and procedures for establishing a child support order, and an application for child support services;''.

(b) ENHANCED FEDERAL MATCHING.—Section 455(a)(1)(C) (42 U.S.C. 655(a)(1)(C)) is amended—

(1) by inserting ''(i)'' before ''laboratory costs'', and

(2) by inserting before the semicolon '', and (ii) costs of outreach programs designed to encourage voluntary acknowledgment of paternity''.

(c) EFFECTIVE DATES.—(1) The amendments made by subsection (a) shall become effective October 1, 1997.

(2) The amendments made by subsection (b) shall be effective with respect to calendar quarters beginning on and after October 1, 1996.

CHAPTER 6—ESTABLISHMENT AND MODIFICATION OF SUPPORT ORDERS

SEC. 9451. NATIONAL CHILD SUPPORT GUIDELINES COMMISSION.

(a) ESTABLISHMENT.—There is hereby established a commission to be known as the ''National Child Support Guidelines Commission'' (in this section referred to as the ''Commission'').

(b) GENERAL DUTIES.—The Commission shall develop a national child support guideline for consideration by the Congress that is based on a study of various guideline models, the benefits and deficiencies of such models, and any needed improvements.

(c) MEMBERSHIP.—

(1) NUMBER; APPOINTMENT.—

(A) IN GENERAL.—The Commission shall be composed of 12 individuals appointed jointly by the Secretary of Health and Human Services and the Congress, not later than January 15, 1997, of which—

(i) 2 shall be appointed by the Chairman of the Committee on Finance of the Senate, and 1 shall be appointed by the ranking minority member of the Committee;

(ii) 2 shall be appointed by the Chairman of the Committee on Ways and Means of the House of Representatives, and 1 shall be appointed by the ranking minority member of the Committee; and

(iii) 6 shall be appointed by the Secretary of Health and Human Services.

(B) QUALIFICATIONS OF MEMBERS.—Members of the Commission shall have expertise and experience in the evaluation and development of child support guidelines. At least 1 member shall represent advocacy groups for custodial parents, at least 1 member shall represent advocacy groups for noncustodial parents, and at least 1 member shall be the director of a State program under part D of title IV of the Social Security Act.

(2) TERMS OF OFFICE.—Each member shall be appointed for a term of 2 years. A vacancy in the Commission shall be filled in the manner in which the original appointment was made.

(d) COMMISSION POWERS, COMPENSATION, ACCESS TO INFORMATION, AND SUPERVISION.—The first sentence of subparagraph (C), the first and third sentences of subparagraph (D), subparagraph (F) (except with respect to the conduct of medical studies), clauses (ii) and (iii) of subparagraph (G), and subparagraph (H) of section 1886(e)(6) of the Social Security Act shall apply to the Commission in the same manner in which such provisions apply to the Prospective Payment Assessment Commission.

(e) REPORT.—Not later than 2 years after the appointment of members, the Commission shall submit to the President, the Committee on Ways and Means of the House of Representatives, and the Committee on Finance of the Senate, a recommended national child support guideline and a final assessment of issues relating to such a proposed national child support guideline.

(f) TERMINATION.—The Commission shall terminate 6 months after the submission of the report described in subsection (e).

SEC. 9452. SIMPLIFIED PROCESS FOR REVIEW AND ADJUSTMENT OF CHILD SUPPORT ORDERS.

(a) IN GENERAL.—Section 466(a)(10) (42 U.S.C. 666(a)(10)) is amended to read as follows:

''(10) PROCEDURES FOR MODIFICATION OF SUPPORT ORDERS.—

''(A)(i) Procedures under which—

''(I) every 3 years, at the request of either parent subject to a child support order, the State shall review and, as appropriate, adjust the order in accordance with the guidelines established under section 467(a) if the amount of the child support award under the order differs from the amount that would be awarded in accordance with such guidelines, without a requirement for any other change in circumstances; and

''(II) upon request at any time of either parent subject to a child support order, the State shall review and, as appropriate, adjust the order in accordance with the guidelines established under section 467(a) based on a substantial change in the circumstances of either such parent.

''(ii) Such procedures shall require both parents subject to a child support order to be notified of their rights and responsibilities provided for under clause (i) at the time the order is issued and in the annual information exchange form provided under subparagraph (B).

''(B) Procedures under which each child support order issued or modified in the State after the effective date of this subparagraph shall require the parents subject to the order to provide each other with a complete statement of their respective financial condition annually on a form which shall be established by the Secretary and provided by the State. The Secretary shall establish regulations for the enforcement of such exchange of information.''.

CHAPTER 7—ENFORCEMENT OF SUPPORT ORDERS

SEC. 9461. FEDERAL INCOME TAX REFUND OFFSET.

(a) CHANGED ORDER OF REFUND DISTRIBUTION UNDER INTERNAL REVENUE CODE.—Section 6402(c) of the Internal Revenue Code of 1986 is amended by striking the 3rd sentence.

(b) ELIMINATION OF DISPARITIES IN TREATMENT OF ASSIGNED AND NON-ASSIGNED ARREARAGES.—(1) Section 464(a) (42 U.S.C. 664(a)) is amended—

(A) by striking ''(a)'' and inserting ''(a) OFFSET AUTHORIZED.—'';

(B) in paragraph (1)—

(i) in the first sentence, by striking ''which has been assigned to such State pursuant to section 402(a)(26) or section 471(a)(17)''; and

(ii) in the second sentence, by striking ''in accordance with section 457 (b)(4) or (d)(3)'' and inserting ''as provided in paragraph (2)'';

(C) in paragraph (2), to read as follows:

''(2) The State agency shall distribute amounts paid by the Secretary of the Treasury pursuant to paragraph (1)—

''(A) in accordance with section 457(a)(4) or (d)(3), in the case of past-due support assigned to a State pursuant to section 403(b)(1)(E)(i) or 471(a)(17); and

''(B) to or on behalf of the child to whom the support was owed, in the case of past-due support not so assigned.'';

(D) in paragraph (3)—

(i) by striking ''or (2)'' each place it appears; and

(ii) in subparagraph (B), by striking ''under paragraph (2)'' and inserting ''on account of past-due support described in paragraph (2)(B)''.

(2) Section 464(b) (42 U.S.C. 664(b)) is amended—

(A) by striking ''(b)(1)'' and inserting ''(b) REGULATIONS.—''; and

(B) by striking paragraph (2).

(3) Section 464(c) (42 U.S.C. 664(c)) is amended—

(A) by striking ''(c)(1) Except as provided in paragraph (2), as'' and inserting ''(c) DEFINITION.—As''; and

(B) by striking paragraphs (2) and (3).

(c) EFFECTIVE DATE.—The amendments made by this section shall become effective October 1, 1999.

SEC. 9462. INTERNAL REVENUE SERVICE COLLECTION OF ARREARS.

(a) AMENDMENT TO INTERNAL REVENUE CODE.—Section 6305(a) of the Internal Revenue Code of 1986 is amended—

(1) in paragraph (1), by inserting ''except as provided in paragraph (5)'' after ''collected'';

(2) by striking ''and'' at the end of paragraph (3);

(3) by striking the period at the end of paragraph (4) and inserting a comma;

(4) by adding after paragraph (4) the following new paragraph:

''(5) no additional fee may be assessed for adjustments to an amount previously certified pursuant to such section 452(b) with respect to the same obligor.''; and

(5) by striking ''Secretary of Health, Education, and Welfare'' each place it appears and inserting ''Secretary of Health and Human Services''.

(b) EFFECTIVE DATE.—The amendments made by this section shall become effective October 1, 1997.

SEC. 9463. AUTHORITY TO COLLECT SUPPORT FROM FEDERAL EMPLOYEES.

(a) CONSOLIDATION AND STREAMLINING OF AUTHORITIES.—

(1) Section 459 (42 U.S.C. 659) is amended in the caption by inserting ''INCOME WITHHOLDING,'' before ''GARNISHMENT''.

(2) Section 459(a) (42 U.S.C. 659(a)) is amended—

(A) by striking ''(a)'' and inserting ''(a) CONSENT TO SUPPORT ENFORCEMENT.—

(B) by striking ''section 207'' and inserting ''section 207 of this Act and 38 U.S.C. 5301''; and

(C) by striking all that follows ''a private person,'' and inserting ''to withholding in accordance with State law pursuant to subsections (a)(1) and (b) of section 466 and regulations of the Secretary thereunder, and to any other legal process brought, by a State agency administering a program under this part or by an individual obligee, to enforce the legal obligation of such individual to provide child support or alimony.''.

(3) Section 459(b) (42 U.S.C. 659(b)) is amended to read as follows:

''(b) CONSENT TO REQUIREMENTS APPLICABLE TO PRIVATE PERSON.— Except as otherwise provided herein, each entity specified in subsection (a) shall be subject, with respect to notice to withhold income pursuant to subsection (a)(1) or (b) of section 466, or to any other order or process to enforce support obligations against an individual (if such order or process contains or is accompanied by sufficient data to permit prompt identification of the individual and the moneys involved), to the same requirements as would apply if such entity were a private person.''.

(4) Section 459(c) (42 U.S.C. 659(c)) is redesignated and relocated as paragraph (2) of subsection (f), and is amended—

(A) by striking ''responding to interrogatories pursuant to requirements imposed by section 461(b)(3)'' and inserting ''taking actions necessary to comply with the requirements of subsection (A) with regard to any individual''; and

(B) by striking ''any of his duties'' and all that follows and inserting ''such duties.''.

(5) Section 461 (42 U.S.C. 661) is amended by striking subsection (b), and section 459 (42 U.S.C. 659) is amended by inserting after subsection (b) (as added by paragraph (3) of this subsection) the following:

''(c) DESIGNATION OF AGENT; RESPONSE TO NOTICE OR PROCESS.—(1) The head of each agency subject to the requirements of this section shall—

''(A) designate an agent or agents to receive orders and accept service of process; and

''(B) publish (i) in the appendix of such regulations, (ii) in each subsequent republication of such regulations, and (iii) annually in the Federal Register, the designation of such agent or agents, identified by title of position, mailing address, and telephone number.''.

(6) Section 459 (42 U.S.C. 659) is amended by striking subsection (d) and by inserting after subsection (c)(1) (as added by paragraph (5) of this subsection) the following:

''(2) Whenever an agent designated pursuant to paragraph (1) receives notice pursuant to subsection (a)(1) or (b) of section 466, or is effectively served with any order, process, or interrogatories, with respect to an individual's child support or alimony payment obligations, such agent shall—

''(A) as soon as possible (but not later than fifteen days) thereafter, send written notice of such notice or service (together with a copy thereof) to such individual at his duty station or last-known home address;

''(B) within 30 days (or such longer period as may be prescribed by applicable State law) after receipt of a notice pursuant to subsection (a)(1) or (b) of section 466, comply with all applicable provisions of such section 466; and

''(C) within 30 days (or such longer period as may be prescribed by applicable State law) after effective service of any other such order, process, or interrogatories, respond thereto.''.

(7) Section 461 (42 U.S.C. 661) is amended by striking subsection (c), and section 459 (42 U.S.C. 659) is amended by inserting after subsection (c) (as added by paragraph (5) and amended by paragraph (6) of this subsection) the following:

''(d) PRIORITY OF CLAIMS.—In the event that a governmental entity receives notice or is served with process, as provided in this section, concerning amounts owed by an individual to more than one person—

''(1) support collection under section 466(b) must be given priority over any other process, as provided in section 466(b)(7);

''(2) allocation of moneys due or payable to an individual among claimants under section 466(b) shall be governed by the provisions of such section 466(b) and regulations thereunder; and

''(3) such moneys as remain after compliance with subparagraphs (A) and (B) shall be available to satisfy any other such processes on a first-come, first-served basis, with any such process being satisfied out of such moneys as remain after the satisfaction of all such processes which have been previously served.''.

(8) Section 459(e) (42 U.S.C. 659(e)) is amended by striking ''(e)'' and inserting the following:

''(e) NO REQUIREMENT TO VARY PAY CYCLES.—''.

(9) Section 459(f) (42 U.S.C. 659(f)) is amended by striking ''(f)'' and inserting the following:

''(f) RELIEF FROM LIABILITY.—(1)''.

(10) Section 461(a) (42 U.S.C. 661(a)) is redesignated and relocated as section 459(g), and is amended—

(A) by striking ''(g)'' and inserting the following:

''(g) REGULATIONS.—''; and

(B) by striking ''section 459'' and inserting ''this section''.

(11) Section 462 (42 U.S.C. 662) is amended by striking subsection (f), and section 459 (42 U.S.C. 659) is amended by inserting the following after subsection (g) (as added by paragraph (10) of this subsection):

''(h) MONEYS SUBJECT TO PROCESS.—(1) Subject to subsection (i), moneys paid or payable to an individual which are considered to be based upon remuneration for employment, for purposes of this section—

''(A) consist of—

''(i) compensation paid or payable for personal services of such individual, whether such compensation is denominated as wages, salary, commission, bonus, pay, allowances, or otherwise (including severance pay, sick pay, and incentive pay);

''(ii) periodic benefits (including a periodic benefit as defined in section 228(h)(3)) or other payments—

''(I) under the insurance system established by title II;

''(II) under any other system or fund established by the United States which provides for the payment of pensions, retirement or retired pay, annuities, dependents' or survivors' benefits, or similar amounts payable on account of personal services performed by the individual or any other individual;

''(III) as compensation for death under any Federal program;

''(IV) under any Federal program established to provide 'black lung' benefits; or

''(V) by the Secretary of Veterans Affairs as pension, or as compensation for a service-connected disability or death (except any compensation paid by such Secretary to a former member of the Armed Forces who is in receipt of retired or retainer pay if such former member has waived a portion of his retired pay in order to receive such compensation); and

''(iii) worker's compensation benefits paid under Federal or State law; but

''(B) do not include any payment—

''(i) by way of reimbursement or otherwise, to defray expenses incurred by such individual in carrying out duties associated with his employment; or

''(ii) as allowances for members of the uniformed services payable pursuant to chapter 7 of title 37, United States Code, as prescribed by the Secretaries concerned (defined by section 101(5) of such title) as necessary for the efficient performance of duty.''.

(12) Section 462(g) (42 U.S.C. 662(g)) is redesignated and relocated as section 459(i) (42 U.S.C. 659(i)).

(13)(A) Section 462 (42 U.S.C. 662) is amended—

(i) in subsection (e)(1), by redesignating subparagraphs (A), (B), and (C) as clauses (i), (ii), and (iii); and

(ii) in subsection (e), by redesignating paragraphs (1) and (2) as subparagraphs (A) and (B).

(B) Section 459 (42 U.S.C. 659) is amended by adding at the end the following:

''(j) DEFINITIONS.—For purposes of this section—''.

(C) Subsections (a) through (e) of section 462 (42 U.S.C. 662), as amended by subparagraph (A) of this paragraph, are relocated and redesignated as paragraphs (1) through (4), respectively of section 459(j) (as added by subparagraph (B) of this paragraph, (42 U.S.C. 659(j)), and the left margin of each of such paragraphs (1) through (4) is indented 2 ems to the right of the left margin of subsection (i) (as added by paragraph (12) of this subsection).

(b) CONFORMING AMENDMENTS.—

(1) TO PART D OF TITLE IV.—Sections 461 and 462 (42 U.S.C. 661), as amended by subsection (a) of this section, are repealed.

(2) TO TITLE 5, UNITED STATES CODE.—Section 5520a of title 5, United States Code, is amended, in subsections (h)(2) and (i), by striking ''sections 459, 461, and 462 of the Social Security Act (42 U.S.C. 659, 661, and 662)'' and inserting ''section 459 of the Social Security Act (42 U.S.C. 659)''.

(c) MILITARY RETIRED AND RETAINER PAY.—(1) DEFINITION OF COURT.—Section 1408(a)(1) of title 10, United States Code, is amended—

(A) by striking ''and'' at the end of subparagraph (B);

(B) by striking the period at the end of subparagraph (C) and inserting ''; and''; and

(C) by adding after subparagraph (C) the following new paragraph:

''(D) any administrative or judicial tribunal of a State competent to enter orders for support or maintenance (including a State agency administering a State program under part D of title IV of the Social Security Act).'';

(2) DEFINITION OF COURT ORDER.—Section 1408(a)(2) of such title is amended by inserting ''or a court order for the payment of child support not included in or accompanied by such a decree or settlement,'' before ''which—''.

(3) PUBLIC PAYEE.—Section 1408(d) of such title is amended—

(A) in the heading, by striking ''to spouse'' and inserting ''to (or for benefit of)''; and

(B) in paragraph (1), in the first sentence, by inserting ''(or for the benefit of such spouse or former spouse to a State central collections unit or other public payee designated by a State, in accordance with part D of title IV of the Social Security Act, as directed by court order, or as otherwise directed in accordance with such part D)'' before ''in an amount sufficient''.

(4) RELATIONSHIP TO PART D OF TITLE IV.—Section 1408 of such title is amended by adding at the end the following new subsection:

''(j) RELATIONSHIP TO OTHER LAWS.—In any case involving a child support order against a member who has never been married to the other parent of the child, the provisions of this section shall not apply, and the case shall be subject to the provisions of section 459 of the Social Security Act.''.

(d) EFFECTIVE DATE.—The amendments made by this section shall become effective 6 months after the date of the enactment of this Act.

SEC. 9464. ENFORCEMENT OF CHILD SUPPORT OBLIGATIONS OF MEMBERS OF THE ARMED FORCES.

(a) AVAILABILITY OF LOCATOR INFORMATION.—

(1) MAINTENANCE OF ADDRESS INFORMATION.—The Secretary of Defense shall establish a centralized personnel locator service that includes the address of each member of the Armed Forces under the jurisdiction of the Secretary. Upon request of the Secretary of Transportation, addresses for members of the Coast Guard shall be included in the centralized personnel locator service.

(2) TYPE OF ADDRESS.—

(A) RESIDENTIAL ADDRESS.—Except as provided in subparagraph (B), the address for a member of the Armed Forces shown in the locator service shall be the residential address of that member.

(B) DUTY ADDRESS.—The address for a member of the Armed Forces shown in the locator service shall be the duty address of that member in the case of a member—

(i) who is permanently assigned overseas, to a vessel, or to a routinely deployable unit; or

(ii) with respect to whom the Secretary concerned makes a determination that the member's residential address should not be disclosed due to national security or safety concerns.

(3) UPDATING OF LOCATOR INFORMATION.—Within 30 days after a member listed in the locator service establishes a new residential address (or a new duty address, in the case of a member covered by paragraph (2)(B)), the Secretary concerned shall update the locator service to indicate the new address of the member.

(4) AVAILABILITY OF INFORMATION.—The Secretary of Defense shall make information regarding the address of a member of the Armed Forces listed in the locator service available, on request, to the Federal Parent Locator Service.

(b) FACILITATING GRANTING OF LEAVE FOR ATTENDANCE AT HEARINGS.—

(1) REGULATIONS.—The Secretary of each military department, and the Secretary of Transportation with respect to the Coast Guard when it is not operating as a service in the Navy, shall prescribe regulations to facilitate the granting of leave to a member of the Armed Forces under the jurisdiction of that Secretary in a case in which—

(A) the leave is needed for the member to attend a hearing described in paragraph (2);

(B) the member is not serving in or with a unit deployed in a contingency operation (as defined in section 101 of title 10, United States Code); and

(C) the exigencies of military service (as determined by the Secretary concerned) do not otherwise require that such leave not be granted.

(2) COVERED HEARINGS.—Paragraph (1) applies to a hearing that is conducted by a court or pursuant to an administrative process established under State law, in connection with a civil action—

(A) to determine whether a member of the Armed Forces is a natural parent of a child; or

(B) to determine an obligation of a member of the Armed Forces to provide child support.

(3) DEFINITIONS.—For purposes of this subsection:

(A) The term ''court'' has the meaning given that term in section 1408(a) of title 10, United States Code.

(B) The term ''child support'' has the meaning given such term in section 462 of the Social Security Act (42 U.S.C. 662).

(c) PAYMENT OF MILITARY RETIRED PAY IN COMPLIANCE WITH CHILD SUPPORT ORDERS.—

(1) DATE OF CERTIFICATION OF COURT ORDER.—Section 1408 of title 10, United States Code, is amended—

(A) by redesignating subsection (i) as subsection (j); and

(B) by inserting after subsection (h) the following new subsection (i):

''(i) CERTIFICATION DATE.—It is not necessary that the date of a certification of the authenticity or completeness of a copy of a court order or an order of an administrative process established under State law for child support received by the Secretary concerned for the purposes of this section be recent in relation to the date of receipt by the Secretary.''.

(2) PAYMENTS CONSISTENT WITH ASSIGNMENTS OF RIGHTS TO STATES.—Section 1408(d)(1) of such title is amended by inserting after the first sentence the following: ''In the case of a spouse or former spouse who, pursuant to section 403(b)(1)(E)(i) of the Social Security Act, assigns to a State the rights of the spouse or former spouse to receive support, the Secretary concerned may make the child support payments referred to in the preceding sentence to that State in amounts consistent with that assignment of rights.''.

(3) ARREARAGES OWED BY MEMBERS OF THE UNIFORMED SERVICES.—Section 1408(d) of such title is amended by adding at the end the following new paragraph:

''(6) In the case of a court order or an order of an administrative process established under State law for which effective service is made on the Secretary concerned on or after the date of the enactment of this paragraph and which provides for payments from the disposable retired pay of a member to satisy the amount of child support set forth in the order, the authority provided in paragraph (1) to make payments from the disposable retired pay of a member to satisy the amount of child support set forth in a court order or an order of an administrative process established under State law shall apply to payment of any amount of child support arrearages set forth in that order as well as to amounts of child support that currently become due.''.

SEC. 9465. MOTOR VEHICLE LIENS.

Section 466(a)(4) (42 U.S.C. 666(a)(4)) is amended—

(1) by striking ''(4) Procedures'' and inserting the following:

''(4) LIENS.—

''(A) IN GENERAL.—Procedures''; and

(2) by adding at the end the following new subparagraph:

''(B) MOTOR VEHICLE LIENS.—Procedures for placing liens for arrears of child support on motor vehicle titles of individuals owing such arrears equal to or exceeding two months of support, under which—

''(i) any person owed such arrears may place such a lien;

''(ii) the State agency administering the program under this part shall systematically place such liens;

''(iii) expedited methods are provided for—

''(I) ascertaining the amount of arrears;

''(II) affording the person owing the arrears or other titleholder to contest the amount of arrears or to obtain a release upon fulfilling the support obligation;

''(iv) such a lien has precedence over all other encumbrances on a vehicle title other than a purchase money security interest; and

''(v) the individual or State agency owed the arrears may execute on, seize, and sell the property in accordance with State law.''.

SEC. 9466. VOIDING OF FRAUDULENT TRANSFERS.

Section 466(a) (42 U.S.C. 666(a)), as amended by sections 9401(a), 9426(a), 9431, and 9442 of this Act, is amended by inserting after paragraph (15) the following:

''(16) FRAUDULENT TRANSFERS.—Procedures under which—

''(A) the State has in effect—

''(i) the Uniform Fraudulent Conveyance Act of 1981,

''(ii) the Uniform Fraudulent Transfer Act of 1984, or

''(iii) another law, specifying indicia of fraud which create a prima facie case that a debtor transferred income or property to avoid payment to a child support creditor, which the Secretary finds affords comparable rights to child support creditors; and

''(B) in any case in which the State knows of a transfer by a child support debtor with respect to which such a prima facie case is established, the State must—

''(i) seek to void such transfer; or

''(ii) obtain a settlement in the best interests of the child support creditor.''.

SEC. 9467. STATE LAW AUTHORIZING SUSPENSION OF LICENSES.

Section 466(a) (42 U.S.C. 666(a)), as amended by sections 9401(a), 9426(a), 9431, 9442, and 9466 of this Act, is amended by inserting after paragraph (16) the following:

''(17) AUTHORITY TO WITHHOLD OR SUSPEND LICENSES.—Procedures under which the State has (and uses in appropriate cases) authority (subject to appropriate due process safeguards) to withhold or suspend, or to restrict the use of driver's licenses, and professional and occupational licenses of individuals owing overdue child support or failing, after receiving appropriate notice, to comply with subpoenas or warrants relating to paternity or child support proceedings.''.

SEC. 9468. REPORTING ARREARAGES TO CREDIT BUREAUS.

Section 466(a)(7) (42 U.S.C. 666(a)(7)) is amended to read as follows:

''(7) REPORTING ARREARAGES TO CREDIT BUREAUS.—(A) Procedures (subject to safeguards pursuant to subparagraph (B)) requiring the State to report periodically to consumer reporting agencies (as defined in section 603(f) of the Fair Credit Reporting Act (15 U.S.C. 1681a(f)) the name of any absent parent who is delinquent by 90 days or more in the payment of support, and the amount of overdue support owed by such parent.

''(B) Procedures ensuring that, in carrying out subparagraph (A), information with respect to an absent parent is reported—

''(i) only after such parent has been afforded all due process required under State

law, including notice and a reasonable opportunity to contest the accuracy of such information; and

''(ii) only to an entity that has furnished evidence satisfactory to the State that the entity is a consumer reporting agency.''.

SEC. 9469. EXTENDED STATUTE OF LIMITATION FOR COLLECTION OF ARREARAGES.

(a) AMENDMENTS.—Section 466(a)(9) (42 U.S.C. 666(a)(9)) is amended—

(1) by striking ''(9) Procedures'' and inserting the following:

''(9) LEGAL TREATMENT OF ARREARS.—

''(A) FINALITY.—Procedures'';

(2) by redesignating subparagraphs (A), (B), and (C) as clauses (i), (ii), and (iii), respectively, and by indenting each of such clauses 2 additional ems to the right; and

(3) by adding after and below subparagraph (A), as redesignated, the following new subparagraph:

''(B) STATUTE OF LIMITATIONS.—Procedures under which the statute of limitations on any arrearages of child support extends at least until the child owed such support is 30 years of age.''.

(b) APPLICATION OF REQUIREMENT.—The amendment made by this section shall not be read to require any State law to revive any payment obligation which had lapsed prior to the effective date of such State law.

SEC. 9470. CHARGES FOR ARREARAGES.

(a) STATE LAW REQUIREMENT.—Section 466(a) (42 U.S.C. 666(a)), as amended by sections 9401(a), 9426(a), 9431, 9442, 9466, and 9467 of this Act, is amended by inserting after paragraph (17) the following:

''(18) CHARGES FOR ARREARAGES.—Procedures providing for the calculation and collection of interest or penalties for arrearages of child support, and for distribution of such interest or penalties collected for the benefit of the child (except where the right to support has been assigned to the State).''.

(b) REGULATIONS.—The Secretary of Health and Human Services shall establish by regulation a rule to resolve choice of law conflicts arising in the implementation of the amendment made by subsection (a).

(c) CONFORMING AMENDMENT.—Section 454(21) (42 U.S.C. 654(21)) is repealed.

(d) EFFECTIVE DATE.—The amendments made by this section shall be effective with respect to arrearages accruing on or after October 1, 1998.

SEC. 9471. DENIAL OF PASSPORTS FOR NONPAYMENT OF CHILD SUPPORT.

(a) HHS CERTIFICATION PROCEDURE.—

(1) SECRETARIAL RESPONSIBILITY.—Section 452 (42 U.S.C. 652), as amended by sections 9415(a)(3) and 9417 of this Act, is amended by adding at the end the following new subsection:

''(l) CERTIFICATIONS FOR PURPOSES OF PASSPORT RESTRICTIONS.—

''(1) IN GENERAL.—Where the Secretary receives a certification by a State agency in accordance with the requirements of section 454(28) that an individual owes arrearages of child support in an amount exceeding $5,000 or in an amount exceeding 24 months' worth of child support, the Secretary shall transmit such certification to the Secretary of State for action (with respect to denial, revocation, or limitation of passports) pursuant to section 9471(b) of the Omnibus Budget Reconciliation Act of 1995.

''(2) LIMIT ON LIABILITY.—The Secretary shall not be liable to an individual for any action with respect to a certification by a State agency under this section.''.

(2) STATE CSE AGENCY RESPONSIBILITY.—Section 454 (42 U.S.C. 654), as amended by sections 9404(a), 9414(b), and 9422(a) of this Act, is amended—

(A) by striking ''and'' at the end of paragraph (26);

(B) by striking the period at the end of paragraph (27) and inserting ''; and''; and

(C) by adding after paragraph (27) the following new paragraph:

''(28) provide that the State agency will have in effect a procedure (which may be combined with the procedure for tax refund offset under section 464) for certifying to the Secretary, for purposes of the procedure under section 452(l) (concerning denial of passports) determinations that individuals owe arrearages of child support in an amount exceeding $5,000 or in an amount exceeding 24 months' worth of child support, under which procedure—

''(A) each individual concerned is afforded notice of such determination and the consequences thereof, and an opportunity to contest the determination; and

''(B) the certification by the State agency is furnished to the Secretary in such format, and accompanied by such supporting documentation, as the Secretary may require.''.

(b) STATE DEPARTMENT PROCEDURE FOR DENIAL OF PASSPORTS.—

(1) IN GENERAL.—The Secretary of State, upon certification by the Secretary of Health and Human Services, in accordance with section 452(l) of the Social Security Act, that an individual owes arrearages of child support in excess of $5,000, shall refuse to issue a passport to such individual, and may revoke, restrict, or limit a passport issued previously to such individual.

(2) LIMIT ON LIABILITY.—The Secretary of State shall not be liable to an individual for any action with respect to a certification by a State agency under this section.

(c) EFFECTIVE DATE.—This section and the amendments made by this section shall become effective October 1, 1996.

SEC. 9472. INTERNATIONAL CHILD SUPPORT ENFORCEMENT.

(a) SENSE OF THE CONGRESS THAT THE UNITED STATES SHOULD RATIFY THE UNITED NATIONS CONVENTION OF 1956.—It is the sense of the Congress that the United States should ratify the United Nations Convention of 1956.

(b) TREATMENT OF INTERNATIONAL CHILD SUPPORT CASES AS INTERSTATE CASES.—Section 454 (42 U.S.C. 654), as amended by sections 9404(a), 9414(b), 9422(a), and 9471(a)(2) of this Act, is amended—

(1) by striking ''and'' at the end of paragraph (27);

(2) by striking the period at the end of paragraph (28) and inserting ''; and''; and

(3) by inserting after paragraph (28) the following:

''(29) provide that the State must treat international child support cases in the same manner as the State treats interstate child support cases.''.

SEC. 9473. SEIZURE OF LOTTERY WINNINGS, SETTLEMENTS, PAYOUTS, AWARDS, AND BEQUESTS, AND SALE OF FORFEITED PROPERTY, TO PAY CHILD SUPPORT ARREARAGES.

Section 466(a) (42 U.S.C. 666(a)), as amended by sections 9401(a), 9426(a), 9431, 9442, 9466, 9467, and 9470(a) of this Act, is amended by inserting after paragraph (18) the following:

''(19) Procedures, in addition to other income withholding procedures, under which a lien is imposed against property with the following effect:

''(A) The distributor of the winnings from a State lottery or State-sanctioned or tribal-sanctioned gambling house or casino shall—

''(i) suspend payment of the winnings from the person otherwise entitled to the payment until an inquiry is made to and a response is received from the State child support enforcement agency as to whether the person owes a child support arrearage; and

''(ii) if there is such an arrearage, withhold from the payment the lesser of the amount of the payment or the amount of the arrearage, and pay the amount withheld to the agency for distribution.

''(B) The person required to make a payment under a policy of insurance or a settlement of a claim made with respect to the policy shall—

''(i) suspend the payment until an inquiry is made to and a response received from the agency as to whether the person otherwise entitled to the payment owes a child support arrearage; and

''(ii) if there is such an arrearage, withhold from the payment the lesser of the amount of the payment or the amount of the arrearage, and pay the amount withheld to the agency for distribution.

''(C) The payor of any amount pursuant to an award, judgment, or settlement in any action brought in Federal or State court shall—

''(i) suspend the payment of the amount until an inquiry is made to and a response is received from the agency as to whether the person otherwise entitled to the payment owes a child support arrearage; and

''(ii) if there is such an arrearage, withhold from the payment the lesser of the amount of the payment or the amount of the arrearage, and pay the amount withheld to the agency for distribution.

''(D) If the State seizes property forfeited to the State by an individual by reason of a criminal conviction, the State shall—

''(i) hold the property until an inquiry is made to and a response is received from the agency as to whether the individual owes a child support arrearage; and

''(ii) if there is such an arrearage, sell the property and, after satisfying the claims of all other private or public claimants to the property and deducting from the proceeds of the sale the attendant costs (such as for towing, storage, and the sale), pay the lesser of the remaining proceeds or the amount of the arrearage directly to the agency for distribution.

''(E) Any person required to make a payment in respect of a decedent shall—

''(i) suspend the payment until an inquiry is made to and a response received from the agency as to whether the person otherwise entitled to the payment owes a child support arrearage; and

''(ii) if there is such an arrearage, withhold from the payment the lesser of the amount of the payment or the amount of the arrearage, and pay the amount withheld to the agency for distribution.''.

SEC. 9474. LIABILITY OF GRANDPARENTS FOR FINANCIAL SUPPORT OF CHILDREN OF THEIR MINOR CHILDREN.

Section 466(a) (42 U.S.C. 666(a)), as amended by sections 9401(a), 9426(a), 9431, 9442, 9466, 9467, 9470(a), and 9473 of this Act, is amended by inserting after paragraph (19) the following:

''(20) Procedures under which each parent of an individual who has not attained 18 years of age is liable for the financial support of any child of the individual to the extent that the individual is unable to provide such support. The preceding sentence shall not apply to the State if the State plan explicitly provides for such inapplicability.''.

SEC. 9475. SENSE OF THE CONGRESS REGARDING PROGRAMS FOR NONCUSTODIAL PARENTS UNABLE TO MEET CHILD SUPPORT OBLIGATIONS.

It is the sense of the Congress that the States should develop programs, such as the program of the State of Wisconsin known as the ''Children's First Program'', that are designed to work with noncustodial parents who are unable to meet their child support obligations.

CHAPTER 8—MEDICAL SUPPORT

SEC. 9481. TECHNICAL CORRECTION TO ERISA DEFINITION OF MEDICAL CHILD SUPPORT ORDER.

(a) IN GENERAL.—Section 609(a)(2)(B) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1169(a)(2)(B)) is amended—

(1) by striking ''issued by a court of competent jurisdiction'';

(2) by striking the period at the end of clause (ii) and inserting a comma; and

(3) by adding, after and below clause (ii), the following:

''if such judgment, decree, or order (I) is issued by a court of competent jurisdiction or (II) is issued by an administrative adjudicator and has the force and effect of law under applicable State law.''.

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall take effect on the date of the enactment of this Act.

(2) PLAN AMENDMENTS NOT REQUIRED UNTIL JANUARY 1, 1996.—Any amendment to a plan required to be made by an amendment made by this section shall not be required to be made before the first plan year beginning on or after January 1, 1996, if—

(A) during the period after the date before the date of the enactment of this Act and before such first plan year, the plan is operated in accordance with the requirements of the amendments made by this section, and

(B) such plan amendment applies retroactively to the period after the date before the date of the enactment of this Act and before such first plan year.

A plan shall not be treated as failing to be operated in accordance with the provisions of the plan merely because it operates in accordance with this paragraph.

CHAPTER 9—FOOD STAMP PROGRAM REQUIREMENTS

SEC. 9491. COOPERATION WITH CHILD SUPPORT AGENCIES.

Section 6 of the Food Stamp Act of 1977 (7 U.S.C. 2015) is amended adding at the end the following:

''(i) CUSTODIAL PARENT'S COOPERATION WITH CHILD SUPPORT AGENCIES.—

''(1) IN GENERAL.—At the option of a State agency, subject to paragraphs (2) and (3), no natural or adoptive parent or other individual (collectively referred to in this subsection as 'the individual') who is living with and exercising parental control over a child under the age of 18 who has an absent parent shall be eligible to participate in the food stamp program unless the individual cooperates with the State agency administering the program established under part D of title IV of the Social Security Act (42 U.S.C. 651 et seq.)—

''(A) in establishing the paternity of the child (if the child is born out of wedlock); and

''(B) in obtaining support for—

''(i) the child; or

''(ii) the individual and the child.

''(2) GOOD CAUSE FOR NONCOOPERATION.—Paragraph (1) shall not apply to the individual if good cause is found for refusing to cooperate, as determined by the State agency in accordance with standards prescribed by the Secretary in consultation with the Secretary of Health and Human Services. The standards shall take into consideration circumstances under which cooperation may be against the best interests of the child.

''(3) FEES.—Paragraph (1) shall not require the payment of a fee or other cost for services provided under part D of title IV of the Social Security Act (42 U.S.C. 651 et seq.).

''(j) NON-CUSTODIAL PARENT'S COOPERATION WITH CHILD SUPPORT AGENCIES.—

''(1) IN GENERAL.—At the option of a State agency, subject to paragraphs (2) and (3), a putative or identified non-custodial parent of a child under the age of 18 (referred to in this subsection as 'the individual') shall not be eligible to participate in the food stamp program if the individual refuses to cooperate with the State agency administering the program established under part D of title IV of the Social Security Act (42 U.S.C. 651 et seq.)—

''(A) in establishing the paternity of the child (if the child is born out of wedlock); and

''(B) in providing support for the child.

''(2) REFUSAL TO COOPERATE.—

''(A) GUIDELINES.—The Secretary, in consultation with the Secretary of Health and Human Services, shall develop guidelines on what constitutes a refusal to cooperate under paragraph (1).

''(B) PROCEDURES.—The State agency shall develop procedures, using guidelines developed under subparagraph (A), for determining whether an individual is refusing to cooperate under paragraph (1).

''(3) FEES.—Paragraph (1) shall not require the payment of a fee or other cost for services provided under part D of title IV of the Social Security Act (42 U.S.C. 651 et seq.).

''(4) PRIVACY.—The State agency shall provide safeguards to restrict the use of information collected by a State agency administering the program established under part D of title IV of the Social Security Act (42 U.S.C. 651 et seq.) to purposes for which the information is collected.''.

SEC. 9492. DISQUALIFICATION FOR CHILD SUPPORT ARREARS.

Section 6 of the Food Stamp Act of 1977 (7 U.S.C. 2015), as amended by section 9491 of this Act, is amended by adding at the end the following:

''(k) DISQUALIFICATION FOR CHILD SUPPORT ARREARS.—

''(1) IN GENERAL.—At the option of a State agency, except as provided in paragraph (2), no individual shall be eligible to participate in the food stamp program as a member of any household during any month that the individual is delinquent in any payment due under a court order for the support of a child of the individual.

''(2) EXCEPTIONS.—Paragraph (1) shall not apply if—

''(A) a court is allowing the individual to delay payment; or

''(B) the individual is complying with a payment plan approved by a court or the State agency designated under part D of title IV of the Social Security Act (42 U.S.C. 651 et seq.) to provide support for the child of the individual.''.

CHAPTER 10—EFFECT OF ENACTMENT

SEC. 9498. EFFECTIVE DATES.

(a) IN GENERAL.—Except as otherwise specifically provided (but subject to subsections (b) and (c))—

(1) provisions of this title requiring enactment or amendment of State laws under section 466 of the Social Security Act, or revision of State plans under section 454 of such Act, shall be effective with respect to periods beginning on and after October 1, 1996; and

(2) all other provisions of this title shall become effective upon enactment.

(b) GRACE PERIOD FOR STATE LAW CHANGES.—The provisions of this title shall become effective with respect to a State on the later of—

(1) the date specified in this title, or

(2) the effective date of laws enacted by the legislature of such State implementing such provisions,

but in no event later than the first day of the first calendar quarter beginning after the close of the first regular session of the State legislature that begins after the date of enactment of this Act. For purposes of the previous sentence, in the case of a State that has a 2-year legislative session, each year of such session shall be deemed to be a separate regular session of the State legislature.

(c) GRACE PERIOD FOR STATE CONSTITUTIONAL AMENDMENT.—A State shall not be found out of compliance with any requirement enacted by this title if it is unable to comply without amending the State constitution until the earlier of—

(1) the date one year after the effective date of the necessary State constitutional amendment, or

(2) the date five years after enactment of this title.

SEC. 9499. SEVERABILITY.

If any provision of this title or the application thereof to any person or circumstance is held invalid, the invalidity shall not affect other provisions or applications of this title which can be given effect without regard to the invalid provision or application, and to this end the provisions of this title shall be severable.

Subtitle E—Teen Pregnancy And Family Stability

SEC. 9501. STATE OPTION TO DENY TEMPORARY EMPLOYMENT ASSISTANCE FOR ADDITIONAL CHILDREN.

(a) IN GENERAL.—Section 402(d)(1), as added by section 9101(a) of this Act, is amended—

(1) by striking ''(1) DETERMINATION OF NEED.—'' and inserting the following:

''(1) DETERMINATION OF NEED.—

''(A) IN GENERAL.—''; and

(2) by adding at the end the following:

''(B) OPTIONAL DENIAL OF ASSISTANCE TO FAMILIES HAVING ADDITIONAL CHILDREN WHILE RECEIVING ASSISTANCE.—At the option of the State, the State plan may provide that—

''(i)(I) a child shall not be considered a needy child if the child is born (other than as a result of rape or incest) to a member of a family—

''(aa) while the family was a recipient of assistance under the State plan; or

''(bb) during the 6-month period ending with the date the family applied for such assistance; and

''(II) if the value of assistance to a family under the State plan approved under this part is reduced by reason of subclause (I), each member of the family shall be considered to be receiving such assistance for purposes of eligibility for medical assistance under the State plan approved under title XIX for so long as assistance to the family under the State plan approved under this part would otherwise not be so reduced; and

''(ii) if the State exercises the option, the State may provide the family with vouchers, in amounts not exceeding the amount of any such reduction in assistance, that may be used only to pay for particular goods and services specified by the State as suitable for the care of the child of the parent (such as diapers, clothing, or school supplies).''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) of this section shall take effect in the same manner as the amendment made by section 9101(a) takes effect.

SEC. 9502. SUPERVISED LIVING ARRANGEMENTS FOR MINORS.

(a) IN GENERAL.—Section 402(c), as added by section 9101(a) of this Act, is amended by adding at the end the following:

''(8) SUPERVISED LIVING ARRANGEMENTS FOR MINORS.—The State plan shall provide that—

''(A) except as provided in subparagraph (B), in the case of any individual who is under age 18 and has never married, and who has a needy child in his or her care (or is pregnant and is eligible for temporary employment assistance under the State plan)—

''(i) such individual may receive such assistance for the individual and such child (or

for herself in the case of a pregnant woman) only if such individual and child (or such pregnant woman) reside in a place of residence maintained by a parent, legal guardian, or other adult relative of such individual as such parent's, guardian's, or adult relative's own home; and

''(ii) such assistance (where possible) shall be provided to the parent, legal guardian, or other adult relative on behalf of such individual and child; and

''(B)(i) in the case of an individual described in clause (ii)—

''(I) the State agency shall assist such individual in locating an appropriate adult-supervised supportive living arrangement taking into consideration the needs and concerns of the individual, unless the State agency determines that the individual's current living arrangement is appropriate, and thereafter shall require that the individual (and child, if any) reside in such living arrangement as a condition of the continued receipt of assistance under the plan (or in an alternative appropriate arrangement, should circumstances change and the current arrangement cease to be appropriate), or

''(II) if the State agency is unable, after making diligent efforts, to locate any such appropriate living arrangement, the State agency shall provide for comprehensive case management, monitoring, and other social services consistent with the best interests of the individual (and child) while living independently (as determined by the State agency); and

''(ii) for purposes of clause (i), an individual is described in this clause if—

''(I) such individual has no parent or legal guardian of his or her own who is living and whose whereabouts are known;

''(II) no living parent or legal guardian of such individual allows the individual to live in the home of such parent or guardian;

''(III) the State agency determines that the physical or emotional health of such individual or any needy child of the individual would be jeopardized if such individual and such needy child lived in the same residence with such individual's own parent or legal guardian; or

''(IV) the State agency otherwise determines (in accordance with regulations issued by the Secretary) that it is in the best interest of the needy child to waive the requirement of subparagraph (A) with respect to such individual.''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) of this section shall take effect in the same manner as the amendment made by section 9101(a) takes effect.

SEC. 9503. NATIONAL CLEARINGHOUSE ON ADOLESCENT PREGNANCY.

(a) IN GENERAL.—Title XX (42 U.S.C. 1397–1397f), as amended by section 9205(b) of this Act, is amended by adding at the end the following:

''SEC. 2010. NATIONAL CLEARINGHOUSE ON ADOLESCENT PREGNANCY.

''(a) NATIONAL CLEARINGHOUSE ON ADOLESCENT PREGNANCY.—

''(1) ESTABLISHMENT.—The responsible Federal officials shall establish, through grant or contract, a national center for the collection and provision of programmatic information and technical assistance that relates to adolescent pregnancy prevention programs, to be known as the 'National Clearinghouse on Adolescent Pregnancy Prevention Programs'.

''(2) FUNCTIONS.—The national center established under paragraph (1) shall serve as a national information and data clearinghouse, and as a training, technical assistance, and material development source for adolescent pregnancy prevention programs. Such center shall—

''(A) develop and maintain a system for disseminating information on all types of adolescent pregnancy prevention program and on the state of adolescent pregnancy prevention program development, including information concerning the most effective model programs;

''(B) develop and sponsor a variety of training institutes and curricula for adolescent pregnancy prevention program staff;

''(C) identify model programs representing the various types of adolescent pregnancy prevention programs;

''(D) develop technical assistance materials and activities to assist other entities in establishing and improving adolescent pregnancy prevention programs;

''(E) develop networks of adolescent pregnancy prevention programs for the purpose of sharing and disseminating information; and

''(F) conduct such other activities as the responsible Federal officials find will assist in developing and carrying out programs or activities to reduce adolescent pregnancy.

''(b) FUNDING.—The responsible Federal officials shall make grants to eligible entities for the establishment and operation of a National Clearinghouse on Adolescent Pregnancy Prevention Programs under subsection (a) so that in the aggregate the expenditures for such grants do not exceed $2,000,000 for fiscal year 1996, $4,000,000 for fiscal year 1997, $8,000,000 for fiscal year 1998, and $10,000,000 for fiscal year 1999 and each subsequent fiscal year.

''(c) DEFINITIONS.—As used in this section:

''(1) ADOLESCENTS.—The term 'adolescents' means youth who are ages 10 through 19.

''(2) ELIGIBLE ENTITY.—The term 'eligible entity' means a partnership that includes—

''(A) a local education agency, acting on behalf of one or more schools, together with

''(B) one or more community-based organizations, institutions of higher education, or public or private agencies or organizations.

''(3) ELIGIBLE AREA.—The term 'eligible area' means a school attendance area in which—

''(A) at least 75 percent of the children are from low-income families as that term is used in part A of title I of the Elementary and Secondary Education Act of 1965; or

''(B) the number of children receiving assistance under a State plan approved under part A of title IV of this Act is substantial as determined by the responsible Federal officials; or

''(C) the unmarried adolescent birth rate is high, as determined by the responsible Federal officials.

''(4) SCHOOL.—The term 'school' means a public elementary, middle, or secondary school.

''(5) RESPONSIBLE FEDERAL OFFICIALS.—The term 'responsible Federal officials' means the Secretary of Education, the Secretary of Health and Human Services, and the Chief Executive Officer of the Corporation for National and Community Service.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall become effective January 1, 1996.

SEC. 9504. REQUIRED COMPLETION OF HIGH SCHOOL OR OTHER TRAINING FOR TEENAGE PARENTS.

(a) IN GENERAL.—Section 403(b)(1)(D), as added by section 9101(a) of this Act, is amended—

(1) by inserting ''(i)'' after ''(D)''; and

(2) by adding at the end the following:

''(ii) in the case of a client who is a custodial parent who is under age 18 (or age 19, at the option of the State), has not successfully completed a high-school education (or its equivalent), and is required to participate in the Work First program (including an individual who would otherwise be exempt from participation in the program), shall provide that—

''(I) such parent participate in—

''(aa) educational activities directed toward the attainment of a high school diploma or its equivalent on a full-time (as defined by the educational provider) basis; or

''(bb) an alternative educational or training program on a full-time (as defined by the provider) basis; and

''(II) child care be provided in accordance with section 2009 with respect to the family.''.

(b) STATE OPTION TO PROVIDE ADDITIONAL INCENTIVES AND PENALTIES TO ENCOURAGE TEEN PARENTS TO COMPLETE HIGH SCHOOL AND PARTICIPATE IN PARENTING ACTIVITIES.—

(1) STATE PLAN.—Section 403(b)(1)(D), as amended by subsection (a) of this section, is amended by adding at the end the following:

''(iii) at the option of the State, may provide that the client who is a custodial parent or pregnant woman who is under age 19 (or age 21, at the option of the State) participate in a program of monetary incentives and penalties which—

''(I) may, at the option of the State, require full-time participation by such custodial parent or pregnant woman in secondary school or equivalent educational activities, or participation in a course or program leading to a skills certificate found appropriate by the State agency or parenting education activities (or any combination of such activities and secondary education);

''(II) shall require that the needs of such custodial parent or pregnant woman be reviewed and the program assure that, either in the initial development or revision of such individual's individual responsibility plan, there will be included a description of the services that will be provided to the client and the way in which the program and service providers will coordinate with the educational or skills training activities in which the client is participating;

''(III) shall provide monetary incentives (to be treated as assistance under the State plan) for more than minimally acceptable performance of required educational activities;

''(IV) shall provide penalties (which may be those required by subsection (e) or, with the approval of the Secretary, other monetary penalties that the State finds will better achieve the objectives of the program) for less than minimally acceptable performance of required activities;

''(V) shall provide that when a monetary incentive is payable because of the more than minimally acceptable performance of required educational activities by a custodial parent, the incentive be paid directly to such parent, regardless of whether the State agency makes payment of assistance under the State plan directly to such parent; and

''(VI) for purposes of any other Federal or federally-assisted program based on need, shall not consider any monetary incentive paid under the State plan as income in determining a family's eligibility for or amount of benefits under such program, and if assistance is reduced by reason of a penalty under this clause, such other program shall treat the family involved as if no such penalty has been applied.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect in the same manner as the amendment made by section 9101(a) takes effect.

SEC. 9505. DENIAL OF FEDERAL HOUSING BENEFITS TO MINORS WHO BEAR CHILDREN OUT-OF-WEDLOCK.

(a) PROHIBITION OF ASSISTANCE.—Notwithstanding any other provision of law, a household whose head of household is an individual who has borne a child out-of-wedlock before attaining 18 years of age may not be

provided Federal housing assistance for a dwelling unit until attaining such age, unless—

(1) after the birth of the child—

(A) the individual marries an individual who has been determined by the relevant State to be the biological father of the child; or

(B) the biological parent of the child has legal custody of the child and marries an individual who legally adopts the child;

(2) the individual is a biological and custodial parent of another child who was not born out-of-wedlock; or

(3) eligibility for such Federal housing assistance is based in whole or in part on any disability or handicap of a member of the household.

(b) DEFINITIONS.—For purposes of this section, the following definitions shall apply:

(1) COVERED PROGRAM.—The term ''covered program'' means—

(A) the program of rental assistance on behalf of low-income families provided under section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f);

(B) the public housing program under title I of the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.);

(C) the program of rent supplement payments on behalf of qualified tenants pursuant to contracts entered into under section 101 of the Housing and Urban Development Act of 1965 (12 U.S.C. 1701s);

(D) the program of interest reduction payments pursuant to contracts entered into by the Secretary of Housing and Urban Development under section 236 of the National Housing Act (12 U.S.C. 1715z–1);

(E) the program for mortgage insurance provided pursuant to sections 221(d) (3) or (4) of the National Housing Act (12 U.S.C. 1715l(d)) for multifamily housing for low- and moderate-income families;

(F) the rural housing loan program under section 502 of the Housing Act of 1949 (42 U.S.C. 1472);

(G) the rural housing loan guarantee program under section 502(h) of the Housing Act of 1949 (42 U.S.C. 1472(h));

(H) the loan and grant programs under section 504 of the Housing Act of 1949 (42 U.S.C. 1474) for repairs and improvements to rural dwellings;

(I) the program of loans for rental and cooperative rural housing under section 515 of the Housing Act of 1949 (42 U.S.C. 1485);

(J) the program of rental assistance payments pursuant to contracts entered into under section 521(a)(2)(A) of the Housing Act of 1949 (42 U.S.C. 1490a(a)(2)(A));

(K) the loan and assistance programs under sections 514 and 516 of the Housing Act of 1949 (42 U.S.C. 1484, 1486) for housing for farm labor;

(L) the program of grants and loans for mutual and self-help housing and technical assistance under section 523 of the Housing Act of 1949 (42 U.S.C. 1490c);

(M) the program of grants for preservation and rehabilitation of housing under section 533 of the Housing Act of 1949 (42 U.S.C. 1490m); and

(N) the program of site loans under section 524 of the Housing Act of 1949 (42 U.S.C. 1490d).

(2) COVERED PROJECT.—The term ''covered project'' means any housing for which Federal housing assistance is provided that is attached to the project or specific dwelling units in the project.

(3) FEDERAL HOUSING ASSISTANCE.—The term ''Federal housing assistance'' means—

(A) assistance provided under a covered program in the form of any contract, grant, loan, subsidy, cooperative agreement, loan or mortgage guarantee or insurance, or other financial assistance; or

(B) occupancy in a dwelling unit that is—

(i) provided assistance under a covered program; or

(ii) located in a covered project and subject to occupancy limitations under a covered program that are based on income.

(4) STATE.—The term ''State'' means the States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, Guam, the Virgin Islands, American Samoa, and any other territory or possession of the United States.

(c) LIMITATIONS ON APPLICABILITY.—Subsection (a) shall not apply to Federal housing assistance provided for a household pursuant to an application or request for such assistance made by such household before the effective date of this Act if the household was receiving such assistance on the effective date of this Act.

SEC. 9506. STATE OPTION TO DENY TEMPORARY EMPLOYMENT ASSISTANCE TO MINOR PARENTS.

(a) IN GENERAL.—Section 402(d)(1), as added by section 9101(a) of this Act and as amended by section 9501(a) of this Act, is amended by adding at the end the following:

''(C) OPTIONAL DENIAL OF ASSISTANCE TO MINOR PARENTS.—At the option of the State, the State plan may provide that—

''(i)(I) in determining the need of a family, the State may disregard the needs of any family member who is a parent and has not attained 18 years of age or such lesser age as the State may prescribe; and

''(II) if the value of the assistance provided to a family under the State plan approved under this part is reduced by reason of subclause (I), each member of the family shall be considered to be receiving such assistance for purposes of eligibility for medical assistance under the State plan approved under title XIX for so long as such assistance under the State plan approved under this part would otherwise not be so reduced; and

''(ii) if the State exercises the option, the State may provide the family with vouchers, in amounts not exceeding the value of any such reduction in assistance, that may be used only to pay for—

''(I) particular goods and services specified by the State as suitable for the care of the child of the parent (such as diapers, clothing, or cribs); and

''(II) the costs associated with a maternity home, foster home, or other adult-supervised supportive living arrangement in which the parent and the child live.''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect in the same manner in which the amendment made by section 9101(a) takes effect.

Title IX, Subtitle F

Subtitle F—SSI Reform

SEC. 9601. DEFINITION AND ELIGIBILITY RULES.

(a) DEFINITION OF CHILDHOOD DISABILITY.—Section 1614(a)(3) (42 U.S.C. 1382c(a)(3)) is amended—

(1) in subparagraph (A), by striking ''An individual'' and inserting ''Except as provided in subparagraph (C), an individual'';

(2) in subparagraph (A), by striking ''(or, in the case of an individual under the age of 18, if he suffers from any medically determinable physical or mental impairment of comparable severity)'';

(3) by redesignating subparagraphs (C) through (H) as subparagraphs (D) through (I), respectively;

(4) by inserting after subparagraph (B) the following new subparagraph:

''(C) An individual under the age of 18 shall be considered disabled for the purposes of this title if that individual has a medically determinable physical or mental impairment, which results in marked and severe functional limitations, and which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months.''; and

(5) in subparagraph (F), as so redesignated by paragraph (3) of this subsection, by striking ''(D)'' and inserting ''(E)''.

(b) CHANGES TO CHILDHOOD SSI REGULATIONS.—

(1) MODIFICATION TO MEDICAL CRITERIA FOR EVALUATION OF MENTAL AND EMOTIONAL DISORDERS.—The Commissioner of Social Security shall modify sections 112.00C.2. and 112.02B.2.c.(2) of appendix 1 to subpart P of part 404 of title 20, Code of Federal Regulations, to eliminate references to maladaptive behavior in the domain of personal/behavorial function.

(2) DISCONTINUANCE OF INDIVIDUALIZED FUNCTIONAL ASSESSMENT.—The Commissioner of Social Security shall discontinue the individualized functional assessment for children set forth in sections 416.924d and 416.924e of title 20, Code of Federal Regulations.

(c) EFFECTIVE DATE; REGULATIONS; APPLICATION TO CURRENT RECIPIENTS.—

(1) IN GENERAL.—The amendments made by subsections (a) and (b) shall apply to applicants for benefits for months beginning on or after the date of the enactment of this Act, without regard to whether regulations have been issued to implement such amendments.

(2) REGULATIONS.—The Commissioner of Social Security shall issue such regulations as the Commissioner determines to be necessary to implement the amendments made by subsections (a) and (b) not later than 60 days after the date of the enactment of this Act.

(3) APPLICATION TO CURRENT RECIPIENTS.—

(A) ELIGIBILITY DETERMINATIONS.—Not later than 1 year after the date of the enactment of this Act, the Commissioner of Social Security shall redetermine the eligibility of any individual under age 18 who is receiving supplemental security income benefits based on a disability under title XVI of the Social Security Act as of the date of the enactment of this Act and whose eligibility for such benefits may terminate by reason of the amendments made by subsection (a) or (b). With respect to any redetermination under this subparagraph—

(i) section 1614(a)(4) of the Social Security Act (42 U.S.C. 1382c(a)(4)) shall not apply;

(ii) the Commissioner of Social Security shall apply the eligibility criteria for new applicants for benefits under title XVI of such Act;

(iii) the Commissioner shall give such redetermination priority over all continuing eligibility reviews and other reviews under such title; and

(iv) such redetermination shall be counted as a review or redetermination otherwise required to be made under section 208 of the Social Security Independence and Program Improvements Act of 1994 or any other provision of title XVI of the Social Security Act.

(B) GRANDFATHER PROVISION.—The amendments made by subsections (a) and (b), and the redetermination under subparagraph (A), shall only apply with respect to the benefits of an individual described in subparagraph (A) for months beginning on or after January 1, 1997.

(C) NOTICE.—Not later than 90 days after the date of the enactment of this Act, the Commissioner of Social Security shall notify an individual described in subparagraph (A) of the provisions of this paragraph.

SEC. 9602. ELIGIBILITY REDETERMINATIONS AND CONTINUING DISABILITY REVIEWS.

(a) CONTINUING DISABILITY REVIEWS RELATING TO CERTAIN CHILDREN.—Section 1614(a)(3)(H) (42 U.S.C. 1382c(a)(3)(H)), as so redesignated by section 9601(a)(3) of this Act, is amended—

(1) by inserting ''(i)'' after ''(H)''; and

(2) by adding at the end the following new clause:

''(ii)(I) Not less frequently than once every 3 years, the Commissioner shall review in accordance with paragraph (4) the continued eligibility for benefits under this title of each individual who has not attained 18 years of age and is eligible for such benefits by reason of an impairment (or combination of impairments) which may improve (or, which is unlikely to improve, at the option of the Commissioner).

''(II) A parent or guardian of a recipient whose case is reviewed under this clause shall present, at the time of review, evidence demonstrating that the recipient is, and has been, receiving treatment, to the extent considered medically necessary and available, of the condition which was the basis for providing benefits under this title.''.

(b) DISABILITY ELIGIBILITY REDETERMINATIONS REQUIRED FOR SSI RECIPIENTS WHO ATTAIN 18 YEARS OF AGE.—

(1) IN GENERAL.—Section 1614(a)(3)(H) (42 U.S.C. 1382c(a)(3)(H)), as so redesignated by section 9601(a)(3) of this Act and as amended by subsection (a) of this section, is amended by adding at the end the following new clause:

''(iii) If an individual is eligible for benefits under this title by reason of disability for the month preceding the month in which the individual attains the age of 18 years, the Commissioner shall redetermine such eligibility—

''(I) during the 1-year period beginning on the individual's 18th birthday; and

''(II) by applying the criteria used in determining the initial eligibility for applicants who have attained the age of 18 years.

With respect to a redetermination under this clause, paragraph (4) shall not apply and such redetermination shall be considered a substitute for a review or redetermination otherwise required under any other provision of this subparagraph during that 1-year period.''.

(2) CONFORMING REPEAL.—Section 207 of the Social Security Independence and Program Improvements Act of 1994 (42 U.S.C. 1382 note; 108 Stat. 1516) is hereby repealed.

(c) CONTINUING DISABILITY REVIEW REQUIRED FOR LOW BIRTH WEIGHT BABIES.—Section 1614(a)(3)(H) (42 U.S.C. 1382c(a)(3)(H)), as so redesignated by section 9601(a)(3) of this Act and as amended by subsections (a) and (b) of this section, is amended by adding at the end the following new clause:

''(iv)(I) Not later than 12 months after the birth of an individual, the Commissioner shall review in accordance with paragraph (4) the continuing eligibility for benefits under this title by reason of disability of such individual whose low birth weight is a contributing factor material to the Commissioner's determination that the individual is disabled.

''(II) A review under subclause (I) shall be considered a substitute for a review otherwise required under any other provision of this subparagraph during that 12-month period.

''(III) A parent or guardian of a recipient whose case is reviewed under this clause shall present, at the time of review, evidence demonstrating that the recipient is, and has been, receiving treatment, to the extent considered medically necessary and available, of the condition which was the basis for providing benefits under this title.''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to benefits for months beginning on or after the date of the enactment of this Act, without regard to whether regulations have been issued to implement such amendments.

SEC. 9603. ADDITIONAL ACCOUNTABILITY REQUIREMENTS.

(a) TIGHTENING OF REPRESENTATIVE PAYEE REQUIREMENTS.—

(1) CLARIFICATION OF ROLE.—Section 1631(a)(2)(B)(ii) (42 U.S.C. 1383(a)(2)(B)(ii)) is amended by striking ''and'' at the end of subclause (II), by striking the period at the end of subclause (IV) and inserting ''; and'', and by adding after subclause (IV) the following new subclause:

''(V) advise such person through the notice of award of benefits, and at such other times as the Commissioner of Social Security deems appropriate, of specific examples of appropriate expenditures of benefits under this title and the proper role of a representative payee.''.

(2) DOCUMENTATION OF EXPENDITURES REQUIRED.—

(A) IN GENERAL.—Subparagraph (C)(i) of section 1631(a)(2) (42 U.S.C. 1383(a)(2)) is amended to read as follows:

''(C)(i) In any case where payment is made to a representative payee of an individual or spouse, the Commissioner of Social Security shall—

''(I) require such representative payee to document expenditures and keep contemporaneous records of transactions made using such payment; and

''(II) implement statistically valid procedures for reviewing a sample of such contemporaneous records in order to identify instances in which such representative payee is not properly using such payment.''.

(B) CONFORMING AMENDMENT WITH RESPECT TO PARENT PAYEES.—Clause (ii) of section 1631(a)(2)(C) (42 U.S.C. 1383(a)(2)(C)) is amended by striking ''Clause (i)'' and inserting ''Subclauses (II) and (III) of clause (i)''.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to benefits paid after the date of the enactment of this Act.

(b) DEDICATED SAVINGS ACCOUNTS.—

(1) IN GENERAL.—Section 1631(a)(2)(B) (42 U.S.C. 1383(a)(2)(B)) is amended by adding at the end the following:

''(xiv) Notwithstanding clause (x), the Commissioner of Social Security may, at the request of the representative payee, pay any lump sum payment for the benefit of a child into a dedicated savings account that could only be used to purchase for such child—

''(I) education and job skills training;

''(II) special equipment or housing modifications or both specifically related to, and required by the nature of, the child's disability; and

''(III) appropriate therapy and rehabilitation.''.

(2) DISREGARD OF TRUST FUNDS.—Section 1613(a) (42 U.S.C. 1382b(a)) is amended—

(A) by striking ''and'' at the end of paragraph (10),

(B) by striking the period at the end of paragraph (11) and inserting ''; and'', and

(C) by inserting after paragraph (11) the following:

''(12) all amounts deposited in, or interest credited to, a dedicated savings account described in section 1631(a)(2)(B)(xiv).''.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to payments made after the date of the enactment of this Act.

SEC. 9604. DENIAL OF SSI BENEFITS BY REASON OF DISABILITY TO DRUG ADDICTS AND ALCOHOLICS.

(a) IN GENERAL.—Section 1614(a)(3) (42 U.S.C. 1382c(a)(3)), as amended by section 9601(a)(3) of this Act, is amended by adding at the end the following:

''(J) Notwithstanding subparagraph (A), an individual shall not be considered to be disabled for purposes of this title if alcoholism or drug addiction would (but for this subparagraph) be a contributing factor material to the Commissioner's determination that the individual is disabled.''.

(b) CONFORMING AMENDMENTS.—

(1) Section 1611(e) (42 U.S.C. 1382(e)) is amended by striking paragraph (3).

(2) Section 1613(a)(12) (42 U.S.C. 1382b(a)(12)) is amended by striking ''1631(a)(2)(B)(xiv)'' and inserting ''1631(a)(2)(B)(xiii)''.

(3) Section 1631(a)(2)(A)(ii) (42 U.S.C. 1383(a)(2)(A)(ii)) is amended—

(A) by striking ''(I)''; and

(B) by striking subclause (II).

(4) Section 1631(a)(2)(B) (42 U.S.C. 1383(a)(2)(B)) is amended—

(A) by striking clause (vii);

(B) in clause (viii), by striking ''(ix)'' and inserting ''(viii)'';

(C) in clause (ix)—

(i) by striking ''(viii)'' and inserting ''(vii)''; and

(ii) in subclause (II), by striking all that follows ''15 years'' and inserting a period;

(D) in clause (xiii)—

(i) by striking ''(xii)'' and inserting ''(xi)''; and

(ii) by striking ''(xi)'' and inserting ''(x)'';

(E) in clause (xiv) (as added by section 9603(b)(1) of this Act), by striking ''(x)'' and inserting ''(ix)''; and

(F) by redesignating clauses (viii) through (xiv) as clauses (vii) through (xiii), respectively.

(5) Section 1631(a)(2)(D)(i)(II) (42 U.S.C. 1383(a)(2)(D)(i)(II)) is amended by striking all that follows ''$25.00 per month'' and inserting a period.

(6) Section 1634 (42 U.S.C. 1383c) is amended by striking subsection (e).

(7) Section 201(c)(1) of the Social Security Independence and Program Improvements Act of 1994 (42 U.S.C. 425 note) is amended—

(A) by striking ''—'' and all that follows through ''(A)'' the 1st place such term appears;

(B) by striking ''and'' the 3rd place such term appears;

(C) by striking subparagraph (B);

(D) by striking ''either subparagraph (A) or subparagraph (B)'' and inserting ''the preceding sentence''; and

(E) by striking ''subparagraph (A) or (B)'' and inserting ''the preceding sentence''.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on October 1, 1995, and shall apply with respect to months beginning on or after such date.

(d) FUNDING OF CERTAIN PROGRAMS FOR DRUG ADDICTS AND ALCOHOLICS.—Out of any money in the Treasury of the United States not otherwise appropriated, the Secretary of the Treasury shall pay to the Director of the National Institute on Drug Abuse—

(1) $95,000,000, for each of fiscal years 1997, 1998, 1999, and 2000, for expenditure through the Federal Capacity Expansion Program to expand the availability of drug treatment; and

(2) $5,000,000 for each of fiscal years 1997, 1998, 1999, and 2000 to be expended solely on the medication development project to improve drug abuse and drug treatment research.

SEC. 9605. DENIAL OF SSI BENEFITS FOR 10 YEARS TO INDIVIDUALS FOUND TO HAVE FRAUDULENTLY MISREPRESENTED RESIDENCE IN ORDER TO OBTAIN BENEFITS SIMULTANEOUSLY IN 2 OR MORE STATES.

Section 1614(a) (42 U.S.C. 1382c(a)) is amended by adding at the end the following:

''(5) An individual shall not be considered an eligible individual for purposes of this title during the 10-year period beginning on the date the individual is found by a State to have made, or is convicted in Federal or State court of having made, a fraudulent

statement or representation with respect to the place of residence of the individual in order to receive benefits simultaneously from 2 or more States under programs that are funded under part A of title IV, or title XIX of this Act, the consolidated program of food assistance under chapter 2 of subtitle E of title XIV of the Omnibus Budget Reconciliation Act of 1995, or the Food Stamp Act of 1977 (as in effect before the effective date of such chapter), or benefits in 2 or more States under the supplemental security income program under title XVI of this Act.''.

SEC. 9606. DENIAL OF SSI BENEFITS FOR FUGITIVE FELONS AND PROBATION AND PAROLE VIOLATORS.

(a) IN GENERAL.—Section 1611(e) (42 U.S.C. 1382(e)), as amended by section 9604(b)(1) of this Act, is amended by inserting after paragraph (2) the following:

''(3) A person shall not be an eligible individual or eligible spouse for purposes of this title with respect to any month if, throughout the month, the person is—

''(A) fleeing to avoid prosecution, or custody or confinement after conviction, under the laws of the place from which the person flees, for a crime, or an attempt to commit a crime, which is a felony under the laws of the place from which the person flees, or which, in the case of the State of New Jersey, is a high misdemeanor under the laws of such State; or

''(B) violating a condition of probation or parole imposed under Federal or State law.''.

(b) EXCHANGE OF INFORMATION WITH LAW ENFORCEMENT AGENCIES.—Section 1631(e) of such Act (42 U.S.C. 1383(e)) is amended by inserting after paragraph (3) the following:

''(4) Notwithstanding any other provision of law, the Commissioner shall furnish any Federal, State, or local law enforcement officer, upon the request of the officer, with the current address of any recipient of benefits under this title, if the officer furnishes the agency with the name of the recipient and notifies the agency that—

''(A) the recipient—

''(i) is fleeing to avoid prosecution, or custody or confinement after conviction, under the laws of the place from which the person flees, for a crime, or an attempt to commit a crime, which is a felony under the laws of the place from which the person flees, or which, in the case of the State of New Jersey, is a high misdemeanor under the laws of such State;

''(ii) is violating a condition of probation or parole imposed under Federal or State law; or

''(iii) has information that is necessary for the officer to conduct the officer's official duties;

''(B) the location or apprehension of the recipient is within the official duties of the officer; and

''(C) the request is made in the proper exercise of such duties.''.

SEC. 9607. REAPPLICATION REQUIREMENTS FOR ADULTS RECEIVING SSI BENEFITS BY REASON OF DISABILITY.

(a) IN GENERAL.—Section 1614(a)(3)(H) (42 U.S.C. 1382c(a)(3)(H)), as so redesignated by section 9601(a)(3) of this Act and as amended by section 9602 of this Act, is amended by adding at the end the following:

''(v) In the case of an individual who has attained 18 years of age and for whom a determination has been made of eligibility for a benefit under this title by reason of disability, the following applies:

''(I) Subject to the provisions of this clause, the determination of eligibility is effective for the 3-year period beginning on the date of the determination, and the eligibility of the individual lapses unless a determination of continuing eligibility is made before the end of such period, and before the end of each subsequent 3-year period. This subclause ceases to apply to the individual upon the individual attaining 65 years of age. This subclause does not apply to the individual if the individual has an impairment that is not expected to improve (or a combination of impairments that are not expected to improve).

''(II) With respect to a determination under subclause (I) of whether the individual continues to be eligible for the benefit (in this clause referred to as a 'redetermination'), the Commissioner may not make the redetermination unless the individual submits to the Commissioner an application requesting the redetermination. If such an application is submitted, the Commissioner shall make the redetermination. This subclause is subject to subclause (V).

''(III) If as of the date on which this clause takes effect the individual has been receiving the benefit for three years or less, the first period under subclause (I) for the individual is deemed to end on the expiration of the period beginning on the date on which this clause takes effect and continuing through a number of months equal to 12 plus a number equal to 36 minus the number of months the individual has been receiving the benefit.

''(IV) If as of the date on which this clause takes effect the individual has been receiving the benefit for five years or less, but for more than three years, the first period under subclause (I) for the individual is deemed to end on the expiration of the 1-year period beginning on the date on which this clause takes effect.

''(V) If as of the date on which this clause takes effect the individual has been receiving the benefit for more than five years, the Commissioner shall make redeterminations under subclause (I) and may not require the individual to submit applications for the redeterminations. The first 3-year period under subclause (I) for the individual is deemed to begin upon the expiration of the period beginning on the date on which this clause takes effect and ending upon the termination of a number of years equal to the lowest number (greater than zero) that can be obtained by subtracting the number of years that the individual has been receiving the benefit from a number that is a multiple of three.

''(VI) If the individual first attains 18 years of age on or after the date on which this clause takes effect, the first 3-year period under subclause (I) for the individual is deemed to end on the date on which the individual attains such age.

''(VII) Not later than one year prior to the date on which a determination under subclause (I) expires, the Commissioner shall (except in the case of an individual to whom subclause (V) applies) provide to the individual a written notice explaining the applicability of this clause to the individual, including an explanation of the effect of failing to submit the application. If the individual submits the application not later than 180 days prior to such date and the Commissioner does not make the redetermination before such date, the Commissioner shall continue to provide the benefit pending the redetermination and shall publish in the Federal Register a notice that the Commissioner was unable to make the redetermination by such date.

''(VIII) If the individual fails to submit the application under subclause (II) by the end of the applicable period under subclause (I), the individual may apply for a redetermination. The Commissioner shall make the redetermination for the individual only after making redeterminations for individuals for whom eligibility has not lapsed pursuant to subclause (I).''.

(b) LIMITATIONS ON AUTHORIZATION OF APPROPRIATIONS.—For redeterminations of eligibility pursuant to section 1614(a)(3)(H)(v) of the Social Security Act, there are authorized to be appropriated to the Commissioner of Social Security not more than $100,000,000 for fiscal years 1996 through 2000.

(c) EFFECTIVE DATE.—The amendment made by subsection (a) takes effect upon the expiration of the 9-month period beginning on the date of the enactment of this Act.

SEC. 9608. NARROWING OF SSI ELIGIBILITY ON BASIS OF MENTAL IMPAIRMENTS.

(a) IN GENERAL.—Section 1614(a)(3)(A) (42 U.S.C. 1382c(a)(3)(A)) is amended by adding at the end the following sentence: ''In making determinations under this clause regarding the severity of mental impairments, the Secretary shall revise the regulations under subpart P of part 404 of title 20, Code of Federal Regulations, to accomplish the result that (relative to such regulations as in effect prior to the date on which this sentence takes effect) less weight is given to criteria regarding concentration, persistence (and pace), and ability to tolerate increased mental demand associated with competitive work, and that, accordingly, the eligibility criteria regarding mental impairments are narrowed.''.

(b) FINAL REGULATIONS.—The final rule for the regulations required in subsection (a) shall be issued before the expiration of the 9-month period beginning on the date of the enactment of this Act,and shall take effect upon the expiration of such period.

SEC. 9609. REDUCTION IN UNEARNED INCOME EXCLUSION.

(a) IN GENERAL.—Section 1612(b)(3)(A) (42 U.S.C. 1382a(b)(3)(A)) is amended by striking ''$20'' and inserting ''$15''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to benefits for months beginning after December 31, 1995.

Subtitle G—Food Assistance

CHAPTER 1—FOOD STAMP PROGRAM

SEC. 9701. APPLICATION OF AMENDMENTS.

The amendments made by this chapter shall not apply with respect to certification periods beginning before the effective date of this chapter.

SEC. 9702. AMENDMENTS TO THE FOOD STAMP ACT OF 1977.

(a) CERTIFICATION PERIOD.—(1) Section 3(c) of the Food Stamp Act of 1977 (7 U.S.C. 2012(c)) is amended to read as follows:

''(c) 'Certification period' means the period specified by the State agency for which households shall be eligible to receive authorization cards, except that such period shall be—

''(1) 24 months for households in which all adult members are elderly or disabled; and

''(2) not more than 12 months for all other households.''.

(2) Section 6(c)(1)(C) of the Food Stamp Act of 1977 (7 U.S.C. 2015(c)(1)(C)) is amended—

(A) in clause (ii) by adding ''and'' at the end;

(B) in clause (iii) by striking ''; and'' at the end and inserting a period; and

(C) by striking clause (iv).

(b) ENERGY ASSISTANCE COUNTED AS INCOME.—

(1) LIMITING EXCLUSION.—Section 5(d)(11) of the Food Stamp Act of 1977 (7 U.S.C. 2014(d)(11)) is amended—

(A) by striking ''(A) under any Federal law, or (B)''; and

(B) by inserting before the comma at the end the following: '', except that no benefits provided under the State program under part A of title IV of the Social Security Act (42

U.S.C. 601 et seq.) shall be excluded under this clause''.

(2) CONFORMING AMENDMENTS.—

(A) Section 5(e) of the Food Stamp Act of 1977 (7 U.S.C. 2014(e)) is amended by striking the ninth through the twelfth sentences.

(B) Section 5(k)(2) of the Food Stamp Act of 1977 (7 U.S.C. 2014(k)(2)) is amended by striking subparagraph (C) and redesignating subparagraphs (D) through (H) as subparagraphs (C) through (G), respectively.

(C) Section 5(k) of the Food Stamp Act of 1977 (7 U.S.C. 2014(k)) is amended by adding at the end the following:

''(4) For purposes of subsection (d)(1), any payments or allowances made under any Federal or State law for the purposes of energy assistance shall be treated as money payable directly to the household.''.

(D) Section 2605(f) of the Low-Income Home Energy Assistance Act of 1981 (42 U.S.C. 8634(f)) is amended—

(i) in paragraph (1), by striking ''food stamps'';

(ii) by striking ''(f)(1) Notwithstanding'' and inserting ''(f) Notwithstanding''; and

(iii) by striking paragraph (2).

(c) EXCLUSION OF CERTAIN JTPA INCOME.—Section 5 of the Food Stamp Act of 1977 (7 U.S.C. 2014) is amended—

(1) in subsection (d)—

(A) by striking ''and (16)'' and inserting ''(16)''; and

(B) by inserting before the period at the end the following: '', and (17) income received under the Job Training Partnership Act (29 U.S.C. 1501 et seq.) by a household member who is less than 19 years of age''; and

(2) in subsection (*l*), by striking ''under section 204(b)(1)(C)'' and all that follows and inserting ''shall be considered earned income for purposes of the food stamp program.''.

(d) EXCLUSION OF LIFE INSURANCE POLICIES.—Section 5(g) of the Food Stamp Act of 1977 (7 U.S.C. 2014(g)) is amended by adding at the end the following:

''(6) The Secretary shall exclude from financial resources the cash value of any life insurance policy owned by a member of a household.''.

(e) IN-TANDEM EXCLUSIONS FROM INCOME.—Section 5 of the Food Stamp Act of 1977 (7 U.S.C. 2014) is amended by adding at the end the following:

''(n) Whenever a Federal statute enacted after the date of the enactment of this Act excludes funds from income for purposes of determining eligibility, benefit levels, or both under State plans approved under part A of title IV of the Social Security Act, then such funds shall be excluded from income for purposes of determining eligibility, benefit levels, or both, respectively, under the food stamp program of households all of whose members receive benefits under a State plan approved under part A of title IV of the Social Security Act.''.

SEC. 9703. AUTHORITY TO ESTABLISH AUTHORIZATION PERIODS.

Section 9(a)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2018(a)(1)) is amended by adding at the end the following: ''The Secretary is authorized to issue regulations establishing specific time periods during which authorization to accept and redeem coupons under the food stamp program shall be valid.''.

SEC. 9704. SPECIFIC PERIOD FOR PROHIBITING PARTICIPATION OF STORES BASED ON LACK OF BUSINESS INTEGRITY.

Section 9(a)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2018(a)(1)), as amended by section 9703, is amended by adding at the end the following: ''The Secretary is authorized to issue regulations establishing specific time periods during which a retail food store or wholesale food concern that has an application for approval to accept and redeem coupons denied or that has such an approval withdrawn on the basis of business integrity and reputation cannot submit a new application for approval. Such periods shall reflect the severity of business integrity infractions that are the basis of such denials or withdrawals.''.

SEC. 9705. INFORMATION FOR VERIFYING ELIGIBILITY FOR AUTHORIZATION.

Section 9(c) of the Food Stamp Act of 1977 (7 U.S.C. 2018(c)) is amended—

(1) in the first sentence by inserting '', which may include relevant income and sales tax filing documents,'' after ''submit information''; and

(2) by inserting after the first sentence the following: ''The regulations may require retail food stores and wholesale food concerns to provide written authorization for the Secretary to verify all relevant tax filings with appropriate agencies and to obtain corroborating documentation from other sources in order that the accuracy of information provided by such stores and concerns may be verified.''.

SEC. 9706. WAITING PERIOD FOR STORES THAT INITIALLY FAIL TO MEET AUTHORIZATION CRITERIA.

Section 9(d) of the Food Stamp Act of 1977 (7 U.S.C. 2018(d)) is amended by adding at the end the following: ''Regulations issued pursuant to this Act shall prohibit a retail food store or wholesale food concern that has an application for approval to accept and redeem coupons denied because it does not meet criteria for approval established by the Secretary in regulations from submitting a new application for six months from the date of such denial.''.

SEC. 9707. BASES FOR SUSPENSIONS AND DISQUALIFICATIONS.

Section 12(a) of the Food Stamp Act of 1977 (7 U.S.C. 2021(a)) is amended by adding at the end the following: ''Regulations issued pursuant to this Act shall provide criteria for the finding of violations and the suspension or disqualification of a retail food store or wholesale food concern on the basis of evidence which may include, but is not limited to, facts established through on-site investigations, inconsistent redemption data, or evidence obtained through transaction reports under electronic benefit transfer systems.''.

SEC. 9708. AUTHORITY TO SUSPEND STORES VIOLATING PROGRAM REQUIREMENTS PENDING ADMINISTRATIVE AND JUDICIAL REVIEW.

(a) Section 12(a) of the Food Stamp Act of 1977 (7 U.S.C. 2021(a)), as amended by section 9707, is amended by adding at the end the following: ''Such regulations may establish criteria under which the authorization of a retail food store or wholesale food concern to accept and redeem coupons may be suspended at the time such store or concern is initially found to have committed violations of program requirements. Such suspension may coincide with the period of a review as provided in section 14. The Secretary shall not be liable for the value of any sales lost during any suspension or disqualification period.''.

(b) Section 14(a) of the Food Stamp Act of 1977 (7 U.S.C. 2023(a)) is amended—

(1) in the first sentence by inserting ''suspended,'' before ''disqualified or subjected'';

(2) in the fifth sentence by inserting before the period at the end the following: '', except that in the case of the suspension of a retail food store or wholesale food concern pursuant to section 12(a), such suspension shall remain in effect pending any administrative or judicial review of the proposed disqualification action, and the period of suspension shall be deemed a part of any period of disqualification which is imposed.''; and

(3) by striking the last sentence.

SEC. 9709. DISQUALIFICATION OF RETAILERS WHO ARE DISQUALIFIED FROM THE WIC PROGRAM.

Section 12 of the Food Stamp Act of 1977 (7 U.S.C. 2021) is amended by adding at the end the following:

''(g) The Secretary shall issue regulations providing criteria for the disqualification of approved retail food stores and wholesale food concerns that are otherwise disqualified from accepting benefits under the Special Supplemental Nutrition Program for Women, Infants and Children (WIC) authorized under section 17 of the Child Nutrition Act of 1966. Such disqualification—

''(1) shall be for the same period as the disqualification from the WIC Program;

''(2) may begin at a later date; and

''(3) notwithstanding section 14 of this Act, shall not be subject to administrative or judicial review.''.

SEC. 9710. PERMANENT DEBARMENT OF RETAILERS WHO INTENTIONALLY SUBMIT FALSIFIED APPLICATIONS.

Section 12 of the Food Stamp Act of 1977 (7 U.S.C. 2021), as amended by section 9709, is amended by adding at the end the following:

''(h) The Secretary shall issue regulations providing for the permanent disqualification of a retail food store or wholesale food concern that is determined to have knowingly submitted an application for approval to accept and redeem coupons which contains false information about one or more substantive matters which were the basis for providing approval. Any disqualification imposed under this subsection shall be subject to administrative and judicial review pursuant to section 14, but such disqualification shall remain in effect pending such review.''.

SEC. 9711. EXPANDED CIVIL AND CRIMINAL FORFEITURE FOR VIOLATIONS OF THE FOOD STAMP ACT.

(a) FORFEITURE OF ITEMS EXCHANGED IN FOOD STAMP TRAFFICKING.—Section 15(g) of the Food Stamp Act of 1977 (7 U.S.C. 2024(g)) is amended by striking ''or intended to be furnished''.

(b) CIVIL AND CRIMINAL FORFEITURE.—Section 15 of the Food Stamp Act of 1977 (7 U.S.C. 2024)) is amended by adding at the end the following:

''(h)(1) CIVIL FORFEITURE FOR FOOD STAMP BENEFIT VIOLATIONS.—

''(A) Any food stamp benefits and any property, real or personal—

''(i) constituting, derived from, or traceable to any proceeds obtained directly or indirectly from, or

''(ii) used, or intended to be used, to commit, or to facilitate,

the commission of a violation of subsection (b) or subsection (c) involving food stamp benefits having an aggregate value of not less than $5,000, shall be subject to forfeiture to the United States.

''(B) The provisions of chapter 46 of title 18, United States Code, relating to civil forfeitures shall extend to a seizure or forfeiture under this subsection, insofar as applicable and not inconsistent with the provisions of this subsection.

''(2) CRIMINAL FORFEITURE FOR FOOD STAMP BENEFIT VIOLATIONS.—

''(A)(i) Any person convicted of violating subsection (b) or subsection (c) involving food stamp benefits having an aggregate value of not less than $5,000, shall forfeit to the United States, irrespective of any State law—

''(I) any food stamp benefits and any property constituting, or derived from, or traceable to any proceeds such person obtained directly or indirectly as a result of such violation; and

''(II) any food stamp benefits and any of such person's property used, or intended to be used, in any manner or part, to commit,

or to facilitate the commission of such violation.

''(ii) In imposing sentence on such person, the court shall order that the person forfeit to the United States all property described in this subsection.

''(B) All food stamp benefits and any property subject to forfeiture under this subsection, any seizure and disposition thereof, and any administrative or judicial proceeding relating thereto, shall be governed by subsections (b), (c), (e), and (g) through (p) of section 413 of the Comprehensive Drug Abuse Prevention and Control Act of 1970 (21 U.S.C. 853), insofar as applicable and not inconsistent with the provisions of this subsection.

''(3) APPLICABILITY.—This subsection shall not apply to property specified in subsection (g) of this section.

''(4) RULES.—The Secretary may prescribe such rules and regulations as may be necessary to carry out this subsection.''.

SEC. 9712. EXPANDED AUTHORITY FOR SHARING INFORMATION PROVIDED BY RETAILERS.

(a) Section 205(c)(2)(C)(iii) of the Social Security Act (42 U.S.C. 405(c)(2)(C)(iii)) (as amended by section 316(a) of the Social Security Administrative Reform Act of 1994 (Public Law 103–296; 108 Stat. 1464) is amended—

(1) by inserting in the first sentence of subclause (II) after ''instrumentality of the United States'' the following: '', or State government officers and employees with law enforcement or investigative responsibilities, or State agencies that have the responsibility for administering the Special Supplemental Nutrition Program for Women, Infants and Children (WIC)'';

(2) by inserting in the last sentence of subclause (II) immediately after ''other Federal'' the words ''or State''; and

(3) by inserting ''or a State'' in subclause (III) immediately after ''United States''.

(b) Section 6109(f)(2) of the Internal Revenue Code of 1986 (26 U.S.C. 6109(f)(2)) (as added by section 316(b) of the Social Security Administrative Reform Act of 1994 (Public Law 103–296; 108 Stat. 1464)) is amended—

(1) by inserting in subparagraph (A) after ''instrumentality of the United States'' the following: '', or State government officers and employees with law enforcement or investigative responsibilities, or State agencies that have the responsibility for administering the Special Supplemental Nutrition Program for Women, Infants and Children (WIC)'';

(2) in the last sentence of subparagraph (A) by inserting ''or State'' after ''other Federal''; and

(3) in subparagraph (B) by inserting ''or a State'' after ''United States''.

SEC. 9713. EXPANDED DEFINITION OF ''COUPON''.

Section 3(d) of the Food Stamp Act of 1977 (7 U.S.C. 2012(d)) is amended by striking ''or type of certificate'' and inserting ''type of certificate, authorization cards, cash or checks issued of coupons or access devices, including, but not limited to, electronic benefit transfer cards and personal identification numbers''.

SEC. 9714. DOUBLED PENALTIES FOR VIOLATING FOOD STAMP PROGRAM REQUIREMENTS.

Section 6(b)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2015(b)(1)) is amended—

(1) in clause (i)—

(A) by striking ''six months'' and inserting ''1 year''; and

(B) by adding ''and'' at the end; and

(2) striking clauses (ii) and (iii) and inserting the following:

''(ii) permanently upon—

''(I) the second occasion of any such determination; or

''(II) the first occasion of a finding by a Federal, State, or local court of the trading of a controlled substance (as defined in section 102 of the Controlled Substances Act (21 U.S.C. 802)), firearms, ammunition, or explosives for coupons.''.

SEC. 9715. MANDATORY CLAIMS COLLECTION METHODS.

(a) Section 11(e)(8) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)(8)) is amended by inserting ''or refunds of Federal taxes as authorized pursuant to 31 U.S.C. 3720A'' before the semicolon at the end.

(b) Section 13(d) of the Food Stamp Act of 1977 (7 U.S.C. 2022(d)) is amended—

(1) by striking ''may'' and inserting ''shall''; and

(2) by inserting ''or refunds of Federal taxes as authorized pursuant to 31 U.S.C. 3720A'' before the period at the end.

(c) Section 6103(1) of the Internal Revenue Code (26 U.S.C. 6103(1)) is amended—

(1) by striking ''officers and employees'' in paragraph (10)(A) and inserting ''officers, employees or agents, including State agencies''; and

(2) by striking ''officers and employees'' in paragraph (10)(B) and inserting ''officers, employees or agents, including State agencies''.

SEC. 9716. PROMOTING EXPANSION OF ELECTRONIC BENEFITS TRANSFER.

Section 7(i) of the Food Stamp Act of 1977 (7 U.S.C. 2016(i)(1)) is amended—

(1) by amending paragraph (1) to read:

''(1)(A) State agencies are encouraged to implement an on-line electronic benefit transfer system in which household benefits determined under section 8(a) are issued from and stored in a central data bank and electronically accessed by household members at the point-of-sale.

''(B) Subject to paragraph (2), a State agency is authorized to procure and implement an electronic benefit transfer system under the terms, conditions, and design that the State agency deems appropriate.

''(C) The Secretary shall, upon request of a State agency, waive any provision of this subsection prohibiting the effective implementation of an electronic benefit transfer system consistent with the purposes of this Act. The Secretary shall act upon any request for such a waiver within 90 days of receipt of a complete application.'';

(2) in paragraph (2), by striking ''for the approval''; and

(3) in paragraph (3), by striking ''the Secretary shall not approve such a system unless'' and inserting ''the State agency shall ensure that''.

SEC. 9717. REDUCTION OF BASIC BENEFIT LEVEL.

Section 3(o) of the Food Stamp Act of 1977 (7 U.S.C. 2012(o)) is amended—

(1) by striking ''and (11)'' and inserting ''(11)'';

(2) in clause (11) by inserting ''through October 1, 1994'' after ''each October 1 thereafter''; and

(3) by inserting before the period at the end the following:

'', and (12) on October 1, 1995, and on each October 1 thereafter, adjust the cost of such diet to reflect 100 percent of the cost, in the preceding June (without regard to any previous adjustment made under this clause or clauses (4) through (11) of this subsection) and round the result to the nearest lower dollar increment for each household size''.

SEC. 9718. 2-YEAR FREEZE OF STANDARD DEDUCTION.

The second sentence of section 5(e)(4) (7 U.S.C. 2014(e)(4)) is amended by inserting '', except October 1, 1995, and October 1, 1996'' after ''thereafter''.

SEC. 9719. PRO-RATING BENEFITS AFTER INTERRUPTIONS IN PARTICIPATION.

Section 8(c)(2)(B) of the Food Stamp Act of 1977 (7 U.S.C. 2017(c)(2)(B)) is amended by striking ''of more than one month''.

SEC. 9720. DISQUALIFICATION FOR PARTICIPATING IN 2 OR MORE STATES.

Section 6 of the Food Stamp Act of 1977 (7 U.S.C. 2015), as amended by sections 9491 and 9492, is amended by adding at the end the following:

''(*l*) DISQUALIFICATION FOR PARTICIPATING IN 2 OR MORE STATES.—An individual shall be ineligible to participate in the food stamp program as a member of any household during a 10-year period beginning on the date the individual is found by a State to have made, or is convicted in Federal or State court of having made, a fraudulent statement or representation with respect to the place of residence of the individual to receive benefits simultaneously from 2 or more States under—

''(1) the food stamp program;

''(2) a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) or under title XIX of the Act (42 U.S.C. 1396 et seq.); or

''(3) the supplemental security income program under title XVI of the Act (42 U.S.C. 1381 et seq.).''.

SEC. 9721. DISQUALIFICATION RELATING TO CHILD SUPPORT ARREARS.

Section 6 of the Food Stamp Act of 1977 (7 U.S.C. 2015), as amended by sections 9491, 9492, and 9720, is amended by adding at the end the following:

''(m) DISQUALIFICATION FOR CHILD SUPPORT ARREARS.—

''(1) IN GENERAL.—At the option of a State agency, except as provided in paragraph (2), no individual shall be eligible to participate in the food stamp program as a member of any household during any month that the individual is delinquent in any payment due under a court order for the support of a child of the individual.

''(2) EXCEPTIONS.—Paragraph (1) shall not apply if—

''(A) a court is allowing the individual to delay payment; or

''(B) the individual is complying with a payment plan approved by a court or the State agency designated under part D of title IV of the Social Security Act (42 U.S.C. 651 et seq.) to provide support for the child of the individual.''.

SEC. 9722. STATE AUTHORIZATION TO ASSIST LAW ENFORCEMENT OFFICERS IN LOCATING FUGITIVE FELONS.

Section 11(e)(8)(B) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)(8)(B)) is amended by striking ''Act, and'' and inserting ''Act or of locating a fugitive felon (as defined by a State), and''.

SEC. 9723. WORK REQUIREMENT FOR ABLE-BODIED RECIPIENTS.

(a) IN GENERAL.—Section 6 of the Food Stamp Act of 1977 (7 U.S.C. 2015), as amended by sections 9491, 9492, 9720, and 9721, is amended by adding at the end the following:

''(n) WORK REQUIREMENT.—

''(1) DEFINITION OF WORK PROGRAM.—In this subsection, the term 'work program' means—

''(A) a program under the Job Training Partnership Act (29 U.S.C. 1501 et seq.);

''(B) a program under section 236 of the Trade Act of 1974 (19 U.S.C. 2296); or

''(C) a program of employment or training operated or supervised by a State or local government, as determined appropriate by the Secretary.

''(2) WORK REQUIREMENT.—No individual shall be eligible to participate in the food stamp program as a member of any household if, during the preceding 12 months, the individual received food stamp benefits for not less than 6 months during which the individual did not—

''(A) work 20 hours or more per week, averaged monthly;

''(B) participate in a workfare program under section 20 or a comparable State or local workfare program;

''(C) participate in and comply with the requirements of an approved employment and training program under subsection (d)(4); or

''(D) participate in and comply with the requirements of a work program for 20 hours or more per week.

''(3) EXCEPTION.—Paragraph (2) shall not apply to an individual if the individual is—

''(A) under 18 or over 50 years of age;

''(B) medically certified as physically or mentally unfit for employment;

''(C) a parent or other member of a household with a dependent child under 18 years of age; or

''(D) otherwise exempt under subsection (d)(2).

''(4) WAIVER.—

''(A) IN GENERAL.—The Secretary may waive the applicability of paragraph (2) to any group of individuals in the State if the Secretary makes a determination that the area in which the individuals reside—

''(i) has an unemployment rate of over 8 percent; or

''(ii) does not have a sufficient number of jobs to provide employment for the individuals.

''(B) REPORT.—The Secretary shall report the basis for a waiver under subparagraph (A) to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.''.

(b) WORK AND TRAINING PROGRAMS.—Section 6(d)(4) of the Food Stamp Act of 1977 (7 U.S.C. 2015(d)(4)) is amended by adding at the end the following:

''(O) REQUIRED PARTICIPATION IN WORK AND TRAINING PROGRAMS.—A State agency shall provide an opportunity to participate in the employment and training program under this paragraph to any individual who would otherwise become subject to disqualification under subsection (i).

''(P) COORDINATING WORK REQUIREMENTS.—

''(i) IN GENERAL.—Notwithstanding any other provision of this paragraph, a State agency that meets the participation requirements of clause (ii) may operate the employment and training program of the State for individuals who are members of households receiving allotments under this Act as part of a program operated by the State under part F of title IV of the Social Security Act (42 U.S.C. 681 et seq.), subject to the requirements of the Act.

''(ii) PARTICIPATION REQUIREMENTS.—A State agency may exercise the option under clause (i) if the State agency provides an opportunity to participate in an approved employment and training program to an individual who is—

''(I) subject to subsection (i);

''(II) not employed at least an average of 20 hours per week;

''(III) not participating in a workfare program under section 20 (or a comparable State or local program); and

''(IV) not subject to a waiver under subsection (i)(4).''.

(c) ENHANCED EMPLOYMENT AND TRAINING PROGRAM.—Section 16(h)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2025(h)(1)) is amended—

(1) in subparagraph (A), by striking ''$75,000,000 for each of the fiscal years 1991 through 1995'' and inserting ''$150,000,000 for each of fiscal years 1996 through 2000'';

(2) by striking subparagraphs (B), (C), (E), and (F);

(3) by redesignating subparagraph (D) as subparagraph (B); and

(4) in subparagraph (B) (as redesignated by paragraph (3)), by striking ''for each'' and all that follows through ''of $60,000,000'' and inserting '', the Secretary shall allocate funding''.

SEC. 9724. COORDINATION OF EMPLOYMENT AND TRAINING PROGRAMS.

Section 8(d) of the Food Stamp Act of 1977 (7 U.S.C. 2019(d)) is amended—

(1) by striking ''(d) A household'' and inserting the following:

''(d) NONCOMPLIANCE WITH OTHER WELFARE OR WORK PROGRAMS.—

''(1) IN GENERAL.—A household''; and

(2) by inserting ''or a work requirement under a welfare or public assistance program'' after ''assistance program''; and

(3) by adding at the end the following:

''(2) WORK REQUIREMENT.—If a household fails to comply with a work requirement under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.), for the duration of the reduction—

''(A) the household may not receive an increased allotment as the result of a decrease in the income of the household to the extent that the decrease is the result of a penalty imposed for the failure to comply; and

''(B) the State agency may reduce the allotment of the household by not more than 25 percent.''.

SEC. 9725. EXTENDING CURRENT CLAIMS RETENTION RATES.

Section 16(a) of the Food Stamp Act of 1977 (7 U.S.C. 2025(a)) is amended by striking ''September 30, 1995'' each place it appears and inserting ''September 30, 2002''.

SEC. 9726. NUTRITION ASSISTANCE FOR PUERTO RICO.

Section 19(a)(1)(A) of the Food Stamp Act of 1977 (7 U.S.C. 2028(a)(1)(A)) is amended—

(1) by striking ''1994, and'' and inserting ''1994,''; and

(2) by inserting ''and $1,143,000,000 for each of the fiscal years 1996 through 2002,'' before ''to finance''.

SEC. 9727. TREATMENT OF CHILDREN LIVING AT HOME.

The second sentence of section 3(i) of the Food Stamp Act of 1977 (7 U.S.C. 2012(i)) is amended by striking ''(who are not themselves parents living with their children or married and living with their spouses)''.

CHAPTER 2—COMMODITY DISTRIBUTION

SEC. 9751. SHORT TITLE.

This chapter may be cited as the ''Commodity Distribution Act of 1995''.

SEC. 9752. AVAILABILITY OF COMMODITIES.

(a) Notwithstanding any other provision of law, the Secretary of Agriculture (hereinafter in this chapter referred to as the ''Secretary'') is authorized during fiscal years 1996 through 2000 to purchase a variety of nutritious and useful commodities and distribute such commodities to the States for distribution in accordance with this chapter.

(b) In addition to the commodities described in subsection (a), the Secretary may expend funds made available to carry out the section 32 of the Act of August 24, 1935 (7 U.S.C. 612c), which are not expended or needed to carry out such section, to purchase, process, and distribute commodities of the types customarily purchased under such section to the States for distribution in accordance to this chapter.

(c) In addition to the commodities described in subsections (a) and (b), agricultural commodities and the products thereof made available under clause (2) of the second sentence of section 32 of the Act of August 24, 1935 (7 U.S.C. 612c), may be made available by the Secretary to the States for distribution in accordance with this chapter.

(d) In addition to the commodities described in subsections (a), (b), and (c), commodities acquired by the Commodity Credit Corporation that the Secretary determines, in the discretion of the Secretary, are in excess of quantities needed to—

(1) carry out other domestic donation programs;

(2) meet other domestic obligations;

(3) meet international market development and food aid commitments, and

(4) carry out the farm price and income stabilization purposes of the Agricultural Adjustment Act of 1938, the Agricultural Act of 1949, and the Commodity Credit Corporation Charter Act; shall be made available by the Secretary, without charge or credit for such commodities, to the States for distribution in accordance with this chapter.

(e) During each fiscal year, the types, varieties, and amounts of commodities to be purchased under this chapter shall be determined by the Secretary. In purchasing such commodities, except those commodities purchased pursuant to section 9760, the Secretary shall, to the extent practicable and appropriate, make purchases based on—

(1) agricultural market conditions;

(2) the preferences and needs of States and distributing agencies; and

(3) the preferences of the recipients.

SEC. 9753. STATE, LOCAL AND PRIVATE SUPPLEMENTATION OF COMMODITIES.

(a) The Secretary shall establish procedures under which State and local agencies, recipient agencies, or any other entity or person may supplement the commodities distributed under this chapter for use by recipient agencies with nutritious and wholesome commodities that such entities or persons donate for distribution, in all or part of the State, in addition to the commodities otherwise made available under this chapter.

(b) States and eligible recipient agencies may use—

(1) the funds appropriated for administrative cost under section 9759(b);

(2) equipment, structures, vehicles, and all other facilities involved in the storage, handling, or distribution of commodities made available under this chapter; and

(3) the personnel, both paid or volunteer, involved in such storage, handling, or distribution; to store, handle or distribute commodities donated for use under subsection (a).

(c) States and recipient agencies shall continue, to the maximum extent practical, to use volunteer workers, and commodities and other foodstuffs donated by charitable and other organizations, in the distribution of commodities under this chapter.

SEC. 9754. STATE PLAN.

(a) A State seeking to receive commodities under this chapter shall submit a plan of operation and administration every four years to the Secretary for approval. The plan may be amended at any time, with the approval of the Secretary.

(b) The State plan, at a minimum, shall—

(1) designate the State agency responsible for distributing the commodities received under this chapter;

(2) set forth a plan of operation and administration to expeditiously distribute commodities under this chapter in quantities requested to eligible recipient agencies in accordance with sections 9756 and 9760;

(3) set forth the standards of eligibility for recipient agencies; and

(4) set forth the standards of eligibility for individual or household recipients of commodities, which at minimum shall require—

(A) individuals or households to be comprised of needy persons; and

(B) individual or household members to be residing in the geographic location served by the distributing agency at the time of application for assistance.

(c) The Secretary shall encourage each State receiving commodities under this

chapter to establish a State advisory board consisting of representatives of all interested entities, both public and private, in the distribution of commodities received under this chapter in the State.

(d) A State agency receiving commodities under this chapter may—

(1)(A) enter into cooperative agreements with State agencies of other States to jointly provide commodities received under this chapter to eligible recipient agencies that serve needy persons in a single geographical area which includes such States; or

(B) transfer commodities received under this chapter to any such eligible recipient agency in the other State under such agreement; and

(2) advise the Secretary of an agreement entered into under this subsection and the transfer of commodities made pursuant to such agreement.

SEC. 9755. ALLOCATION OF COMMODITIES TO STATES.

(a) In each fiscal year, except for those commodities purchased under section 9760, the Secretary shall allocate the commodities distributed under this chapter as follows:

(1) 60 percent of such total value of commodities shall be allocated in a manner such that the value of commodities allocated to each State bears the same ratio to 60 percent of such total value as the number of persons in households within the State having incomes below the poverty line bears to the total number of persons in households within all States having incomes below such poverty line. Each State shall receive the value of commodities allocated under this paragraph.

(2) 40 percent of such total value of commodities shall be allocated in a manner such that the value of commodities allocated to each State bears the same ratio to 40 percent of such total value as the average monthly number of unemployed persons within the State bears to the average monthly number of unemployed persons within all States during the same fiscal year. Each State shall receive the value of commodities allocated to the State under this paragraph.

(b)(1) The Secretary shall notify each State of the amount of commodities that such State is allotted to receive under subsection (a) or this subsection, if applicable. Each State shall promptly notify the Secretary if such State determines that it will not accept any or all of the commodities made available under such allocation. On such a notification by a State, the Secretary shall reallocate and distribute such commodities in a manner the Secretary deems appropriate and equitable. The Secretary shall further establish procedures to permit States to decline to receive portions of such allocation during each fiscal year in a manner the State determines is appropriate and the Secretary shall reallocate and distribute such allocation as the Secretary deems appropriate and equitable.

(2) In the event of any drought, flood, hurricane, or other natural disaster affecting substantial numbers of persons in a State, county, or parish, the Secretary may request that States unaffected by such a disaster consider assisting affected States by allowing the Secretary to reallocate commodities from such unaffected State to States containing areas adversely affected by the disaster.

(c) Purchases of commodities under this chapter shall be made by the Secretary at such times and under such conditions as the Secretary determines appropriate within each fiscal year. All commodities so purchased for each such fiscal year shall be delivered at reasonable intervals to States based on the allocations and reallocations made under subsections (a) and (b), and or carry out section 9760, not later than December 31 of the following fiscal year.

SEC. 9756. PRIORITY SYSTEM FOR STATE DISTRIBUTION OF COMMODITIES.

(a) In distributing the commodities allocated under subsections (a) and (b) of section 9755, the State agency, under procedures determined by the State agency, shall offer, or otherwise make available, its full allocation of commodities for distribution to emergency feeding organizations.

(b) If the State agency determines that the State will not exhaust the commodities allocated under subsections (a) and (b) of section 9755 through distribution to organizations referred to in subsection (a), its remaining allocation of commodities shall be distributed to charitable institutions described in section 9763(3) not receiving commodities under subsection (a).

(c) If the State agency determines that the State will not exhaust the commodities allocated under subsections (a) and (b) of section 9755 through distribution to organizations referred to in subsections (a) and (b), its remaining allocation of commodities shall be distributed to any eligible recipient agency not receiving commodities under subsections (a) and (b).

SEC. 9757. INITIAL PROCESSING COSTS.

The Secretary may use funds of the Commodity Credit Corporation to pay the costs of initial processing and packaging of commodities to be distributed under this chapter into forms and in quantities suitable, as determined by the Secretary, for use by the individual households or eligible recipient agencies, as applicable. The Secretary may pay such costs in the form of Corporation-owned commodities equal in value to such costs. The Secretary shall ensure that any such payments in kind will not displace commercial sales of such commodities.

SEC. 9758. ASSURANCES; ANTICIPATED USE.

(a) The Secretary shall take such precautions as the Secretary deems necessary to ensure that commodities made available under this chapter will not displace commercial sales of such commodities or the products thereof. The Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate by December 31, 1997, and not less than every two years thereafter, a report as to whether and to what extent such displacements or substitutions are occurring.

(b) The Secretary shall determine that commodities provided under this chapter shall be purchased and distributed only in quantities that can be consumed without waste. No eligible recipient agency may receive commodities under this chapter in excess of anticipated use, based on inventory records and controls, or in excess of its ability to accept and store such commodities.

SEC. 9759. AUTHORIZATION OF APPROPRIATIONS.

(a) PURCHASE OF COMMODITIES.—To carry out this chapter, there are authorized to be appropriated $260,000,000 for each of the fiscal years 1996 through 2000 to purchase, process, and distribute commodities to the States in accordance with this chapter.

(b) ADMINISTRATIVE FUNDS.—

(1) There are authorized to be appropriated $40,000,000 for each of the fiscal years 1996 through 2000 for the Secretary to make available to the States for State and local payments for costs associated with the distribution of commodities by eligible recipient agencies under this chapter, excluding costs associated with the distribution of those commodities distributed under section 9760. Funds appropriated under this paragraph for any fiscal year shall be allocated to the States on an advance basis dividing such funds among the States in the same proportions as the commodities distributed under this chapter for such fiscal year are allocated among the States. If a State agency is unable to use all of the funds so allocated to it, the Secretary shall reallocate such unused funds among the other States in a manner the Secretary deems appropriate and equitable.

(2)(A) A State shall make available in each fiscal year to eligible recipient agencies in the State not less than 40 percent of the funds received by the State under paragraph (1) for such fiscal year, as necessary to pay for, or provide advance payments to cover, the allowable expenses of eligible recipient agencies for distributing commodities to needy persons, but only to the extent such expenses are actually so incurred by such recipient agencies.

(B) As used in this paragraph, the term ''allowable expenses'' includes—

(i) costs of transporting, storing, handling, repackaging, processing, and distributing commodities incurred after such commodities are received by eligible recipient agencies;

(ii) costs associated with determinations of eligibility, verification, and documentation;

(iii) costs of providing information to persons receiving commodities under this chapter concerning the appropriate storage and preparation of such commodities; and

(iv) costs of recordkeeping, auditing, and other administrative procedures required for participation in the program under this chapter.

(C) If a State makes a payment, using State funds, to cover allowable expenses of eligible recipient agencies, the amount of such payment shall be counted toward the amount a State must make available for allowable expenses of recipient agencies under this paragraph.

(3) States to which funds are allocated for a fiscal year under this subsection shall submit financial reports to the Secretary, on a regular basis, as to the use of such funds. No such funds may be used by States or eligible recipient agencies for costs other than those involved in covering the expenses related to the distribution of commodities by eligible recipient agencies.

(4)(A) Except as provided in subparagraph (B), to be eligible to receive funds under this subsection, a State shall provide in cash or in kind (according to procedures approved by the Secretary for certifying these in-kind contributions) from non-Federal sources a contribution equal to the difference between—

(i) the amount of such funds so received; and

(ii) any part of the amount allocated to the State and paid by the State—

(I) to eligible recipient agencies; or

(II) for the allowable expenses of such recipient agencies;for use in carrying out this chapter.

(B) Funds allocated to a State under this section may, upon State request, be allocated before States satisfy the matching requirement specified in subparagraph (A), based on the estimated contribution required. The Secretary shall periodically reconcile estimated and actual contributions and adjust allocations to the State to correct for overpayments and underpayments.

(C) Any funds distributed for administrative costs under section 9760(b) shall not be covered by this paragraph.

(5) States may not charge for commodities made available to eligible recipient agencies, and may not pass on to such recipient agencies the cost of any matching requirements, under this chapter.

(c) VALUE OF COMMODITIES.—The value of the commodities made available under subsections (c) and (d) of section 9752, and the

funds of the Corporation used to pay the costs of initial processing, packaging (including forms suitable for home use), and delivering commodities to the States shall not be charged against appropriations authorized by this section.

SEC. 9760. COMMODITY SUPPLEMENTAL FOOD PROGRAM.

(a) From the funds appropriated under section 9759(a), $94,500,000 shall be used for each fiscal year to purchase and distribute commodities to supplemental feeding programs serving woman, infants, and children or elderly individuals (hereinafter in this section referred to as the ''commodity supplemental food program''), or serving both groups wherever located.

(b) Not more than 20 percent of the funds made available under subsection (a) shall be made available to the States for State and local payments of administrative costs associated with the distribution of commodities by eligible recipient agencies under this section. Administrative costs for the purposes of the commodity supplemental food program shall include, but not be limited to, expenses for information and referral, operation, monitoring, nutrition education, start-up costs, and general administration, including staff, warehouse and transportation personnel, insurance, and administration of the State or local office.

(c)(1) During each fiscal year the commodity supplemental food program is in operation, the types, varieties, and amounts of commodities to be purchased under this section shall be determined by the Secretary, but, if the Secretary proposes to make any significant changes in the types, varieties, or amounts from those that were available or were planned at the beginning of the fiscal year the Secretary shall report such changes before implementation to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

(2) Notwithstanding any other provision of law, the Commodity Credit Corporation shall, to the extent that the Commodity Credit Corporation inventory levels permit, provide not less than 9,000,000 pounds of cheese and not less than 4,000,000 pounds of nonfat dry milk in each of the fiscal years 1996 through 2000 to the Secretary. The Secretary shall use such amounts of cheese and nonfat dry milk to carry out the commodity supplemental food program before the end of each fiscal year.

(d) The Secretary shall, in each fiscal year, approve applications of additional sites for the program, including sites that serve only elderly persons, in areas in which the program currently does not operate, to the full extent that applications can be approved within the appropriations available for the program for the fiscal year and without reducing actual participation levels (including participation of elderly persons under subsection (e)) in areas in which the program is in effect.

(e) If a local agency that administers the commodity supplemental food program determines that the amount of funds made available to the agency to carry out this section exceeds the amount of funds necessary to provide assistance under such program to women, infants, and children, the agency, with the approval of the Secretary, may permit low-income elderly persons (as defined by the Secretary) to participate in and be served by such program.

(f)(1) If it is necessary for the Secretary to pay a significantly higher than expected price for one or more types of commodities purchased under this section, the Secretary shall promptly determine whether the price is likely to cause the number of persons that can be served in the program in a fiscal year to decline.

(2) If the Secretary determines that such a decline would occur, the Secretary shall promptly notify the State agencies charged with operating the program of the decline and shall ensure that a State agency notify all local agencies operating the program in the State of the decline.

(g) Commodities distributed to States pursuant to this section shall not be considered in determining the commodity allocation to each State under section 9755 or priority of distribution under section 9756.

SEC. 9761. COMMODITIES NOT INCOME.

Notwithstanding any other provision of law, commodities distributed under this chapter shall not be considered income or resources for purposes of determining recipient eligibility under any Federal, State, or local means-tested program.

SEC. 9762. PROHIBITION AGAINST CERTAIN STATE CHARGES.

Whenever a commodity is made available without charge or credit under this chapter by the Secretary for distribution within the States to eligible recipient agencies, the State may not charge recipient agencies any amount that is in excess of the State's direct costs of storing, and transporting to recipient agencies the commodities minus any amount the Secretary provides the State for the costs of storing and transporting such commodities.

SEC. 9763. DEFINITIONS.

As used in this chapter:

(1) The term ''average monthly number of unemployed persons'' means the average monthly number of unemployed persons within a State in the most recent fiscal year for which such information is available as determined by the Bureau of Labor Statistics of the Department of Labor.

(2) The term ''elderly persons'' means individuals 60 years of age or older.

(3) The term ''eligible recipient agency'' means a public or nonprofit organization that administers—

(A) an institution providing commodities to supplemental feeding programs serving women, infants, and children or serving elderly persons, or serving both groups;

(B) an emergency feeding organization;

(C) a charitable institution (including hospitals and retirement homes and excluding penal institutions) to the extent that such institution serves needy persons;

(D) a summer camp for children, or a child nutrition program providing food service;

(E) a nutrition project operating under the Older Americans Act of 1965, including such projects that operate a congregate nutrition site and a project that provides home-delivered meals; or

(F) a disaster relief program; and that has been designated by the appropriate State agency, or by the Secretary, and approved by the Secretary for participation in the program established under this chapter.

(4) The term ''emergency feeding organization'' means a public or nonprofit organization that administers activities and projects (including the activities and projects of a charitable institution, a food bank, a food pantry, a hunger relief center, a soup kitchen, or a similar public or private nonprofit eligible recipient agency) providing nutrition assistance to relieve situations of emergency and distress through the provision of food to needy persons, including low-income and unemployed persons.

(5) The term ''food bank'' means a public and charitable institution that maintains an established operation involving the provision of food or edible commodities, or the products thereof, to food pantries, soup kitchens, hunger relief centers, or other food or feeding centers that, as an integral part of their normal activities, provide meals or food to feed needy persons on a regular basis.

(6) The term ''food pantry'' means a public or private nonprofit organization that distributes food to low-income and unemployed households, including food from sources other than the Department of Agriculture, to relieve situations of emergency and distress.

(7) The term ''needy persons'' means—

(A) individuals who have low incomes or who are unemployed, as determined by the State (in no event shall the income of such individual or household exceed 185 percent of the poverty line);

(B) households certified as eligible to participate in the food stamp program under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.); or

(C) individuals or households participating in any other Federal, or federally assisted, means-tested program.

(8) The term ''poverty line'' has the same meaning given such term in section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)).

(9) The term ''soup kitchen'' means a public and charitable institution that, as integral part of its normal activities, maintains an established feeding operation to provide food to needy homeless persons on a regular basis.

SEC. 9764. REGULATIONS.

(a) The Secretary shall issue regulations within 120 days to implement this chapter.

(b) In administering this chapter, the Secretary shall minimize, to the maximum extent practicable, the regulatory, recordkeeping, and paperwork requirements imposed on eligible recipient agencies.

(c) The Secretary shall as early as feasible but not later than the beginning of each fiscal year, publish in the Federal Register a nonbinding estimate of the types and quantities of commodities that the Secretary anticipates are likely to be made available under the commodity distribution program under this chapter during the fiscal year.

(d) The regulations issued by the Secretary under this section shall include provisions that set standards with respect to liability for commodity losses for the commodities distributed under this chapter in situations in which there is no evidence of negligence or fraud, and conditions for payment to cover such losses. Such provisions shall take into consideration the special needs and circumstances of eligible recipient agencies.

SEC. 9765. FINALITY OF DETERMINATIONS.

Determinations made by the Secretary under this chapter and the facts constituting the basis for any donation of commodities under this chapter, or the amount thereof, when officially determined in conformity with the applicable regulations prescribed by the Secretary, shall be final and conclusive and shall not be reviewable by any other officer or agency of the Government.

SEC. 9766. RELATIONSHIP TO OTHER PROGRAMS.

(a) Section 4(b) of the Food Stamp Act of 1977 (7 U.S.C. 2013(b)) shall not apply with respect to the distribution of commodities under this chapter.

(b) Except as otherwise provided in section 9757, none of the commodities distributed under this chapter shall be sold or otherwise disposed of in commercial channels in any form.

SEC. 9767. SETTLEMENT AND ADJUSTMENT OF CLAIMS.

(a) The Secretary may—

(1) determine the amount of, settle, and adjust any claim arising under this chapter; and

(2) waive such a claim if the Secretary determines that to do so will serve the purposes of this chapter.

(b) Nothing contained in this section shall be construed to diminish the authority of the Attorney General of the United States under section 516 of title 28, United States Code, to conduct litigation on behalf of the United States.

SEC. 9768. REPEALERS; AMENDMENTS.

(a) REPEALER.—The Emergency Food Assistance Act of 1983 (7 U.S.C. 612c note) is repealed.

(b) AMENDMENTS.—

(1) The Hunger Prevention Act of 1988 (7 U.S.C. 612c note) is amended—

(A) by striking section 110; and

(B) by striking section 502.

(2) The Commodity Distribution Reform Act and WIC Amendments of 1987 (7 U.S.C. 612c note) is amended by striking section 4.

(3) The Charitable Assistance and Food Bank Act of 1987 (7 U.S.C. 612c note) is amended by striking section 3.

(4) The Food Security Act of 1985 (7 U.S.C. 612c note) is amended—

(A) by striking section 1562(a) and section 1571; and

(B) in section 1562(d), by striking ''section 4 of the Agricultural and Consumer Protection Act of 1973'' and inserting ''section 9752 of the Commodity Distribution Act of 1995''.

(5) The Agricultural and Consumer Protection Act of 1973 (7 U.S.C. 612c note) is amended—

(A) in section 4(a), by striking ''institutions (including hospitals and facilities caring for needy infants and children), supplemental feeding programs serving women, infants and children or elderly persons, or both, wherever located, disaster areas, summer camps for children,'';

(B) in subsection 4(c), by striking ''the Emergency Food Assistance Act of 1983'' and inserting ''the Commodity Distribution Act of 1995''; and

(C) by striking section 5.

(6) The Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 612c note) is amended by striking section 1773(f).

CHAPTER 3—OTHER PROGRAMS

SEC. 9781. CHILD AND ADULT CARE FOOD PROGRAM.

(a) PAYMENTS TO SPONSOR EMPLOYEES.—Paragraph (2) of the last sentence of section 17(a) of the National School Lunch Act (42 U.S.C. 1766(a)) is amended—

(1) by striking ''and'' at the end of subparagraph (B);

(2) by striking the period at the end of subparagraph (C) and inserting ''; and''; and

(3) by adding at the end the following:

''(D) in the case of a family or group day care home sponsoring organization that employs more than 1 employee, the organization does not base payments to an employee of the organization on the number of family or group day care homes recruited, managed, or monitored.''.

(b) IMPROVED TARGETING OF DAY CARE HOME REIMBURSEMENTS.—

(1) RESTRUCTURED DAY CARE HOME REIMBURSEMENTS.—Section 17(f)(3) of the National School Lunch Act is amended by striking ''(3)(A) Institutions'' and all that follows through the end of subparagraph (A) and inserting the following:

''(3) REIMBURSEMENT OF FAMILY OR GROUP DAY CARE HOME SPONSORING ORGANIZATIONS.—

''(A) REIMBURSEMENT FACTOR.—

''(i) IN GENERAL.—An institution that participates in the program under this section as a family or group day care home sponsoring organization shall be provided, for payment to a home of the organization, reimbursement factors in accordance with this subparagraph for the cost of obtaining and preparing food and prescribed labor costs involved in providing meals under this section.

''(ii) TIER I FAMILY OR GROUP DAY CARE HOMES.—

''(I) DEFINITION.—In this paragraph, the term 'tier I family or group day care home' means—

''(aa) a family or group day care home that is located in a geographic area, as defined by the Secretary based on census data, in which at least 50 percent of the children residing in the area are members of households whose incomes meet the eligibility standards for free or reduced price meals under section 9;

''(bb) a family or group day care home that is located in an area served by a school enrolling elementary students in which at least 50 percent of the total number of children enrolled are certified eligible to receive free or reduced price school meals under this Act or the Child Nutrition Act of 1966 (42 U.S.C. 1771 et seq.); or

''(cc) a family or group day care home that is operated by a provider whose household meets the eligibility standards for free or reduced price meals under section 9 and whose income is verified by a sponsoring organization under regulations established by the Secretary.

''(II) REIMBURSEMENT.—Except as provided in subclause (III), a tier I family or group day care home shall be provided reimbursement factors under this clause without a requirement for documentation of the costs described in clause (i), except that reimbursement shall not be provided under this subclause for meals or supplements served to the children of a person acting as a family or group day care home provider unless the children meet the eligibility standards for free or reduced price meals under section 9.

''(III) FACTORS.—Except as provided in subclause (IV), the reimbursement factors applied to a home referred to in subclause (II) shall be the factors in effect on the date of enactment of this subclause.

''(IV) ADJUSTMENTS.—The reimbursement factors under this subparagraph shall be adjusted on August 1, 1996, July 1, 1997, and each July 1 thereafter, to reflect changes in the Consumer Price Index for food at home for the most recent 12-month period for which the data are available. The reimbursement factors under this subparagraph shall be rounded to the nearest lower cent increment and based on the unrounded adjustment for the preceding 12-month period.

''(iii) TIER II FAMILY OR GROUP DAY CARE HOMES.—

''(I) IN GENERAL.—

''(aa) FACTORS.—Except as provided in subclause (II), with respect to meals or supplements served under this clause by a family or group day care home that does not meet the criteria set forth in clause (ii)(I), the reimbursement factors shall be $1 for lunches and suppers, 40 cents for breakfasts, and 20 cents for supplements.

''(bb) ADJUSTMENTS.—The factors shall be adjusted on July 1, 1997, and each July 1 thereafter, to reflect changes in the Consumer Price Index for food at home for the most recent 12-month period for which the data are available. The reimbursement factors under this item shall be rounded down to the nearest lower cent increment and based on the unrounded adjustment for the preceding 12-month period.

''(cc) REIMBURSEMENT.—A family or group day care home shall be provided reimbursement factors under this subclause without a requirement for documentation of the costs described in clause (i), except that reimbursement shall not be provided under this subclause for meals or supplements served to the children of a person acting as a family or group day care home provider unless the children meet the eligibility standards for free or reduced price meals under section 9.

''(II) OTHER FACTORS.—A family or group day care home that does not meet the criteria set forth in clause (ii)(I) may elect to be provided reimbursement factors determined in accordance with the following requirements:

''(aa) CHILDREN ELIGIBLE FOR FREE OR REDUCED PRICE MEALS.—In the case of meals or supplements served under this subsection to children who are members of households whose incomes meet the eligibility standards for free or reduced price meals under section 9, the family or group day care home shall be provided reimbursement factors set by the Secretary in accordance with clause (ii)(III).

''(bb) INELIGIBLE CHILDREN.—In the case of meals or supplements served under this subsection to children who are members of households whose incomes do not meet the eligibility standards, the family or group day care home shall be provided reimbursement factors in accordance with subclause (I).

''(III) INFORMATION AND DETERMINATIONS.—

''(aa) IN GENERAL.—If a family or group day care home elects to claim the factors described in subclause (II), the family or group day care home sponsoring organization serving the home shall collect the necessary income information, as determined by the Secretary, from any parent or other caretaker to make the determinations specified in subclause (II) and shall make the determinations in accordance with rules prescribed by the Secretary.

''(bb) CATEGORICAL ELIGIBILITY.—In making a determination under item (aa), a family or group day care home sponsoring organization may consider a child participating in or subsidized under, or a child with a parent participating in or subsidized under, a federally or State supported child care or other benefit program with an income eligibility limit that does not exceed the eligibility standard for free or reduced price meals under section 9 to be a child who is a member of a household whose income meets the eligibility standards under section 9.

''(cc) FACTORS FOR CHILDREN ONLY.—A family or group day care home may elect to receive the reimbursement factors prescribed under clause (ii)(III) solely for the children participating in a program referred to in item (bb) if the home elects not to have income statements collected from parents or other caretakers.

''(IV) SIMPLIFIED MEAL COUNTING AND REPORTING PROCEDURES.—The Secretary shall prescribe simplified meal counting and reporting procedures for use by a family or group day care home that elects to claim the factors under subclause (II) and by a family or group day care home sponsoring organization that serves the home. The procedures the Secretary prescribes may include 1 or more of the following:

''(aa) Setting an annual percentage for each home of the number of meals served that are to be reimbursed in accordance with the reimbursement factors prescribed under clause (ii)(III) and an annual percentage of the number of meals served that are to be reimbursed in accordance with the reimbursement factors prescribed under subclause (I), based on the family income of children enrolled in the home in a specified month or other period.

''(bb) Placing a home into 1 of 2 or more reimbursement categories annually based on the percentage of children in the home whose households have incomes that meet the eligibility standards under section 9, with each such reimbursement category carrying a set of reimbursement factors such as the factors prescribed under clause (ii)(III) or subclause (I) or factors established within the range of factors prescribed under clause (ii)(III) and subclause (I).

''(cc) Such other simplified procedures as the Secretary may prescribe.

''(V) MINIMUM VERIFICATION REQUIREMENTS.—The Secretary may establish any

necessary minimum verification requirements.''.

(2) SPONSOR PAYMENTS.—Section 17(f)(3)(B) of the National School Lunch Act is amended—

(A) by striking the period at the end of the second sentence and all that follows through the end of the subparagraph and inserting the following:'', except that the adjustment that otherwise would occur on July 1, 1996, shall be made on August 1, 1996. The maximum allowable levels for administrative expense payments shall be rounded to the nearest lower dollar increment and based on the unrounded adjustment for the preceding 12-month period.'';

(B) by striking ''(B)'' and inserting ''(B)(i)''; and

(C) by adding at the end the following new clause:

''(ii) The maximum allowable level of administrative expense payments shall be adjusted by the Secretary—

''(I) to increase by 7.5 percent the monthly payment to family or group day care home sponsoring organizations both for tier I family or group day care homes and for those tier II family or group day care homes for which the sponsoring organization administers a means test as provided under subparagraph (A)(iii); and

''(II) to decrease by 7.5 percent the monthly payment to family or group day care home sponsoring organizations for family or group day care homes that do not meet the criteria for tier I homes and for which a means test is not administered.''.

(3) GRANTS TO STATES TO PROVIDE ASSISTANCE TO FAMILY OR GROUP DAY CARE HOMES.—Section 17(f)(3) of the Act is amended by adding at the end the following:

''(D) GRANTS TO STATES TO PROVIDE ASSISTANCE TO FAMILY OR GROUP DAY CARE HOMES.—

''(i) IN GENERAL.—

''(I) RESERVATION.—From amounts made available to carry out this section, the Secretary shall reserve $5,000,000 of the amount made available for fiscal year 1996.

''(II) PURPOSE.—The Secretary shall use the funds made available under subclause (I) to provide grants to States for the purpose of providing—

''(aa) assistance, including grants, to family and day care home sponsoring organizations and other appropriate organizations, in securing and providing training, materials, automated data processing assistance, and other assistance for the staff of the sponsoring organizations; and

''(bb) training and other assistance to family and group day care homes in the implementation of the amendments to subparagraph (A) made by section 574(b)(1) of the Family Self-Sufficiency Act of 1995.

''(ii) ALLOCATION.—The Secretary shall allocate from the funds reserved under clause (i)(II)—

''(I) $30,000 in base funding to each State; and

''(II) any remaining amount among the States, based on the number of family day care homes participating in the program in a State in 1994 as a percentage of the number of all family day care homes participating in the program in 1994.

''(iii) RETENTION OF FUNDS.—Of the amount of funds made available to a State for a fiscal year under clause (i), the State may retain not to exceed 30 percent of the amount to carry out this subparagraph.

''(iv) ADDITIONAL PAYMENTS.—Any payments received under this subparagraph shall be in addition to payments that a State receives under subparagraph (A) (as amended by section 134(b)(1) of the Family Self-Sufficiency Act of 1995).''.

(4) PROVISION OF DATA.—Section 17(f)(3) of the National School Lunch Act (as amended by paragraph (3)) is further amended by adding at the end the following:

''(E) PROVISION OF DATA TO FAMILY OR GROUP DAY CARE HOME SPONSORING ORGANIZATIONS.—

''(i) CENSUS DATA.—The Secretary shall provide to each State agency administering a child and adult care food program under this section data from the most recent decennial census survey or other appropriate census survey for which the data are available showing which areas in the State meet the requirements of subparagraph (A)(ii)(I)(aa). The State agency shall provide the data to family or group day care home sponsoring organizations located in the State.

''(ii) SCHOOL DATA.—

''(I) IN GENERAL.—A State agency administering the program under this section shall annually provide to a family or group day care home sponsoring organizations that request the data, a list of schools serving elementary school children in the State in which at least 50 percent of the children enrolled are certified to receive free or reduced price meals. State agencies administering the school lunch program under this Act or the school breakfast program under the Child Nutrition Act of 1966 (42 U.S.C. 1771 et seq.) shall collect such data annually and provide such data on a timely basis to the State agency administering the program under this section.

''(II) USE OF DATA FROM PRECEDING SCHOOL YEAR.—In determining for a fiscal year or other annual period whether a home qualifies as a tier I family or group day care home under subparagraph (A)(ii)(I), the State agency administering the program under this section, and a family or group day care home sponsoring organization, shall use the most current available data at the time of the determination.

''(iii) DURATION OF DETERMINATION.—For purposes of this section, a determination that a family or group day care home is located in an area that qualifies the home as a tier I family or group day care home (as the term is defined in subparagraph (A)(ii)(I)), shall be in effect for 3 years (unless the determination is made on the basis of census data, in which case the determination shall remain in effect until more recent census data are available) unless the State agency determines that the area in which the home is located no longer qualifies the home as a tier I family or group day care home.''.

(5) CONFORMING AMENDMENTS.—Section 17(c) of the National School Lunch Act is amended by inserting ''except as provided in subsection (f)(3),'' after ''For purposes of this section,'' each place it appears in paragraphs (1), (2), and (3).

(c) DISALLOWING MEAL CLAIMS.—The fourth sentence of section 17(f)(4) of the National School Lunch Act is amended by inserting ''(including institutions that are not family or group day care home sponsoring organizations)'' after ''institutions''.

(d) ELIMINATION OF STATE PAPERWORK AND OUTREACH BURDEN.—Section 17 of the National School Lunch Act is amended by striking subsection (k) and inserting the following:

''(k) TRAINING AND TECHNICAL ASSISTANCE.—A State participating in the program established under this section shall provide sufficient training, technical assistance, and monitoring to facilitate effective operation of the program. The Secretary shall assist the State in developing plans to fulfill the requirements of this subsection.''.

(e) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall become effective on the date of enactment of this Act.

(2) IMPROVED TARGETING OF DAY CARE HOME REIMBURSEMENTS.—The amendments made by paragraphs (1), (3), and (4) of subsection (b) shall become effective on August 1, 1996.

(3) IMPLEMENTATION.—The Secretary of Agriculture shall issue regulations to implement the amendments made by paragraphs (1), (2), (3), and (4) of subsection (b) and the provisions of section 17(f)(3)(C) of the National School Lunch Act (42 U.S.C. 1766(f)(3)(C)) not later than February 1, 1996. If such regulations are issued in interim form, final regulations shall be issued not later than August 1, 1996.

SEC. 9782. RESUMPTION OF DISCRETIONARY FUNDING FOR NUTRITION EDUCATION AND TRAINING PROGRAM.

Section 19(i)(2)(A) of the Child Nutrition Act of 1966 (42 U.S.C. 1788(i)(2)(A)) is amended—

(1) by striking ''Out of'' and all that follows through ''and $10,000,000'' and inserting ''To carry out the provisions of this section, there is hereby authorized to be appropriated not to exceed $10,000,000''; and

(2) by striking the last sentence.

Subtitle H—Treatment of Aliens

SEC. 9801. EXTENSION OF DEEMING OF INCOME AND RESOURCES UNDER TEA, SSI, AND FOOD STAMP PROGRAMS.

(a) IN GENERAL.—Except as provided in subsections (b) and (c), in applying sections 407 and 1621 of the Social Security Act and section 5(i) of the Food Stamp Act of 1977, the period in which each respective section otherwise applies with respect to an alien shall be extended through the date (if any) on which the alien becomes a citizen of the United States (under chapter 2 of title III of the Immigration and Nationality Act).

(b) EXCEPTION.—Subsection (a) shall not apply to an alien if—

(1) the alien has been lawfully admitted to the United States for permanent residence, has attained 75 years of age, and has resided in the United States for at least 5 years;

(2) the alien—

(A) is a veteran (as defined in section 101 of title 38, United States Code) with a discharge characterized as an honorable discharge,

(B) is on active duty (other than active duty for training) in the Armed Forces of the United States, or

(C) is the spouse or unmarried dependent child of an individual described in subparagraph (A) or (B);

(3) the alien is the subject of domestic violence by the alien's spouse and a divorce between the alien and the alien's spouse has been initiated through the filing of an appropriate action in an appropriate court; or

(4) there has been paid with respect to the self-employment income or employment of the alien, or of a parent or spouse of the alien, taxes under chapter 2 or chapter 21 of the Internal Revenue Code of 1986 in each of 20 different calendar quarters.

(c) HOLD HARMLESS FOR MEDICAID ELIGIBILITY.—Subsection (a) shall not apply with respect to determinations of eligibility for benefits under a State plan approved under part A of title IV of the Social Security Act or under the supplemental income security program under title XVI of such Act but only insofar as such determinations provide for eligibility for medical assistance under title XIX of such Act.

(d) RULES REGARDING INCOME AND RESOURCE DEEMING UNDER TEA PROGRAM.—Subpart 1 of part A of title IV of the Social Security Act, as added by section 9101(a) of this Act, is amended by adding at the end the following:

''SEC. 407. ATTRIBUTION OF SPONSOR'S INCOME AND RESOURCES TO ALIEN.

''(a) For purposes of determining eligibility for and the amount of assistance under

a State plan approved under this part for an individual who is an alien lawfully admitted for permanent residence or otherwise permanently residing in the United States under color of law (including any alien who is lawfully present in the United States as a result of the application of the provisions of section 207(c) of the Immigration and Nationality Act (or of section 203(a)(7) of such Act prior to April 1, 1980), or as a result of the application of the provisions of section 208 or 212(d)(5) of such Act), the income and resources of any person who (as a sponsor of such individual's entry into the United States) executed an affidavit of support or similar agreement with respect to such individual, and the income and resources of the sponsor's spouse, shall be deemed to be the unearned income and resources of such individual (in accordance with subsections (b) and (c)) for a period of three years after the individual's entry into the United States, except that this section is not applicable if such individual is a dependent child and such sponsor (or such sponsor's spouse) is the parent of such child.

''(b)(1) The amount of income of a sponsor (and his spouse) which shall be deemed to be the unearned income of an alien for any month shall be determined as follows:

''(A) the total amount of earned and unearned income of such sponsor and such sponsor's spouse (if such spouse is living with the sponsor) shall be determined for such month;

''(B) the amount determined under subparagraph (A) shall be reduced by an amount equal to the sum of—

''(i) the lesser of (I) 20 percent of the total of any amounts received by the sponsor and his spouse in such month as wages or salary or as net earnings from self-employment, plus the full amount of any costs incurred by them in producing self-employment income in such month, or (II) $175;

''(ii) the cash needs standard established by the State under its plan for a family of the same size and composition as the sponsor and those other individuals living in the same household as the sponsor who are claimed by him as dependents for purposes of determining his Federal personal income tax liability but whose needs are not taken into account in making a determination under section 402(d);

''(iii) any amounts paid by the sponsor (or his spouse) to individuals not living in such household who are claimed by him as dependents for purposes of determining his Federal personal income tax liability; and

''(iv) any payments of alimony or child support with respect to individuals not living in such household.

''(2) The amount of resources of a sponsor (and his spouse) which shall be deemed to be the resources of an alien for any month shall be determined as follows:

''(A) the total amount of the resources (determined as if the sponsor were applying for assistance under the State plan approved under this part) of such sponsor and such sponsor's spouse (if such spouse is living with the sponsor) shall be determined; and

''(B) the amount determined under subparagraph (A) shall be reduced by $1,500.

''(c)(1) Any individual who is an alien and whose sponsor was a public or private agency shall be ineligible for assistance under a State plan approved under this part during the period of three years after his or her entry into the United States, unless the State agency administering such plan determines that such sponsor either no longer exists or has become unable to meet such individual's needs; and such determination shall be made by the State agency based upon such criteria as it may specify in the State plan, and upon such documentary evidence as it may therein require. Any such individual, and any other individual who is an alien (as a condition of his or her eligibility for assistance under a State plan approved under this part during the period of three years after his or her entry into the United States), shall be required to provide to the State agency administering such plan such information and documentation with respect to his sponsor as may be necessary in order for the State agency to make any determination required under this section, and to obtain any cooperation from such sponsor necessary for any such determination. Such alien shall also be required to provide to the State agency such information and documentation as it may request and which such alien or his sponsor provided in support of such alien's immigration application.

''(2) The Secretary shall enter into agreements with the Secretary of State and the Attorney General whereby any information available to them and required in order to make any determination under this section will be provided by them to the Secretary (who may, in turn, make such information available, upon request, to a concerned State agency), and whereby the Secretary of State and Attorney General will inform any sponsor of an alien, at the time such sponsor executes an affidavit of support or similar agreement, of the requirements imposed by this section.

''(d) Any sponsor of an alien, and such alien, shall be jointly and severally liable for an amount equal to any overpayment of assistance under the State plan made to such alien during the period of three years after such alien's entry into the United States, on account of such sponsor's failure to provide correct information under the provisions of this section, except where such sponsor was without fault, or where good cause of such failure existed. Any such overpayment which is not repaid to the State or recovered in accordance with the procedures generally applicable under the State plan to the recoupment of overpayments shall be withheld from any subsequent payment to which such alien or such sponsor is entitled under any provision of this Act.

''(e)(1) In any case where a person is the sponsor of two or more alien individuals who are living in the same home, the income and resources of such sponsor (and his spouse), to the extent they would be deemed the income and resources of any one of such individuals under the preceding provisions of this section, shall be divided into two or more equal shares (the number of shares being the same as the number of such alien individuals) and the income and resources of each such individual shall be deemed to include one such share.

''(2) Income and resources of a sponsor (and his spouse) which are deemed under this section to be the income and resources of any alien individual in a family shall not be considered in determining the need of other family members except to the extent such income or resources are actually available to such other members.

''(f) The provisions of this section shall not apply with respect to any alien who is—

''(1) admitted to the United States as a result of the application, prior to April 1, 1980, of the provisions of section 203(a)(7) of the Immigration and Nationality Act;

''(2) admitted to the United States as a result of the application, after March 31, 1980, of the provisions of section 207(c) of such Act;

''(3) paroled into the United States as a refugee under section 212(d)(5) of such Act;

''(4) granted political asylum by the Attorney General under section 208 of such Act; or

''(5) a Cuban and Haitian entrant, as defined in section 501(e) of the Refugee Education Assistance Act of 1980 (Public Law 96-422).'.

SEC. 9802. REQUIREMENTS FOR SPONSOR'S AFFIDAVITS OF SUPPORT.

(a) IN GENERAL.—Title II of the Immigration and Nationality Act is amended by inserting after section 213 the following new section:

''REQUIREMENTS FOR SPONSOR'S AFFIDAVIT OF SUPPORT

''SEC. 213A. (a) ENFORCEABILITY.—

''(1) IN GENERAL.—No affidavit of support may be accepted by the Attorney General or by any consular officer to establish that an alien is not excludable under section 212(a)(4) unless such affidavit is executed as a contract—

''(A) which is legally enforceable against the sponsor by the Federal Government, by a State, or by any political subdivision of a State, providing cash benefits under a public cash assistance program (as defined in subsection (f)(2)), but not later than 5 years after the date the alien last receives any such cash benefit; and

''(B) in which the sponsor agrees to submit to the jurisdiction of any Federal or State court for the purpose of actions brought under subsection (e)(2).

''(2) EXPIRATION OF LIABILITY.—Such contract shall only apply with respect to cash benefits described in paragraph (1)(A) provided to an alien before the earliest of the following:

''(A) CITIZENSHIP.—The date the alien becomes a citizen of the United States under chapter 2 of title III.

''(B) VETERAN.—The first date the alien is described in section 9801(b)(2)(A) of the Omnibus Budget Reconciliation Act of 1995.

''(C) PAYMENT OF SOCIAL SECURITY TAXES.—The first date as of which the condition described in section 9801(b)(4) of the Omnibus Budget Reconciliation Act of 1995 is met with respect to the alien.

''(3) NONAPPLICATION DURING CERTAIN PERIODS.—Such contract also shall not apply with respect to cash benefits described in paragraph (1)(A) provided during any period in which the alien is described in section 9801(b)(2)(B) or 9801(b)(2)(C) of the Omnibus Budget Reconciliation Act of 1995.

''(b) FORMS.—Not later than 90 days after the date of enactment of this section, the Attorney General, in consultation with the Secretary of State and the Secretary of Health and Human Services, shall formulate an affidavit of support consistent with the provisions of this section.

''(c) NOTIFICATION OF CHANGE OF ADDRESS.—

''(1) REQUIREMENT.—The sponsor shall notify the Federal Government and the State in which the sponsored alien is currently resident within 30 days of any change of address of the sponsor during the period specified in subsection (a)(1)(A).

''(2) ENFORCEMENT.—Any person subject to the requirement of paragraph (1) who fails to satisfy such requirement shall be subject to a civil penalty of—

''(A) not less than $250 or more than $2,000, or

''(B) if such failure occurs with knowledge that the sponsored alien has received any benefit under any means-tested public benefits program, not less than $2,000 or more than $5,000.

''(d) REIMBURSEMENT OF GOVERNMENT EXPENSES.—

''(1) REQUEST FOR REIMBURSEMENT.—

''(A) IN GENERAL.—Upon notification that a sponsored alien has received any cash benefits described in subsection (a)(1)(A), the appropriate Federal, State, or local official shall request reimbursement by the sponsor in the amount of such cash benefits.

''(B) REGULATIONS.—The Attorney General, in consultation with the Secretary of Health and Human Services, shall prescribe such regulations as may be necessary to carry out subparagraph (A).

''(2) INITIATION OF ACTION.—If within 45 days after requesting reimbursement, the appropriate Federal, State, or local agency has not received a response from the sponsor indicating a willingness to commence payments, an action may be brought against the sponsor pursuant to the affidavit of support.

''(3) FAILURE TO ABIDE BY REPAYMENT TERMS.—If the sponsor fails to abide by the repayment terms established by such agency, the agency may, within 60 days of such failure, bring an action against the sponsor pursuant to the affidavit of support.

''(4) LIMITATION ON ACTIONS.—No cause of action may be brought under this subsection later than 5 years after the date the alien last received any cash benefit described in subsection (a)(1)(A).

''(f) DEFINITIONS.—For the purposes of this section:

''(1) SPONSOR.—The term 'sponsor' means an individual who—

''(A) is a citizen or national of the United States or an alien who is lawfully admitted to the United States for permanent residence;

''(B) is 18 years of age or over; and

''(C) is domiciled in any State.

''(2) PUBLIC CASH ASSISTANCE PROGRAM.—The term 'public cash assistance program' means a program of the Federal Government or of a State or political subdivision of a State that provides direct cash assistance for the purpose of income maintenance and in which the eligibility of an individual, household, or family eligibility unit for cash benefits under the program, or the amount of such cash benefits, or both are determined on the basis of income, resources, or financial need of the individual, household, or unit. Such term does not include any program insofar as it provides medical, housing, education, job training, food, or in-kind assistance or social services.''.

(b) CLERICAL AMENDMENT.—The table of contents of such Act is amended by inserting after the item relating to section 213 the following:

''Sec. 213A. Requirements for sponsor's affidavit of support.''.

(c) EFFECTIVE DATE.—Subsection (a) of section 213A of the Immigration and Nationality Act, as inserted by subsection (a) of this section, shall apply to affidavits of support executed on or after a date specified by the Attorney General, which date shall be not earlier than 60 days (and not later than 90 days) after the date the Attorney General formulates the form for such affidavits under subsection (b) of such section 213A.

SEC. 9803. EXTENDING REQUIREMENT FOR AFFIDAVITS OF SUPPORT TO FAMILY-RELATED AND DIVERSITY IMMIGRANTS.

(a) IN GENERAL.—Section 212(a)(4) of the Immigration and Nationality Act (8 U.S.C. 1182(a)(4)) is amended to read as follows:

''(4) PUBLIC CHARGE AND AFFIDAVITS OF SUPPORT.—

''(A) PUBLIC CHARGE.—Any alien who, in the opinion of the consular officer at the time of application for a visa, or in the opinion of the Attorney General at the time of application for admission or adjustment of status, is likely at any time to become a public charge is excludable.

''(B) AFFIDAVITS OF SUPPORT.—Any immigrant who seeks admission or adjustment of status as any of the following is excludable unless there has been executed with respect to the immigrant an affidavit of support pursuant to section 213A:

''(i) As an immediate relative (under section 201(b)(2)).

''(ii) As a family-sponsored immigrant under section 203(a) (or as the spouse or child under section 203(d) of such an immigrant).

''(iii) As the spouse or child (under section 203(d)) of an employment-based immigrant under section 203(b).

''(iv) As a diversity immigrant under section 203(c) (or as the spouse or child under section 203(d) of such an immigrant).''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to aliens with respect to whom an immigrant visa is issued (or adjustment of status is granted) after the date specified by the Attorney General under section 9802(c).

Subtitle I—Earned Income Tax Credit

SEC. 9901. EARNED INCOME TAX CREDIT DENIED TO INDIVIDUALS NOT AUTHORIZED TO BE EMPLOYED IN THE UNITED STATES.

(a) IN GENERAL.—Section 32(c)(1) of the Internal Revenue Code of 1986 (relating to individuals eligible to claim the earned income tax credit) is amended by adding at the end the following new subparagraph:

''(F) IDENTIFICATION NUMBER REQUIREMENT.—The term 'eligible individual' does not include any individual who does not include on the return of tax for the taxable year—

''(i) such individual's taxpayer identification number, and

''(ii) if the individual is married (within the meaning of section 7703), the taxpayer identification number of such individual's spouse.''

(b) SPECIAL IDENTIFICATION NUMBER.—Section 32 of such Code is amended by adding at the end the following new subsection:

''(l) IDENTIFICATION NUMBERS.—Solely for purposes of subsections (c)(1)(F) and (c)(3)(D), a taxpayer identification number means a social security number issued to an individual by the Social Security Administration (other than a social security number issued pursuant to clause (II) (or that portion of clause (III) that relates to clause (II)) of section 205(c)(2)(B)(i) of the Social Security Act).''

(c) EXTENSION OF PROCEDURES APPLICABLE TO MATHEMATICAL OR CLERICAL ERRORS.—Section 6213(g)(2) of such Code (relating to the definition of mathematical or clerical errors) is amended by striking ''and' at the end of subparagraph (D), by striking the period at the end of subparagraph (E) and inserting a comma, and by inserting after subparagraph (E) the following new subparagraphs:

''(F) an omission of a correct taxpayer identification number required under section 32 (relating to the earned income tax credit) to be included on a return, and

''(G) an entry on a return claiming the credit under section 32 with respect to net earnings from self-employment described in section 32(c)(2)(A) to the extent the tax imposed by section 1401 (relating to self-employment tax) on such net earnings has not been paid.''

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1995.

TITLE X—REDUCTIONS IN CORPORATE TAX SUBSIDIES AND OTHER REFORMS

SEC. 10001. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the ''Revenue Reconciliation Act of 1995''.

(b) TABLE OF CONTENTS.—

Sec. 10001. Short title; table of contents.

Subtitle A—Tax Treatment of Expatriation

Sec. 10101. Revision of tax rules on expatriation.

Sec. 10102. Basis of assets of nonresident alien individuals becoming citizens or residents.

Subtitle B—Modification to Earned Income Credit

Sec. 10201. Earned income tax credit denied to individuals with substantial capital gain net income.

Subtitle C—Alternative Minimum Tax on Corporations Importing Products into the United States at Artificially Inflated Prices

Sec. 10301. Alternative minimum tax on corporations importing products into the United States at artificially inflated prices.

Subtitle D—Tax Treatment of Certain Extraordinary Dividends

Sec. 10401. Tax treatment of certain extraordinary dividends.

Subtitle E—Foreign Trust Tax Compliance

Sec. 10501. Improved information reporting on foreign trusts.

Sec. 10502. Modifications of rules relating to foreign trusts having one or more United States beneficiaries.

Sec. 10503. Foreign persons not to be treated as owners under grantor trust rules.

Sec. 10504. Information reporting regarding foreign gifts.

Sec. 10505. Modification of rules relating to foreign trusts which are not grantor trusts.

Sec. 10506. Residence of estates and trusts, etc.

Subtitle F—Limitation on Section 936 Credit

Sec. 10601. Limitation on section 936 credit.

Subtitle A—Tax Treatment of Expatriation

SEC. 10101. REVISION OF TAX RULES ON EXPATRIATION.

(a) IN GENERAL.—Subpart A of part II of subchapter N of chapter 1 of the Internal Revenue Code of 1986 is amended by inserting after section 877 the following new section:

''SEC. 877A. TAX RESPONSIBILITIES OF EXPATRIATION.

''(a) GENERAL RULES.—For purposes of this subtitle—

''(1) MARK TO MARKET.—Except as provided in subsection (f)(2), all property held by an expatriate immediately before the expatriation date shall be treated as sold at such time for its fair market value.

''(2) RECOGNITION OF GAIN OR LOSS.—In the case of any sale under paragraph (1)—

''(A) notwithstanding any other provision of this title, any gain arising from such sale shall be taken into account for the taxable year of the sale unless such gain is excluded from gross income under part III of subchapter B, and

''(B) any loss arising from such sale shall be taken into account for the taxable year of the sale to the extent otherwise provided by this title, except that section 1091 shall not apply (and section 1092 shall apply) to any such loss.

''(3) ELECTION TO CONTINUE TO BE TAXED AS UNITED STATES CITIZEN.—

''(A) IN GENERAL.—If an expatriate elects the application of this paragraph with respect to any property—

''(i) this section (other than this paragraph) shall not apply to such property, but

''(ii) such property shall be subject to tax under this title in the same manner as if the individual were a United States citizen.

''(B) LIMITATION ON AMOUNT OF ESTATE, GIFT, AND GENERATION-SKIPPING TRANSFER TAXES.—The aggregate amount of taxes imposed under subtitle B with respect to any transfer of property by reason of an election under subparagraph (A) shall not exceed the amount of income tax which would be due if the property were sold for its fair market value immediately before the time of the

transfer or death (taking into account the rules of subsection (a)(2)).

''(C) REQUIREMENTS.—Subparagraph (A) shall not apply to an individual unless the individual—

''(i) provides security for payment of tax in such form and manner, and in such amount, as the Secretary may require,

''(ii) consents to the waiver of any right of the individual under any treaty of the United States which would preclude assessment or collection of any tax which may be imposed by reason of this paragraph, and

''(iii) complies with such other requirements as the Secretary may prescribe.

''(D) ELECTION.—An election under subparagraph (A) shall apply only to the property described in the election and, once made, shall be irrevocable.

''(b) EXCLUSION FOR CERTAIN GAIN.—The amount which would (but for this subsection) be includible in the gross income of any individual by reason of subsection (a) shall be reduced (but not below zero) by $600,000.

''(c) PROPERTY TREATED AS HELD.—For purposes of this section, except as otherwise provided by the Secretary, an individual shall be treated as holding—

''(1) all property which would be includible in his gross estate under chapter 11 if such individual were a citizen or resident of the United States (within the meaning of chapter 11) who died at the time the property is treated as sold,

''(2) any other interest in a trust which the individual is treated as holding under the rules of subsection (f)(1), and

''(3) any other interest in property specified by the Secretary as necessary or appropriate to carry out the purposes of this section.

''(d) EXCEPTIONS.—The following property shall not be treated as sold for purposes of this section:

''(1) UNITED STATES REAL PROPERTY INTERESTS.—Any United States real property interest (as defined in section 897(c)(1)), other than stock of a United States real property holding corporation which does not, on the expatriation date, meet the requirements of section 897(c)(2).

''(2) INTEREST IN CERTAIN RETIREMENT PLANS.—

''(A) IN GENERAL.—Any interest in a qualified retirement plan (as defined in section 4974(c)), other than any interest attributable to contributions which are in excess of any limitation or which violate any condition for tax- favored treatment.

''(B) FOREIGN PENSION PLANS.—

''(i) IN GENERAL.—Under regulations prescribed by the Secretary, interests in foreign pension plans or similar retirement arrangements or programs.

''(ii) LIMITATION.—The value of property which is treated as not sold by reason of this subparagraph shall not exceed $500,000.

''(e) DEFINITIONS.—For purposes of this section—

''(1) EXPATRIATE.—The term 'expatriate' means—

''(A) any United States citizen who relinquishes his citizenship, or

''(B) any long-term resident of the United States who—

''(i) ceases to be a lawful permanent resident of the United States (within the meaning of section 7701(b)(6)), or

''(ii) commences to be treated as a resident of a foreign country under the provisions of a tax treaty between the United States and the foreign country and who does not waive the benefits of such treaty applicable to residents of the foreign country.

An individual shall not be treated as an expatriate for purposes of this section by reason of the individual relinquishing United States citizenship before attaining the age of 18½ if the individual has been a resident of the United States (as defined in section 7701(b)(1)(A)(ii)) for less than 5 taxable years before the date of relinquishment.

''(2) EXPATRIATION DATE.—The term 'expatriation date' means—

''(A) the date an individual relinquishes United States citizenship, or

''(B) in the case of a long-term resident of the United States, the date of the event described in clause (i) or (ii) of paragraph (1)(B).

''(3) RELINQUISHMENT OF CITIZENSHIP.—A citizen shall be treated as relinquishing his United States citizenship on the earliest of—

''(A) the date the individual renounces his United States nationality before a diplomatic or consular officer of the United States pursuant to paragraph (5) of section 349(a) of the Immigration and Nationality Act (8 U.S.C. 1481(a)(5)),

''(B) the date the individual furnishes to the United States Department of State a signed statement of voluntary relinquishment of United States nationality confirming the performance of an act of expatriation specified in paragraph (1), (2), (3), or (4) of section 349(a) of the Immigration and Nationality Act (8 U.S.C. 1481(a) (1)–(4)),

''(C) the date the United States Department of State issues to the individual a certificate of loss of nationality, or

''(D) the date a court of the United States cancels a naturalized citizen's certificate of naturalization.

Subparagraph (A) or (B) shall not apply to any individual unless the renunciation or voluntary relinquishment is subsequently approved by the issuance to the individual of a certificate of loss of nationality by the United States Department of State.

''(4) LONG-TERM RESIDENT.—

''(A) IN GENERAL.—The term 'long-term resident' means any individual (other than a citizen of the United States) who is a lawful permanent resident of the United States in at least 8 taxable years during the period of 15 taxable years ending with the taxable year during which the sale under subsection (a)(1) is treated as occurring. For purposes of the preceding sentence, an individual shall not be treated as a lawful permanent resident for any taxable year if such individual is treated as a resident of a foreign country for the taxable year under the provisions of a tax treaty between the United States and the foreign country and does not waive the benefits of such treaty applicable to residents of the foreign country.

''(B) SPECIAL RULE.—For purposes of subparagraph (A), there shall not be taken into account—

''(i) any taxable year during which any prior sale is treated under subsection (a)(1) as occurring, or

''(ii) any taxable year prior to the taxable year referred to in clause (i).

''(f) SPECIAL RULES APPLICABLE TO BENEFICIARIES' INTERESTS IN TRUST.—

''(1) DETERMINATION OF BENEFICIARIES' INTEREST IN TRUST.—For purposes of this section—

''(A) GENERAL RULE.—A beneficiary's interest in a trust shall be based upon all relevant facts and circumstances, including the terms of the trust instrument and any letter of wishes or similar document, historical patterns of trust distributions, and the existence of and functions performed by a trust protector or any similar advisor.

''(B) SPECIAL RULE.—The remaining interests in the trust not determined under subparagraph (A) to be held by any beneficiary shall be allocated first to the grantor, if a beneficiary, and then to other beneficiaries under rules prescribed by the Secretary similar to the rules of intestate succession.

''(C) CONSTRUCTIVE OWNERSHIP.—If a beneficiary of a trust is a corporation, partnership, trust, or estate, the shareholders, partners, or beneficiaries shall be deemed to be the trust beneficiaries for purposes of this section.

''(D) TAXPAYER RETURN POSITION.—A taxpayer shall clearly indicate on its income tax return—

''(i) the methodology used to determine that taxpayer's trust interest under this section, and

''(ii) if the taxpayer knows (or has reason to know) that any other beneficiary of such trust is using a different methodology to determine such beneficiary's trust interest under this section.

''(2) DEEMED SALE IN CASE OF TRUST INTEREST.—If an individual who is an expatriate is treated under paragraph (1) as holding an interest in a trust for purposes of this section—

''(A) the individual shall not be treated as having sold such interest,

''(B) such interest shall be treated as a separate share in the trust, and

''(C)(i) such separate share shall be treated as a separate trust consisting of the assets allocable to such share,

''(ii) the separate trust shall be treated as having sold its assets immediately before the expatriation date for their fair market value and as having distributed all of its assets to the individual as of such time, and

''(iii) the individual shall be treated as having recontributed the assets to the separate trust.

Subsection (a)(2) shall apply to any income, gain, or loss of the individual arising from a distribution described in subparagraph (C)(ii).

''(g) TERMINATION OF DEFERRALS, ETC.—On the date any property held by an individual is treated as sold under subsection (a), notwithstanding any other provision of this title—

''(1) any period during which recognition of income or gain is deferred shall terminate, and

''(2) any extension of time for payment of tax shall cease to apply and the unpaid portion of such tax shall be due and payable at the time and in the manner prescribed by the Secretary.

''(h) RULES RELATING TO PAYMENT OF TAX.—

''(1) IMPOSITION OF TENTATIVE TAX.—

''(A) IN GENERAL.—If an individual is required to include any amount in gross income under subsection (a) for any taxable year, there is hereby imposed, immediately before the expatriation date, a tax in an amount equal to the amount of tax which would be imposed if the taxable year were a short taxable year ending on the expatriation date.

''(B) DUE DATE.—The due date for any tax imposed by subparagraph (A) shall be the 90th day after the expatriation date.

''(C) TREATMENT OF TAX.—Any tax paid under subparagraph (A) shall be treated as a payment of the tax imposed by this chapter for the taxable year to which subsection (a) applies.

''(2) DEFERRAL OF TAX.—The payment of any tax attributable to amounts included in gross income under subsection (a) may be deferred to the same extent, and in the same manner, as any tax imposed by chapter 11, except that the Secretary may extend the period for extension of time for paying tax under section 6161 to such number of years as the Secretary determines appropriate.

''(3) RULES RELATING TO SECURITY INTERESTS.—

''(A) ADEQUACY OF SECURITY INTERESTS.—In determining the adequacy of any security to be provided under this section, the Secretary may take into account the principles of section 2056A.

''(B) SPECIAL RULE FOR TRUST.—If a taxpayer is required by this section to provide security in connection with any tax imposed by reason of this section with respect to the holding of an interest in a trust and any trustee of such trust is an individual citizen of the United States or a domestic corporation, such trustee shall be required to provide such security upon notification by the taxpayer of such requirement.

''(i) COORDINATION WITH ESTATE AND GIFT TAXES.—If subsection (a) applies to property held by an individual for any taxable year and—

''(1) such property is includible in the gross estate of such individual solely by reason of section 2107, or

''(2) section 2501 applies to a transfer of such property by such individual solely by reason of section 2501(a)(3),

then there shall be allowed as a credit against the additional tax imposed by section 2101 or 2501, whichever is applicable, solely by reason of section 2107 or 2501(a)(3) an amount equal to the increase in the tax imposed by this chapter for such taxable year by reason of this section.

''(j) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this section, including regulations to prevent double taxation by ensuring that—

''(1) appropriate adjustments are made to basis to reflect gain recognized by reason of subsection (a) and the exclusion provided by subsection (b),

''(2) no interest in property is treated as held for purposes of this section by more than one taxpayer, and

''(3) any gain by reason of a deemed sale under subsection (a) of an interest in a corporation, partnership, trust, or estate is reduced to reflect that portion of such gain which is attributable to an interest in a trust which a shareholder, partner, or beneficiary is treated as holding directly under subsection (f)(1)(C).

''(k) CROSS REFERENCE.—

''For income tax treatment of individuals who terminate United States citizenship, see section 7701(a)(47).''

(b) DEFINITION OF TERMINATION OF UNITED STATES CITIZENSHIP.—Section 7701(a) of the Internal Revenue Code of 1986 is amended by adding at the end the following new paragraph:

''(47) TERMINATION OF UNITED STATES CITIZENSHIP.—An individual shall not cease to be treated as a United States citizen before the date on which the individual's citizenship is treated as relinquished under section 877A(e)(3).''

(c) CONFORMING AMENDMENTS.—

(1) Section 877 of the Internal Revenue Code of 1986 is amended by adding at the end the following new subsection:

''(f) APPLICATION.—This section shall not apply to any individual who relinquishes (within the meaning of section 877A(e)(3)) United States citizenship on or after February 6, 1995.''

(2) Section 2107(c) of such Code is amended by adding at the end the following new paragraph:

''(3) CROSS REFERENCE.—For credit against the tax imposed by subsection (a) for expatriation tax, see section 877A(i).''

(3) Section 2501(a)(3) of such Code is amended by adding at the end the following new flush sentence:

''For credit against the tax imposed under this section by reason of this paragraph, see section 877A(i).''

(4) Section 6851 of such Code is amended by striking subsection (d) and by redesignating subsection (e) as subsection (d).

(5) Paragraph (10) of section 7701(b) of such Code is amended by adding at the end the following new sentence: ''This paragraph shall not apply to any long-term resident of the United States who is an expatriate (as defined in section 877A(e)(1)).''

(d) CLERICAL AMENDMENT.—The table of sections for subpart A of part II of subchapter N of chapter 1 of the Internal Revenue Code of 1986 is amended by inserting after the item relating to section 877 the following new item:

''Sec. 877A. Tax responsibilities of expatriation.''

(e) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to expatriates (within the meaning of section 877A(e) of the Internal Revenue Code of 1986, as added by this section) whose expatriation date (as so defined) occurs on or after February 6, 1995.

(2) DUE DATE FOR TENTATIVE TAX.—The due date under section 877A(h)(1)(B) of such Code shall in no event occur before the 90th day after the date of the enactment of this Act.

SEC. 10102. BASIS OF ASSETS OF NONRESIDENT ALIEN INDIVIDUALS BECOMING CITIZENS OR RESIDENTS.

(a) IN GENERAL.—Part IV of subchapter O of chapter 1 of the Internal Revenue Code of 1986 (relating to special rules for gain or loss on disposition of property) is amended by redesignating section 1061 as section 1062 and by inserting after section 1060 the following new section:

''SEC. 1061. BASIS OF ASSETS OF NONRESIDENT ALIEN INDIVIDUALS BECOMING CITIZENS OR RESIDENTS.

''(a) GENERAL RULE.—If a nonresident alien individual becomes a citizen or resident of the United States, gain or loss on the disposition of any property held on the date the individual becomes such a citizen or resident shall be determined by substituting, as of the applicable date, the fair market value of such property (on the applicable date) for its cost basis.

''(b) EXCEPTION FOR DEPRECIATION.—Any deduction under this chapter for depreciation, depletion, or amortization shall be determined without regard to the application of this section.

''(c) DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

''(1) APPLICABLE DATE.—The term 'applicable date' means, with respect to any property to which subsection (a) applies, the earlier of—

''(A) the date the individual becomes a citizen or resident of the United States, or

''(B) the date the property first becomes subject to tax under this subtitle by reason of being used in a United States trade or business or by reason of becoming a United States real property interest (within the meaning of section 897(c)(1)).

''(2) RESIDENT.—The term 'resident' does not include an individual who is treated as a resident of a foreign country under the provisions of a tax treaty between the United States and a foreign country and who does not waive the benefits of such treaty applicable to residents of the foreign country.

''(3) TRUSTS.—A trust shall not be treated as an individual.

''(4) ELECTION NOT TO HAVE SECTION APPLY.—An individual may elect not to have this section apply solely for purposes of determining gain with respect to any property. Such election shall apply only to property specified in the election and, once made, shall be irrevocable.

''(5) SECTION ONLY TO APPLY ONCE.—This section shall apply only with respect to the first time the individual becomes either a citizen or resident of the United States.

''(d) REGULATIONS.—The Secretary shall prescribe regulations for purposes of this section, including regulations—

''(1) for application of this section in the case of property which consists of a direct or indirect interest in a trust, and

''(2) providing look-thru rules in the case of any indirect interest in any United States real property interest (within the meaning of section 897(c)(1)) or property used in a United States trade or business.''

(b) CONFORMING AMENDMENT.—The table of sections for part IV of subchapter O of chapter 1 of the Internal Revenue Code of 1986 is amended by striking the item relating to section 1061 and inserting the following new items:

''Sec. 1061. Basis of assets of nonresident alien individuals becoming citizens or residents.

''Sec. 1062. Cross references.''

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to dispositions after the date of the enactment of this Act, and to any disposition occurring on or before such date to which section 877A of the Internal Revenue Code of 1986 (as added by section 611) applies.

Subtitle B—Modification to Earned Income Credit

SEC. 10201. EARNED INCOME TAX CREDIT DENIED TO INDIVIDUALS WITH SUBSTANTIAL CAPITAL GAIN NET INCOME.

(a) IN GENERAL.—Paragraph (2) of section 32(i) of the Internal Revenue Code of 1986 (relating to denial of credit for individuals having excessive investment income) is amended—

(1) by striking ''and'' at the end of subparagraph (B),

(2) by striking the period at the end of subparagraph (C) and inserting '', and'', and

(3) by adding at the end the following new subparagraph:

''(D) capital gain net income for the taxable year.''

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 1995.

Subtitle C—Alternative Minimum Tax on Corporations Importing Products into the United States at Artificially Inflated Prices

SEC. 10301. ALTERNATIVE MINIMUM TAX ON CORPORATIONS IMPORTING PRODUCTS INTO THE UNITED STATES AT ARTIFICIALLY INFLATED PRICES.

(a) IN GENERAL.—Subchapter A of chapter 1 of the Internal Revenue Code of 1986 (relating to determination of tax liability) is amended by adding at the end the following new part:

''PART VIII—ALTERNATIVE MINIMUM TAX ON CORPORATIONS IMPORTING PRODUCTS INTO THE UNITED STATES AT ARTIFICIALLY INFLATED PRICES

''Sec. 59B. Alternative minimum tax on corporations importing products into the United States at artificially inflated prices.

''SEC. 59B. ALTERNATIVE MINIMUM TAX ON CORPORATIONS IMPORTING PRODUCTS INTO THE UNITED STATES AT ARTIFICIALLY INFLATED PRICES.

''(a) IMPOSITION OF TAX.—In the case of a corporation to which this section applies, there is hereby imposed an alternative minimum tax equal to 5 percent of net business receipts of the corporation for the taxable year.

''(b) TAXPAYERS TO WHICH SECTION APPLIES.—This section shall apply to any corporation, foreign or domestic, if—

''(1) gross sales in the United States during the tax year of parts or products manufactured by the corporation, or any subsidiary or affiliate controlled by the corporation, exceeded $10,000,000,

''(2) during that same tax year parts or products manufactured by the corporation, or any subsidiary or affiliate controlled by the corporation, with a customs value in excess of $10,000,000 were imported into the United States, and

''(3) its tax obligation under this section exceeds its total tax obligation under all other sections of the Internal Revenue Code of 1986.

''(c) CREDIT FOR TAXES PAID.—There shall be a nonrefundable credit against the taxes owed under this section equal to the total of all other taxes paid by the corporation under the Internal Revenue Code of 1986.

''(d) DEFINITIONS.—For purposes of this section:

''(1) NET BUSINESS RECEIPTS.—The term 'net business receipts' means the value of all parts or products sold in the United States, excluding—

''(A) the value of parts or products sold for export,

''(B) expenses paid for parts or products produced in the United States,

''(C) expenses paid for services performed in the United States, and

''(D) amounts paid for income, sales or use taxes imposed by any State, or political subdivision thereof, or by the District of Columbia, Puerto Rico, Guam or the Virgin Islands.

''(2) SUBSIDIARY OR AFFILIATE CONTROLLED BY THE CORPORATION.—An entity shall be considered to be a 'subsidiary or affiliate controlled by the corporation' if the corporation owns 5 percent or more of any class of stock of the entity or if the corporation exercises control over a majority of the board of directors of the entity.''

(b) CLERICAL AMENDMENT.—The table of parts for such subchapter A is amended by adding at the end thereof the following new item:

''Part VIII. Alternative minimum tax on corporations importing products into the United States at artificially inflated prices.''

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1995.

Subtitle D—Tax Treatment of Certain Extraordinary Dividends

SEC. 10401. TAX TREATMENT OF CERTAIN EXTRAORDINARY DIVIDENDS.

(a) TREATMENT OF EXTRAORDINARY DIVIDENDS IN EXCESS OF BASIS.—Paragraph (2) of section 1059(a) of the Internal Revenue Code of 1986 (relating to corporate shareholder's basis in stock reduced by nontaxed portion of extraordinary dividends) is amended to read as follows:

''(2) AMOUNTS IN EXCESS OF BASIS.—If the nontaxed portion of such dividends exceeds such basis, such excess shall be treated as gain from the sale or exchange of such stock for the taxable year in which the extraordinary dividend is received.''

(b) TREATMENT OF REDEMPTIONS WHERE OPTIONS INVOLVED.—Paragraph (1) of section 1059(e) of such Code (relating to treatment of partial liquidations and non-pro rata redemptions) is amended to read as follows:

''(1) TREATMENT OF PARTIAL LIQUIDATIONS AND CERTAIN REDEMPTIONS.—Except as otherwise provided in regulations—

''(A) REDEMPTIONS.—In the case of any redemption of stock—

''(i) which is part of a partial liquidation (within the meaning of section 302(e)) of the redeeming corporation,

''(ii) which is not pro rata as to all shareholders, or

''(iii) which would not have been treated (in whole or in part) as a dividend if any options had not been taken into account under section 318(a)(4),

any amount treated as a dividend with respect to such redemption shall be treated as an extraordinary dividend to which paragraphs (1) and (2) of subsection (a) apply without regard to the period the taxpayer held such stock. In the case of a redemption described in clause (iii), only the basis in the stock redeemed shall be taken into account under subsection (a).

''(B) REORGANIZATIONS, ETC.—An exchange described in section 356(a)(1) which is treated as a dividend under section 356(a)(2) shall be treated as a redemption of stock for purposes of applying subparagraph (A).''

(c) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by this section shall apply to distributions after May 3, 1995.

(2) TRANSITION RULE.—The amendments made by this section shall not apply to any distribution made pursuant to the terms of—

(A) a written binding contract in effect on May 3, 1995, and at all times thereafter before such distribution, or

(B) a tender offer outstanding on May 3, 1995.

(3) CERTAIN DIVIDENDS NOT PURSUANT TO CERTAIN REDEMPTIONS.—In determining whether the amendment made by subsection (a) applies to any extraordinary dividend other than a dividend treated as an extraordinary dividend under section 1059(e)(1) of the Internal Revenue Code of 1986 (as amended by this Act), paragraphs (1) and (2) shall be applied by substituting ''September 13, 1995'' for ''May 3, 1995''.

Subtitle E—Foreign Trust Tax Compliance

SEC. 10501. IMPROVED INFORMATION REPORTING ON FOREIGN TRUSTS.

(a) IN GENERAL.—Section 6048 of the Internal Revenue Code of 1986 (relating to returns as to certain foreign trusts) is amended to read as follows:

''SEC. 6048. INFORMATION WITH RESPECT TO CERTAIN FOREIGN TRUSTS.

''(a) NOTICE OF CERTAIN EVENTS.—

''(1) GENERAL RULE.—On or before the 90th day (or such later day as the Secretary may prescribe) after any reportable event, the responsible party shall provide written notice of such event to the Secretary in accordance with paragraph (2).

''(2) CONTENTS OF NOTICE.—The notice required by paragraph (1) shall contain such information as the Secretary may prescribe, including—

''(A) the amount of money or other property (if any) transferred to the trust in connection with the reportable event, and

''(B) the identity of the trust and of each trustee and beneficiary (or class of beneficiaries) of the trust.

''(3) REPORTABLE EVENT.—For purposes of this subsection—

''(A) IN GENERAL.—The term 'reportable event' means—

''(i) the creation of any foreign trust by a United States person,

''(ii) the transfer of any money or property (directly or indirectly) to a foreign trust by a United States person, including a transfer by reason of death, and

''(iii) the death of a citizen or resident of the United States if—

''(I) the decedent was treated as the owner of any portion of a foreign trust under the rules of subpart E of part I of subchapter J of chapter 1, or

''(II) any portion of a foreign trust was included in the gross estate of the decedent.

''(B) EXCEPTIONS.—

''(i) FAIR MARKET VALUE SALES.—Subparagraph (A)(ii) shall not apply to any transfer of property to a trust in exchange for consideration of at least the fair market value of the transferred property. For purposes of the preceding sentence, consideration other than cash shall be taken into account at its fair market value and the rules of section 679(a)(3) shall apply.

''(ii) PENSION AND CHARITABLE TRUSTS.—Subparagraph (A) shall not apply with respect to a trust which is—

''(I) described in section 404(a)(4) or 404A, or

''(II) determined by the Secretary to be described in section 501(c)(3).

''(4) RESPONSIBLE PARTY.—For purposes of this subsection, the term 'responsible party' means—

''(A) the grantor in the case of the creation of an inter vivos trust,

''(B) the transferor in the case of a reportable event described in paragraph (3)(A)(ii) other than a transfer by reason of death, and

''(C) the executor of the decedent's estate in any other case.

''(b) UNITED STATES GRANTOR OF FOREIGN TRUST.—

''(1) IN GENERAL.—If, at any time during any taxable year of a United States person, such person is treated as the owner of any portion of a foreign trust under the rules of subpart E of part I of subchapter J of chapter 1, such person shall be responsible to ensure that—

''(A) such trust makes a return for such year which sets forth a full and complete accounting of all trust activities and operations for the year, the name of the United States agent for such trust, and such other information as the Secretary may prescribe, and

''(B) such trust furnishes such information as the Secretary may prescribe to each United States person (i) who is treated as the owner of any portion of such trust or (ii) who receives (directly or indirectly) any distribution from the trust.

''(2) TRUSTS NOT HAVING UNITED STATES AGENT.—

''(A) IN GENERAL.—If the rules of this subsection apply to any foreign trust, the determination of amounts required to be taken into account with respect to such trust by a United States person under the rules of subpart E of part I of subchapter J of chapter 1 shall be determined by the Secretary in the Secretary's sole discretion from the Secretary's own knowledge or from such information as the Secretary may obtain through testimony or otherwise.

''(B) UNITED STATES AGENT REQUIRED.—The rules of this subsection shall apply to any foreign trust to which paragraph (1) applies unless such trust agrees (in such manner, subject to such conditions, and at such time as the Secretary shall prescribe) to authorize a United States person to act as such trust's limited agent solely for purposes of applying sections 7602, 7603, and 7604 with respect to—

''(i) any request by the Secretary to examine records or produce testimony related to the proper treatment of amounts required to be taken into account under the rules referred to in subparagraph (A), or

''(ii) any summons by the Secretary for such records or testimony.

The appearance of persons or production of records by reason of a United States person being such an agent shall not subject such persons or records to legal process for any purpose other than determining the correct treatment under this title of the amounts required to be taken into account under the rules referred to in subparagraph (A). A foreign trust which appoints an agent described in this subparagraph shall not be considered

to have an office or a permanent establishment in the United States, or to be engaged in a trade or business in the United States, solely because of the activities of such agent pursuant to this subsection.

''(C) OTHER RULES TO APPLY.—Rules similar to the rules of paragraphs (2) and (4) of section 6038A(e) shall apply for purposes of this paragraph.

''(c) REPORTING BY UNITED STATES BENEFICIARIES OF FOREIGN TRUSTS.—

''(1) IN GENERAL.—If any United States person receives (directly or indirectly) during any taxable year of such person any distribution from a foreign trust, such person shall make a return with respect to such trust for such year which includes—

''(A) the name of such trust,

''(B) the aggregate amount of the distributions so received from such trust during such taxable year, and

''(C) such other information as the Secretary may prescribe.

''(2) INCLUSION IN INCOME IF RECORDS NOT PROVIDED.—If adequate records are not provided to the Secretary to determine the proper treatment of any distribution from a foreign trust, such distribution shall be treated as an accumulation distribution includible in the gross income of the distributee under chapter 1. To the extent provided in regulations, the preceding sentence shall not apply if the foreign trust elects to be subject to rules similar to the rules of subsection (b)(2)(B).

''(d) SPECIAL RULES.—

''(1) DETERMINATION OF WHETHER UNITED STATES PERSON RECEIVES DISTRIBUTION.—For purposes of this section, in determining whether a United States person receives a distribution from a foreign trust, the fact that a portion of such trust is treated as owned by another person under the rules of subpart E of part I of subchapter J of chapter 1 shall be disregarded.

''(2) DOMESTIC TRUSTS WITH FOREIGN ACTIVITIES.—To the extent provided in regulations, a trust which is a United States person shall be treated as a foreign trust for purposes of this section and section 6677 if such trust has substantial activities, or holds substantial property, outside the United States.

''(3) TIME AND MANNER OF FILING INFORMATION.—Any notice or return required under this section shall be made at such time and in such manner as the Secretary shall prescribe.

''(4) MODIFICATION OF RETURN REQUIREMENTS.—The Secretary is authorized to suspend or modify any requirement of this section if the Secretary determines that the United States has no significant tax interest in obtaining the required information.''

(b) INCREASED PENALTIES.—Section 6677 of such Code (relating to failure to file information returns with respect to certain foreign trusts) is amended to read as follows:

''SEC. 6677. FAILURE TO FILE INFORMATION WITH RESPECT TO CERTAIN FOREIGN TRUSTS.

''(a) CIVIL PENALTY.—In addition to any criminal penalty provided by law, if any notice or return required to be filed by section 6048—

''(1) is not filed on or before the time provided in such section, or

''(2) does not include all the information required pursuant to such section or includes incorrect information,

the person required to file such notice or return shall pay a penalty equal to 35 percent of the gross reportable amount. If any failure described in the preceding sentence continues for more than 90 days after the day on which the Secretary mails notice of such failure to the person required to pay such penalty, such person shall pay a penalty (in addition to the amount determined under the preceding sentence) of $10,000 for each 30-day period (or fraction thereof) during which such failure continues after the expiration of such 90-day period.

''(b) SPECIAL RULES FOR RETURNS UNDER SECTION 6048(b).—In the case of a return required under section 6048(b)—

''(1) the United States person referred to in such section shall be liable for the penalty imposed by subsection (a), and

''(2) subsection (a) shall be applied by substituting '5 percent' for '35 percent'.

''(c) GROSS REPORTABLE AMOUNT.—For purposes of subsection (a), the term 'gross reportable amount' means—

''(1) the gross value of the property involved in the event (determined as of the date of the event) in the case of a failure relating to section 6048(a),

''(2) the gross value of the portion of the trust's assets at the close of the year treated as owned by the United States person in the case of a failure relating to section 6048(b)(1), and

''(3) the gross amount of the distributions in the case of a failure relating to section 6048(c).

''(d) REASONABLE CAUSE EXCEPTION.—No penalty shall be imposed by this section on any failure which is shown to be due to reasonable cause and not due to willful neglect. The fact that a foreign jurisdiction would impose a civil or criminal penalty on the taxpayer (or any other person) for disclosing the required information is not reasonable cause.

''(e) DEFICIENCY PROCEDURES NOT TO APPLY.—Subchapter B of chapter 63 (relating to deficiency procedures for income, estate, gift, and certain excise taxes) shall not apply in respect of the assessment or collection of any penalty imposed by subsection (a).''

(c) CONFORMING AMENDMENTS.—

(1) Paragraph (2) of section 6724(d) of such Code is amended by striking ''or'' at the end of subparagraph (S), by striking the period at the end of subparagraph (T) and inserting '', or'', and by inserting after subparagraph (T) the following new subparagraph:

''(U) section 6048(b)(1)(B) (relating to foreign trust reporting requirements).''

(2) The table of sections for subpart B of part III of subchapter A of chapter 61 is of such Code amended by striking the item relating to section 6048 and inserting the following new item:

''Sec. 6048. Information with respect to certain foreign trusts.''

(3) The table of sections for part I of subchapter B of chapter 68 of such Code is amended by striking the item relating to section 6677 and inserting the following new item:

''Sec. 6677. Failure to file information with respect to certain foreign trusts.''Q02

(d) EFFECTIVE DATES.—

(1) REPORTABLE EVENTS.—To the extent related to subsection (a) of section 6048 of the Internal Revenue Code of 1986, as amended by this section, the amendments made by this section shall apply to reportable events (as defined in such section 6048) occurring after the date of the enactment of this Act.

(2) GRANTOR TRUST REPORTING.—To the extent related to subsection (b) of such section 6048, the amendments made by this section shall apply to taxable years of United States persons beginning after the date of the enactment of this Act.

(3) REPORTING BY UNITED STATES BENEFICIARIES.—To the extent related to subsection (c) of such section 6048, the amendments made by this section shall apply to distributions received after the date of the enactment of this Act.

SEC. 10502. MODIFICATIONS OF RULES RELATING TO FOREIGN TRUSTS HAVING ONE OR MORE UNITED STATES BENEFICIARIES.

(a) TREATMENT OF TRUST OBLIGATIONS, ETC.—

(1) Paragraph (2) of section 679(a) of the Internal Revenue Code of 1986 is amended by striking subparagraph (B) and inserting the following:

''(B) TRANSFERS AT FAIR MARKET VALUE.—To any transfer of property to a trust in exchange for consideration of at least the fair market value of the transferred property. For purposes of the preceding sentence, consideration other than cash shall be taken into account at its fair market value.''

(2) Subsection (a) of section 679 of such Code (relating to foreign trusts having one or more United States beneficiaries) is amended by adding at the end the following new paragraph:

''(3) CERTAIN OBLIGATIONS NOT TAKEN INTO ACCOUNT UNDER FAIR MARKET VALUE EXCEPTION.—

''(A) IN GENERAL.—In determining whether paragraph (2)(B) applies to any transfer by a person described in clause (ii) or (iii) of subparagraph (C), there shall not be taken into account—

''(i) any obligation of a person described in subparagraph (C), and

''(ii) to the extent provided in regulations, any obligation which is guaranteed by a person described in subparagraph (C).

''(B) TREATMENT OF PRINCIPAL PAYMENTS ON OBLIGATION.—Principal payments by the trust on any obligation referred to in subparagraph (A) shall be taken into account on and after the date of the payment in determining the portion of the trust attributable to the property transferred.

''(C) PERSONS DESCRIBED.—The persons described in this subparagraph are—

''(i) the trust,

''(ii) any grantor or beneficiary of the trust, and

''(iii) any person who is related (within the meaning of section 643(i)(3)) to any grantor or beneficiary of the trust.''

(b) EXEMPTION OF TRANSFERS TO CHARITABLE TRUSTS.—Subsection (a) of section 679 of such Code is amended by striking ''section 404(a)(4) or 404A'' and inserting ''section 6048(a)(3)(B)(ii)''.

(c) OTHER MODIFICATIONS.—Subsection (a) of section 679 of such Code is amended by adding at the end the following new paragraphs:

''(4) SPECIAL RULES APPLICABLE TO FOREIGN GRANTOR WHO LATER BECOMES A UNITED STATES PERSON.—

''(A) IN GENERAL.—If a nonresident alien individual has a residency starting date within 5 years after directly or indirectly transferring property to a foreign trust, this section and section 6048 shall be applied as if such individual transferred to such trust on the residency starting date an amount equal to the portion of such trust attributable to the property transferred by such individual to such trust in such transfer.

''(B) TREATMENT OF UNDISTRIBUTED INCOME.—For purposes of this section, undistributed net income for periods before such individual's residency starting date shall be taken into account in determining the portion of the trust which is attributable to property transferred by such individual to such trust but shall not otherwise be taken into account.

''(C) RESIDENCY STARTING DATE.—For purposes of this paragraph, an individual's residency starting date is the residency starting date determined under section 7701(b)(2)(A).

''(5) OUTBOUND TRUST MIGRATIONS.—If—

''(A) an individual who is a citizen or resident of the United States transferred property to a trust which was not a foreign trust, and

''(B) such trust becomes a foreign trust while such individual is alive,

then this section and section 6048 shall be applied as if such individual transferred to such trust on the date such trust becomes a foreign trust an amount equal to the portion of such trust attributable to the property previously transferred by such individual to such trust. A rule similar to the rule of paragraph (4)(B) shall apply for purposes of this paragraph.''

(d) MODIFICATIONS RELATING TO WHETHER TRUST HAS UNITED STATES BENEFICIARIES.—Subsection (c) of section 679 of such Code is amended by adding at the end the following new paragraphs:

''(3) CERTAIN UNITED STATES BENEFICIARIES DISREGARDED.—A beneficiary shall not be treated as a United States person in applying this section with respect to any transfer of property to foreign trust if such beneficiary first became a United States person more than 5 years after the date of such transfer.

''(4) TREATMENT OF FORMER UNITED STATES PERSONS.—To the extent provided by the Secretary, for purposes of this subsection, the term 'United States person' includes any person who was a United States person at any time during the existence of the trust.''

(e) TECHNICAL AMENDMENT.—Subparagraph (A) of section 679(c)(2) of such Code is amended to read as follows:

''(A) in the case of a foreign corporation, such corporation is a controlled foreign corporation (as defined in section 957(a)),''.

(f) REGULATIONS.—Section 679 of such Code is amended by adding at the end the following new subsection:

''(d) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this section.''

(g) EFFECTIVE DATE.—The amendments made by this section shall apply to transfers of property after February 6, 1995.

SEC. 10503. FOREIGN PERSONS NOT TO BE TREATED AS OWNERS UNDER GRANTOR TRUST RULES.

(a) GENERAL RULE.—

(1) Subsection (f) of section 672 of the Internal Revenue Code of 1986 (relating to special rule where grantor is foreign person) is amended to read as follows:

''(f) SUBPART NOT TO RESULT IN FOREIGN OWNERSHIP.—

''(1) IN GENERAL.—Notwithstanding any other provision of this subpart, this subpart shall apply only to the extent such application results in an amount being currently taken into account (directly or through 1 or more entities) under this chapter in computing the income of a citizen or resident of the United States or a domestic corporation.

''(2) EXCEPTIONS.—

''(A) CERTAIN REVOCABLE AND IRREVOCABLE TRUSTS.—

''(i) IN GENERAL.—Except as provided in clause (ii), paragraph (1) shall not apply to any trust if—

''(I) the power to revest absolutely in the grantor title to the trust property is exercisable solely by the grantor without the approval or consent of any other person or with the consent of a related or subordinate party who is subservient to the grantor, or

''(II) the only amounts distributable from such trust (whether income or corpus) during the lifetime of the grantor are amounts distributable to the grantor or the spouse of the grantor.

''(ii) EXCEPTION.—Clause (i) shall not apply to any trust which has a beneficiary who is a United States person to the extent such beneficiary has made transfers of property by gift (directly or indirectly) to a foreign person who is the grantor of such trust. For purposes of the preceding sentence, any gift shall not be taken into account to the extent such gift is excluded from taxable gifts under section 2503(b).

''(B) COMPENSATORY TRUSTS.—Except as provided in regulations, paragraph (1) shall not apply to any portion of a trust distributions from which are taxable as compensation for services rendered.

''(3) SPECIAL RULES.—Except as otherwise provided in regulations prescribed by the Secretary—

''(A) a controlled foreign corporation (as defined in section 957) shall be treated as a domestic corporation for purposes of paragraph (1), and

''(B) paragraph (1) shall not apply for purposes of applying part III of subchapter G (relating to foreign personal holding companies) and part VI of subchapter P (relating to treatment of certain passive foreign investment companies).

''(4) RECHARACTERIZATION OF PURPORTED GIFTS.—In the case of any transfer directly or indirectly from a partnership or foreign corporation which the transferee treats as a gift or bequest, the Secretary may recharacterize such transfer in such circumstances as the Secretary determines to be appropriate to prevent the avoidance of the purposes of this subsection.

''(5) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this subsection, including regulations providing that paragraph (1) shall not apply in appropriate cases.''

(2) The last sentence of subsection (c) of section 672 of such Code is amended by inserting ''subsection (f) and'' before ''sections 674''.

(b) CREDIT FOR CERTAIN TAXES.—Paragraph (2) of section 665(d) of such Code is amended by adding at the end the following new sentence: ''Under rules or regulations prescribed by the Secretary, in the case of any foreign trust of which the settlor or another person would be treated as owner of any portion of the trust under subpart E but for section 672(f), the term 'taxes imposed on the trust' includes the allocable amount of any income, war profits, and excess profits taxes imposed by any foreign country or possession of the United States on the settlor or such other person in respect of trust gross income.''

(c) DISTRIBUTIONS BY CERTAIN FOREIGN TRUSTS THROUGH NOMINEES.—

(1) Section 643 of such Code is amended by adding at the end the following new subsection:

''(h) DISTRIBUTIONS BY CERTAIN FOREIGN TRUSTS THROUGH NOMINEES.—For purposes of this part, any amount paid to a United States person which is derived directly or indirectly from a foreign trust of which the payor is not the grantor shall be deemed in the year of payment to have been directly paid by the foreign trust to such United States person.''

(2) Section 665 of such Code is amended by striking subsection (c).

(d) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided by paragraph (2), the amendments made by this section shall take effect on the date of the enactment of this Act.

(2) EXCEPTION FOR CERTAIN TRUSTS.—The amendments made by this section shall not apply to any trust—

(A) which is treated as owned by the grantor or another person under section 676 or 677 (other than subsection (a)(3) thereof) of the Internal Revenue Code of 1986, and

(B) which is in existence on September 19, 1995.

The preceding sentence shall not apply to the portion of any such trust attributable to any transfer to such trust after September 19, 1995.

(e) TRANSITIONAL RULE.—If—

(1) by reason of the amendments made by this section, any person other than a United States person ceases to be treated as the owner of a portion of a domestic trust, and

(2) before January 1, 1997, such trust becomes a foreign trust, or the assets of such trust are transferred to a foreign trust,

no tax shall be imposed by section 1491 of the Internal Revenue Code of 1986 by reason of such trust becoming a foreign trust or the assets of such trust being transferred to a foreign trust.

SEC. 10504. INFORMATION REPORTING REGARDING FOREIGN GIFTS.

(a) IN GENERAL.—Subpart A of part III of subchapter A of chapter 61 of the Internal Revenue Code of 1986 is amended by inserting after section 6039E the following new section:

''SEC. 6039F. NOTICE OF GIFTS RECEIVED FROM FOREIGN PERSONS.

''(a) IN GENERAL.—If the value of the aggregate foreign gifts received by a United States person (other than an organization described in section 501(c) and exempt from tax under section 501(a)) during any taxable year exceeds $10,000, such United States person shall furnish (at such time and in such manner as the Secretary shall prescribe) such information as the Secretary may prescribe regarding each foreign gift received during such year.

''(b) FOREIGN GIFT.—For purposes of this section, the term 'foreign gift' means any amount received from a person other than a United States person which the recipient treats as a gift or bequest. Such term shall not include any qualified transfer (within the meaning of section 2503(e)(2)).

''(c) PENALTY FOR FAILURE TO FILE INFORMATION.—

''(1) IN GENERAL.—If a United States person fails to furnish the information required by subsection (a) with respect to any foreign gift within the time prescribed therefor (including extensions)—

''(A) the tax consequences of the receipt of such gift shall be determined by the Secretary in the Secretary's sole discretion from the Secretary's own knowledge or from such information as the Secretary may obtain through testimony or otherwise, and

''(B) such United States person shall pay (upon notice and demand by the Secretary and in the same manner as tax) an amount equal to 5 percent of the amount of such foreign gift for each month for which the failure continues (not to exceed 25 percent of such amount in the aggregate).

''(2) REASONABLE CAUSE EXCEPTION.— Paragraph (1) shall not apply to any failure to report a foreign gift if the United States person shows that the failure is due to reasonable cause and not due to willful neglect.

''(d) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this section.''

(b) CLERICAL AMENDMENT.—The table of sections for such subpart is amended by inserting after the item relating to section 6039E the following new item:

''Sec. 6039F. Notice of large gifts received from foreign persons.''

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to amounts received after the date of the enactment of this Act in taxable years ending after such date.

SEC. 10505. MODIFICATION OF RULES RELATING TO FOREIGN TRUSTS WHICH ARE NOT GRANTOR TRUSTS.

(a) MODIFICATION OF INTEREST CHARGE ON ACCUMULATION DISTRIBUTIONS.—Subsection (a) of section 668 of the Internal Revenue Code of 1986 (relating to interest charge on accumulation distributions from foreign trusts) is amended to read as follows:

''(a) GENERAL RULE.—For purposes of the tax determined under section 667(a)—

''(1) INTEREST DETERMINED USING UNDERPAYMENT RATES.—The interest charge determined under this section with respect to any distribution is the amount of interest which would be determined on the partial tax computed under section 667(b) for the period described in paragraph (2) using the rates and the method under section 6621 applicable to underpayments of tax.

''(2) PERIOD.—For purposes of paragraph (1), the period described in this paragraph is the period which begins on the date which is the applicable number of years before the date of the distribution and which ends on the date of the distribution.

''(3) APPLICABLE NUMBER OF YEARS.—For purposes of paragraph (2)—

''(A) IN GENERAL.—The applicable number of years with respect to a distribution is the number determined by dividing—

''(i) the sum of the products described in subparagraph (B) with respect to each undistributed income year, by

''(ii) the aggregate undistributed net income.

The quotient determined under the preceding sentence shall be rounded under procedures prescribed by the Secretary.

''(B) PRODUCT DESCRIBED.—For purposes of subparagraph (A), the product described in this subparagraph with respect to any undistributed income year is the product of—

''(i) the undistributed net income for such year, and

''(ii) the sum of the number of taxable years between such year and the taxable year of the distribution (counting in each case the undistributed income year but not counting the taxable year of the distribution).

''(4) UNDISTRIBUTED INCOME YEAR.—For purposes of this subsection, the term 'undistributed income year' means any prior taxable year of the trust for which there is undistributed net income, other than a taxable year during all of which the beneficiary receiving the distribution was not a citizen or resident of the United States.

''(5) DETERMINATION OF UNDISTRIBUTED NET INCOME.—Notwithstanding section 666, for purposes of this subsection, an accumulation distribution from the trust shall be treated as reducing proportionately the undistributed net income for prior taxable years.

''(6) PERIODS BEFORE 1996.—Interest for the portion of the period described in paragraph (2) which occurs before January 1, 1996, shall be determined—

''(A) by using an interest rate of 6 percent, and

''(B) without compounding until January 1, 1996.''

(b) ABUSIVE TRANSACTIONS.—Section 643(a) of such Code is amended by inserting after paragraph (6) the following new paragraph:

''(7) ABUSIVE TRANSACTIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this part, including regulations to prevent avoidance of such purposes.''

(c) TREATMENT OF USE OF TRUST PROPERTY.—

(1) IN GENERAL.—Section 643 of such Code (relating to definitions applicable to subparts A, B, C, and D) is amended by adding at the end the following new subsection:

''(i) USE OF FOREIGN TRUST PROPERTY.—For purposes of subparts B, C, and D—

''(1) GENERAL RULE.—If a foreign trust makes a loan of cash or marketable securities directly or indirectly to—

''(A) any grantor or beneficiary of such trust who is a United States person, or

''(B) any United States person not described in subparagraph (A) who is related to such grantor or beneficiary,

the amount of such loan shall be treated as a distribution by such trust to such grantor or beneficiary (as the case may be).

''(2) USE OF OTHER PROPERTY.—Except as provided in regulations prescribed by the Secretary, any direct or indirect use of trust property (other than cash or marketable securities) by a person referred to in subparagraph (A) or (B) of paragraph (1) shall be treated as a distribution to the grantor or beneficiary (as the case may be) equal to the fair market value of the use of such property. The Secretary may prescribe regulations treating a loan guarantee by the trust as a use of trust property equal to the value of the guarantee.

''(3) DEFINITIONS AND SPECIAL RULES.—For purposes of this subsection—

''(A) CASH.—The term 'cash' includes foreign currencies and cash equivalents.

''(B) RELATED PERSON.—

''(i) IN GENERAL.—A person is related to another person if the relationship between such persons would result in a disallowance of losses under section 267 or 707(b). In applying section 267 for purposes of the preceding sentence, section 267(c)(4) shall be applied as if the family of an individual includes the spouses of the members of the family.

''(ii) ALLOCATION OF USE.—If any person described in paragraph (1)(B) is related to more than one person, the grantor or beneficiary to whom the treatment under this subsection applies shall be determined under regulations prescribed by the Secretary.

''(C) EXCLUSION OF TAX-EXEMPTS.—The term 'United States person' does not include any entity exempt from tax under this chapter.

''(D) TRUST NOT TREATED AS SIMPLE TRUST.—Any trust which is treated under this subsection as making a distribution shall be treated as not described in section 651.

''(4) SUBSEQUENT TRANSACTIONS REGARDING LOAN PRINCIPAL.—If any loan is taken into account under paragraph (1), any subsequent transaction between the trust and the original borrower regarding the principal of the loan (by way of complete or partial repayment, satisfaction, cancellation, discharge, or otherwise) shall be disregarded for purposes of this title.''

(2) TECHNICAL AMENDMENT.—Paragraph (8) of section 7872(f) of such Code is amended by inserting '', 643(i),'' before ''or 1274'' each place it appears.

(d) EFFECTIVE DATES.—

(1) INTEREST CHARGE.—The amendment made by subsection (a) shall apply to distributions after the date of the enactment of this Act.

(2) ABUSIVE TRANSACTIONS.—The amendment made by subsection (b) shall take effect on the date of the enactment of this Act.

(3) USE OF TRUST PROPERTY.—The amendment made by subsection (c) shall apply to—

(A) loans of cash or marketable securities after September 19, 1995, and

(B) uses of other trust property after December 31, 1995.

SEC. 10506. RESIDENCE OF ESTATES AND TRUSTS, ETC.

(a) TREATMENT AS UNITED STATES PERSON.—

(1) IN GENERAL.—Paragraph (30) of section 7701(a) of the Internal Revenue Code of 1986 is amended by striking subparagraph (D) and by inserting after subparagraph (C) the following:

''(D) any estate or trust if—

''(i) a court within the United States is able to exercise primary supervision over the administration of the estate or trust, and

''(ii) in the case of a trust, one or more United States fiduciaries have the authority to control all substantial decisions of the trust.''

(2) CONFORMING AMENDMENT.—Paragraph (31) of section 7701(a) of such Code is amended to read as follows:

''(31) FOREIGN ESTATE OR TRUST.—The term 'foreign estate' or 'foreign trust' means any estate or trust other than an estate or trust described in section 7701(a)(30)(D).''

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply—

(A) to taxable years beginning after December 31, 1996, or

(B) at the election of the trustee of a trust, to taxable years ending after the date of the enactment of this Act.

Such an election, once made, shall be irrevocable.

(b) DOMESTIC TRUSTS WHICH BECOME FOREIGN TRUSTS.—

(1) IN GENERAL.—Section 1491 of such Code (relating to imposition of tax on transfers to avoid income tax) is amended by adding at the end the following new flush sentence:

''If a trust which is not a foreign trust becomes a foreign trust, such trust shall be treated for purposes of this section as having transferred, immediately before becoming a foreign trust, all of its assets to a foreign trust.''

(2) PENALTY.—Section 1494 of such Code is amended by adding at the end the following new subsection:

''(c) PENALTY.—In the case of any failure to file a return required by the Secretary with respect to any transfer described in section 1491, the person required to file such return shall be liable for the penalties provided in section 6677 in the same manner as if such failure were a failure to file a return under section 6048(a).''

(3) EFFECTIVE DATE.—The amendments made by this subsection shall take effect on the date of the enactment of this Act.

Subtitle F—Limitation on Section 936 Credit

SEC. 10601. LIMITATION ON SECTION 936 CREDIT.

(a) GENERAL RULE.—Paragraph (4) of section 936(a) of the Internal Revenue Code of 1986 (relating to Puerto Rico and possession tax credit) is amended by redesignating subparagraphs (B) and (C) as subparagraphs (C) and (D), respectively, and by striking subparagraph (A) and inserting the following new subsections:

''(A) CREDIT FOR ACTIVE BUSINESS INCOME.—The amount of the credit determined under paragraph (1)(A) for any taxable year shall not exceed 60 percent of the aggregate amount of the possession corporation's qualified possession wages for such taxable year.

''(B) CREDIT FOR INVESTMENT INCOME.—

''(i) IN GENERAL.—If—

''(I) the QPSII assets of the possession corporation for any taxable year, exceed

''(II) 80 percent of such possession corporation's qualified tangible business investment for such taxable year,

the credit determined under paragraph (1)(B) for such taxable year shall be reduced by the amount determined under clause (ii).

''(ii) AMOUNT OF REDUCTION.—The reduction determined under this clause for any taxable year is an amount which bears the same ratio to the credit determined under paragraph (1)(B) for such taxable year (determined without regard to this subparagraph) as—

''(I) the excess determined under clause (i), bears to

''(II) the QPSII assets of the possession corporation for such taxable year.''

(b) PHASEDOWN OF CREDIT.—The table contained in clause (ii) of section 936(a)(4)(C) of such Code, as redesigated by subsection (a), is amended to read as follows:

''In the case of taxable years beginning in:	**The percentage is:**
1994	60
1995	55
1996	40
1997	20
1998 and thereafter	0.''

(c) DEFINITIONS AND SPECIAL RULES.—Subsection (i) of section 936 of such Code is amended to read as follows:

''(i) DEFINITIONS AND SPECIAL RULES RELATING TO LIMITATIONS OF SUBSECTION (a)(4).—

''(1) QUALIFIED POSSESSION WAGES.—For purposes of this section—

''(A) IN GENERAL.—The term 'qualified possession wages' means wages paid or incurred by the possession corporation during the taxable year to any employee for services performed in a possession of the United States, but only if such services are performed while the principal place of employment of such employee is within such possession.

''(B) LIMITATION ON AMOUNT OF WAGES TAKEN INTO ACCOUNT.—

''(i) IN GENERAL.—The amount of wages which may be taken into account under subparagraph (A) with respect to any employee for any taxable year shall not exceed the contribution and benefit base determined under section 230 of the Social Security Act for the calendar year in which such taxable year begins.

''(ii) TREATMENT OF PART-TIME EMPLOYEES, ETC.—If—

''(I) any employee is not employed by the possession corporation on a substantially full-time basis at all times during the taxable year, or

''(II) the principal place of employment of any employee with the possession corporation is not within a possession at all times during the taxable year,

the limitation applicable under clause (i) with respect to such employee shall be the appropriate portion (as determined by the Secretary) of the limitation which would otherwise be in effect under clause (i).

''(C) TREATMENT OF CERTAIN EMPLOYEES.—The term 'qualified possession wages' shall not include any wages paid to employees who are assigned by the employer to perform services for another person, unless the principal trade or business of the employer is to make employees available for temporary periods to other persons in return for compensation. All possession corporations treated as 1 corporation under paragraph (4) shall be treated as 1 employer for purposes of the preceding sentence.

''(D) WAGES.—

''(i) IN GENERAL.—Except as provided in clause (ii), the term 'wages' has the meaning given to such term by subsection (b) of section 3306 (determined without regard to any dollar limitation contained in such section). For purposes of the preceding sentence, such subsection (b) shall be applied as if the term 'United States' included all possessions of the United States.

''(ii) SPECIAL RULE FOR AGRICULTURAL LABOR AND RAILWAY LABOR.—In any case to which subparagraph (A) or (B) of paragraph (1) of section 51(h) applies, the term 'wages' has the meaning given to such term by section 51(h)(2).

''(2) QPSII ASSETS.—For purposes of this section—

''(A) IN GENERAL.—The QPSII assets of a possession corporation for any taxable year is the average of the amounts of the possession corporation's qualified investment assets as of the close of each quarter of such taxable year.

''(B) QUALIFIED INVESTMENT ASSETS.—The term 'qualified investment assets' means the aggregate adjusted bases of the assets which are held by the possession corporation and the income from which qualifies as qualified possession source investment income. For purposes of the preceding sentence, the adjusted basis of any asset shall be its adjusted basis as determined for purposes of computing earnings and profits.

''(3) QUALIFIED TANGIBLE BUSINESS INVESTMENT.—For purposes of this section—

''(A) IN GENERAL.—The qualified tangible business investment of any possession corporation for any taxable year is the average of the amounts of the possession corporation's qualified possession investments as of the close of each quarter of such taxable year.

''(B) QUALIFIED POSSESSION INVESTMENTS.—The term 'qualified possession investments' means the aggregate adjusted bases of tangible property used by the possession corporation in a possession of the United States in the active conduct of a trade or business within such possession. For purposes of the preceding sentence, the adjusted basis of any property shall be its adjusted basis as determined for purposes of computing earnings and profits.

''(4) RELOCATED BUSINESSES.—

''(A) IN GENERAL.—In determining—

''(i) the possession corporation's qualified possession wages for any taxable year, and

''(ii) the possession corporation's qualified tangible business investment for such taxable year,

there shall be excluded all wages and all qualified possession investments which are allocable to a disqualified relocated business.

''(B) DISQUALIFIED RELOCATED BUSINESS.—For purposes of subparagraph (A), the term 'disqualified relocated business' means any trade or business commenced by the possession corporation after October 12, 1995, or any addition after such date to an existing trade or business of such possession corporation unless—

''(i) the possession corporation certifies that the commencement of such trade or business or such addition will not result in a decrease in employment at an existing business operation located in the United States, and

''(ii) there is no reason to believe that such commencement or addition was done with the intention of closing down operations of an existing business located in the United States.

''(5) ELECTION TO COMPUTE CREDIT ON CONSOLIDATED BASIS.—

''(A) IN GENERAL.—Any affiliated group may elect to treat all possession corporations which would be members of such group but for section 1504(b)(4) as 1 corporation for purposes of this section. The credit determined under this section with respect to such 1 corporation shall be allocated among such possession corporations in such manner as the Secretary may prescribe.

''(B) ELECTION.—An election under subparagraph (A) shall apply to the taxable year for which made and all succeeding taxable years unless revoked with the consent of the Secretary.

''(6) TREATMENT OF CERTAIN TAXES.—Notwithstanding subsection (c), if—

''(A) the credit determined under subsection (a)(1) for any taxable year is limited under subsection (a)(4), and

''(B) the possession corporation has paid or accrued any taxes of a possession of the United States for such taxable year which are treated as not being income, war profits, or excess profits taxes paid or accrued to a possession of the United States by reason of subsection (c), such possession corporation shall be allowed a deduction for such taxable year equal to the portion of such taxes which are allocable (on a pro rata basis) to taxable income of the possession corporation the tax on which is not offset by reason of the limitations of subsection (a)(4). In determining the credit under subsection (a) and in applying the preceding sentence, taxable income shall be determined without regard to the preceding sentence.

''(7) POSSESSION CORPORATION.—The term 'possession corporation' means a domestic corporation for which the election provided in subsection (a) is in effect.''

(d) MINIMUM TAX TREATMENT.—Clause (iii) of section 56(g)(4)(C) of such Code is amended by adding at the end thereof the following subclauses:

''(III) SEPARATE APPLICATION OF FOREIGN TAX CREDIT LIMITATIONS.—In determining the alternative minimum foreign tax credit, section 904(d) shall be applied as if dividends from a corporation eligible for the credit provided by section 936 were a separate category of income referred to in a subparagraph of section 904(d)(1).

''(IV) COORDINATION WITH LIMITATION ON 936 CREDIT.—Any reference in this clause to a dividend received from a corporation eligible for the credit provided by section 936 shall be treated as a reference to the portion of any such dividend for which the dividends received deduction is disallowed under clause (i) after the application of clause (ii)(I).''

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1995.

TITLE XI—COMMITTEE ON VETERANS' AFFAIRS

SEC. 11001. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This title may be cited as the ''Veterans Reconciliation Act of 1995''.

(b) TABLE OF CONTENTS.—The contents of this title are as follows:

TITLE XI—VETERANS' AFFAIRS

Sec. 11001. Short title; table of contents.

Subtitle A—Permanent Extension of Temporary Authorities

Sec. 11011. Authority to require that certain veterans agree to make copayments in exchange for receiving health-care benefits.

Sec. 11012. Medical care cost recovery authority.

Sec. 11013. Income verification authority.

Sec. 11014. Limitation on pension for certain recipients of medicaid-covered nursing home care.

Sec. 11015. Home loan fees.

Sec. 11016. Procedures applicable to liquidation sales on defaulted home loans guaranteed by the Department of Veterans Affairs.

Subtitle B—Other Matters

Sec. 11021. Revised standard for liability for injuries resulting from Department of Veterans Affairs treatment.

Sec. 11022. Enhanced loan asset sale authority.

Sec. 11023. Withholding of payments and benefits.

Subtitle C—Health Care Eligibility Reform

Sec. 11031. Hospital care and medical services.

Sec. 11032. Extension of authority to priority health care for Persian Gulf veterans.

Sec. 11033. Prosthetics.

Sec. 11034. Management of health care.

Sec. 11035. Improved efficiency in health care resource management.
Sec. 11036. Sharing agreements for specialized medical resources.
Sec. 11037. Personnel furnishing shared resources.

Subtitle A—Permanent Extension of Temporary Authorities

SEC. 11011. AUTHORITY TO REQUIRE THAT CERTAIN VETERANS AGREE TO MAKE COPAYMENTS IN EXCHANGE FOR RECEIVING HEALTH-CARE BENEFITS.

*Section 8013 of the Omnibus Budget Reconciliation Act of 1990 (38 U.S.C. 1710 note) is amended by striking out subsection (e).

SEC. 11012. MEDICAL CARE COST RECOVERY AUTHORITY.

Section 1729(a)(2)(E) of title 38, United States Code, is amended by striking out ''before October 1, 1998,''.

SEC. 11013. INCOME VERIFICATION AUTHORITY.

Section 5317 of title 38, United States Code, is amended by striking out subsection (g).

SEC. 11014. LIMITATION ON PENSION FOR CERTAIN RECIPIENTS OF MEDICAID-COVERED NURSING HOME CARE.

Section 5503(f) of title 38, United States Code, is amended by striking out paragraph (7).

SEC. 11015. HOME LOAN FEES.

Section 3729(a) of title 38, United States Code, is amended—

(1) in paragraph (4), by striking out ''and before October 1, 1998''; and

(2) in paragraph (5)(C), by striking out '', and before October 1, 1998''.

SEC. 11016. PROCEDURES APPLICABLE TO LIQUIDATION SALES ON DEFAULTED HOME LOANS GUARANTEED BY THE DEPARTMENT OF VETERANS AFFAIRS.

Section 3732(c)(11) of title 38, United States Code, is amended by striking out paragraph (11).

Subtitle B—Other Matters

SEC. 11021. REVISED STANDARD FOR LIABILITY FOR INJURIES RESULTING FROM DEPARTMENT OF VETERANS AFFAIRS TREATMENT.

(a) REVISED STANDARD.—Section 1151 of title 38, United States Code, is amended—

(1) by designating the second sentence as subsection (c);

(2) by striking out the first sentence and inserting in lieu thereof the following:

''(a) Compensation under this chapter and dependency and indemnity compensation under chapter 13 of this title shall be awarded for a qualifying additional disability of a veteran or the qualifying death of a veteran in the same manner as if such disability or death were service-connected.

''(b)(1) For purposes of this section, a disability or death is a qualifying additional disability or a qualifying death only if the disability or death—

''(A) was caused by Department health care and was a proximate result of—

''(i) negligence on the part of the Department in furnishing the Department health care; or

''(ii) an event not reasonably foreseeable; or

''(B) was incurred as a proximate result of the provision of training and rehabilitation services by the Secretary (including by a service-provider used by the Secretary for such purpose under section 3115 of this title) as part of an approved rehabilitation program under chapter 31 of this title.

''(2) For purposes of this section, the term 'Department health care' means hospital care, medical or surgical treatment, or an examination that is furnished under any law administered by the Secretary to a veteran by a Department employee or in a Department facility (as defined in section 1701(3)(A) of this title).

''(3) A disability or death of a veteran which is the result of the veteran's willful misconduct is not a qualifying disability or death for purposes of this section.''; and

(3) by adding at the end the following:

''(d) Effective with respect to injuries, aggravations of injuries, and deaths occurring after September 30, 2002, a disability or death is a qualifying additional disability or a qualifying death for purposes of this section (notwithstanding the provisions of subsection (b)(1)) if the disability or death—

''(1) was the result of Department health care; or

''(2) was the result of the pursuit of a course of vocational rehabilitation under chapter 31 of this title.''.

(b) CONFORMING AMENDMENTS.—Subsection (c) of such section, as designated by subsection (a)(1), is amended—

(1) by striking out '', aggravation,'' both places it appears; and

(2) by striking out ''sentence'' and inserting in lieu thereof ''subsection''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to any administrative or judicial determination of eligibility for benefits under section 1151 of title 38, United States Code, based on a claim that is received by the Secretary on or after October 1, 1995, including any such determination based on an original application or an application seeking to reopen, revise, reconsider, or otherwise readjudicate any claim for benefits under section 1151 of that title or any predecessor provision of law.

SEC. 11022. ENHANCED LOAN ASSET SALE AUTHORITY.

Section 3720(h)(2) of title 38, United States Code, is amended by striking out ''December 31, 1995'' and inserting in lieu thereof ''September 30, 1996''.

SEC. 11023. WITHHOLDING OF PAYMENTS AND BENEFITS.

(a) NOTICE REQUIRED IN LIEU OF CONSENT OR COURT ORDER.—Section 3726 of title 38, United States Code, is amended by striking out ''unless'' and all that follows and inserting in lieu thereof the following: ''unless the Secretary provides such veteran or surviving spouse with notice by certified mail with return receipt requested of the authority of the Secretary to waive the payment of indebtedness under section 5302(b) of this title. If the Secretary does not waive the entire amount of the liability, the Secretary shall then determine whether the veteran or surviving spouse should be released from liability under section 3713(b) of this title. If the Secretary determines that the veteran or surviving spouse should not be released from liability, the Secretary shall notify the veteran or surviving spouse of that determination and provide a notice of the procedure for appealing that determination, unless the Secretary has previously made such determination and notified the veteran or surviving spouse of the procedure for appealing the determination.''.

(b) CONFORMING AMENDMENT.—Section 5302(b) of such title is amended by inserting ''with return receipt requested'' after ''certified mail''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to any indebtedness to the United States arising pursuant to chapter 37 of title 38, United States Code, before, on, or after the date of the enactment of this Act.

Subtitle C—Health Care Eligibility Reform

SEC. 11031. HOSPITAL CARE AND MEDICAL SERVICES.

(a) ELIGIBILITY FOR CARE.—Section 1710(a) of title 38, United States Code, is amended by striking out paragraphs (1) and (2) and inserting the following:

''(a)(1) The Secretary shall, to the extent and in the amount provided in advance in appropriations Acts for these purposes, provide hospital care and medical services, and may provide nursing home care, which the Secretary determines is needed to any veteran—

''(A) with a compensable service-connected disability;

''(B) whose discharge or release from active military, naval, or air service was for a compensable disability that was incurred or aggravated in the line of duty;

''(C) who is in receipt of, or who, but for a suspension pursuant to section 1151 of this title (or both a suspension and the receipt of retired pay), would be entitled to disability compensation, but only to the extent that such veteran's continuing eligibility for such care is provided for in the judgment or settlement provided for in such section;

''(D) who is a former prisoner of war;

''(E) of the Mexican border period or of World War I;

''(F) who was exposed to a toxic substance, radiation, or environmental hazard, as provided in subsection (e); and

''(G) who is unable to defray the expenses of necessary care as determined under section 1722(a) of this title.

''(2) In the case of a veteran who is not described in paragraph (1), the Secretary may, to the extent resources and facilities are available and subject to the provisions of subsection (f), furnish hospital care, medical services, and nursing home care which the Secretary determines is needed.''.

(b) CONFORMING AMENDMENTS.—(1) Section 1710(e) of such title is amended—

(A) in paragraph (1), by striking out ''hospital care and nursing home care'' in subparagraphs (A), (B), and (C) and inserting in lieu thereof ''hospital care, medical services, and nursing home care'';

(B) in paragraph (2), by inserting ''and medical services'' after ''Hospital and nursing home care''; and

(C) by striking out ''subsection (a)(1)(G) of this section'' each place it appears and inserting in lieu thereof ''subsection (a)(1)(F)''.

(2) Chapter 17 of such title is amended—

(A) by redesignating subsection (g) of section 1710 as subsection (h); and

(B) by transferring subsection (f) of section 1712 of such title to section 1710 so as to appear after subsection (f), redesignating such subsection as subsection (g), and amending such subsection by striking out ''section 1710(a)(2) of this title'' in paragraph (1) and inserting in lieu thereof ''subsection (a)(2) of this section''.

(3) Section 1712 of such title is amended—

(A) by striking out subsections (a) and (i); and

(B) by redesignating subsections (b), (c), (d), (h) and (j), as subsections (a), (b), (c), (d), and (e), respectively.

SEC. 11032. EXTENSION OF AUTHORITY TO PRIORITY HEALTH CARE FOR PERSIAN GULF VETERANS.

Section 1710(e)(3) of title 38, United States Code, is amended by striking out ''December 31, 1995'' and inserting in lieu thereof ''December 31, 1998''.

SEC. 11033. PROSTHETICS.

(a) ELIGIBILITY FOR PROSTHETICS.—Section 1701(6)(A)(i) of title 38, United States Code, is amended—

(1) by striking out ''(in the case of a person otherwise receiving care or services under this chapter)'' and ''(except under the conditions described in section 1712(a)(5)(A) of this title),'';

(2) by inserting ''(in the case of a person otherwise receiving care or services under this chapter)'' before ''wheelchairs,''; and

(3) by inserting ''except that the Secretary may not furnish sensori-neural aids other than in accordance with guidelines which the Secretary shall prescribe,'' after ''reasonable and necessary,''.

(b) REGULATIONS.—Not later than 30 days after the date of the enactment of this Act, the Secretary of Veterans Affairs shall prescribe the guidelines required by the amendments made by subsection (a) and shall furnish a copy of those guidelines to the Committees on Veterans' Affairs of the Senate and House of Representatives.

SEC. 11034. MANAGEMENT OF HEALTH CARE.

(a) IN GENERAL.—(1) Chapter 17 of title 38, United States Code, is amended by inserting after section 1704 the following new sections:

"§ 1705. Management of health care: patient enrollment system

''(a) In managing the provision of hospital care and medical services under section 1710(a)(1) of this title, the Secretary, in accordance with regulations the Secretary shall prescribe, shall establish and operate a system of annual patient enrollment. The Secretary shall manage the enrollment of veterans in accordance with the following priorities, in the order listed:

''(1) Veterans with service-connected disabilities rated 30 percent or greater.

''(2) Veterans who are former prisoners of war and veterans with service connected disabilities rated 10 percent or 20 percent.

''(3) Veterans who are in receipt of increased pension based on a need of regular aid and attendance or by reason of being permanently housebound and other veterans who are catastrophically disabled.

''(4) Veterans not covered by paragraphs (1) through (3) who are unable to defray the expenses of necessary care as determined under section 1722(a) of this title.

''(5) All other veterans eligible for hospital care, medical services, and nursing home care under section 1710(a)(1) of this title.

''(b) In the design of an enrollment system under subsection (a), the Secretary—

''(1) shall ensure that the system will be managed in a manner to ensure that the provision of care to enrollees is timely and acceptable in quality;

''(2) may establish additional priorities within each priority group specified in subsection (a), as the Secretary determines necessary; and

''(3) may provide for exceptions to the specified priorities where dictated by compelling medical reasons.

"§ 1706. Management of health care: other requirements

''(a) In managing the provision of hospital care and medical services under section 1710(a) of this title, the Secretary shall, to the extent feasible, design, establish and manage health care programs in such a manner as to promote cost-effective delivery of health care services in the most clinically appropriate setting.

''(b) In managing the provision of hospital care and medical services under section 1710(a) of this title, the Secretary—

''(1) may contract for hospital care and medical services when Department facilities are not capable of furnishing such care and services economically, and

''(2) shall make such rules and regulations regarding acquisition procedures or policies as the Secretary considers appropriate to provide such needed care and services.

''(c) In managing the provision of hospital care and medical services under section 1710(a) of this title, the Secretary shall ensure that the Department maintains its capacity to provide for the specialized treatment and rehabilitative needs of disabled veterans described in section 1710(a) of this title (including veterans with spinal cord dysfunction, blindness, amputations, and mental illness) within distinct programs or facilities of the Department that are dedicated to the specialized needs of those veterans in a manner that (1) affords those veterans reasonable access to care and services for those specialized needs, and (2) ensures that overall capacity of the Department to provide such services is not reduced below the capacity of the Department, nationwide, to provide those services, as of the date of the enactment of this section.

''(d) In managing the provision of hospital care and medical services under section 1710(a) of this title, the Secretary shall ensure that any veteran with a service-connected disability is provided all benefits under this chapter for which that veteran was eligible before the date of the enactment of this section.''.

(2) The table of sections at the beginning of chapter 17 of such title is amended by inserting after the item relating to section 1704 the following new items:

''1705. Management of health care: patient enrollment system.

''1706. Management of health care: other requirements.''

(b) CONFORMING AMENDMENTS TO SECTION 1703.—(1) Section 1703 of such title is amended—

(A) by striking out subsections (a) and (b); and

(B) in subsection (c) by—

(i) striking out ''(c)'', and

(ii) striking out ''this section, sections'' and inserting in lieu thereof ''sections 1710,''.

(2)(A) The heading of such section is amended to read as follows:

"§ 1703. Annual report on furnishing of care and services by contract".

(B) The item relating to such section in the table of sections at the beginning of chapter 17 of such title is amended to read as follows:

''1703. Annual report on furnishing of care and services by contract.''.

SEC. 11035. IMPROVED EFFICIENCY IN HEALTH CARE RESOURCE MANAGEMENT.

(a) REPEAL OF SUNSET PROVISION.—Section 204 of the Veterans Health Care Act of 1992 (Public Law 102-585; 106 Stat. 4950) is repealed.

(b) COST RECOVERY.—Title II of such Act is further amended by adding at the end the following new section:

"SEC. 207. AUTHORITY TO BILL HEALTH-PLAN CONTRACTS.

''(a) RIGHT TO RECOVER.—In the case of a primary beneficiary (as described in section 201(2)(B)) who has coverage under a health-plan contract, as defined in section 1729(i)(1)(A) of title 38, United States Code, and who is furnished care or services by a Department medical facility pursuant to this title, the United States shall have the right to recover or collect charges for such care or services from such health-plan contract to the extent that the beneficiary (or the provider of the care or services) would be eligible to receive payment for such care or services from such health-plan contract if the care or services had not been furnished by a department or agency of the United States. Any funds received from such health-plan contract shall be credited to funds that have been allotted to the facility that furnished the care or services.

''(b) ENFORCEMENT.—The right of the United States to recover under such a beneficiary's health-plan contract shall be enforceable in the same manner as that provided by subsections (a)(3), (b), (c)(1), (d), (f), (h), and (i) of section 1729 of title 38, United States Code.''.

SEC. 11036. SHARING AGREEMENTS FOR SPECIALIZED MEDICAL RESOURCES.

(a) REPEAL OF SECTION 8151.—(1) Subchapter IV of chapter 81 of title 38, United States Code, is amended—

(A) by striking out section 8151; and

(B) by redesignating sections 8152, 8153, 8154, 8155, 8156, 8157, and 8158 as sections 8151, 8152, 8153, 8154, 8155, 8156, and 8157, respectively.

(2) The table of sections at the beginning of chapter 81 is amended—

(A) by striking out the item relating to section 8151; and

(B) by revising the items relating to sections 8152, 8153, 8154, 8155, 8156, 8157, and 8158 to reflect the redesignations by paragraph (1)(B).

(b) REVISED AUTHORITY FOR SHARING AGREEMENTS.—Section 8152 of such title, as redesignated by subsection (a)(1)(B), is amended—

(1) in subsection (a)(1)(A)—

(A) by striking out ''specialized medical resources'' and inserting in lieu thereof ''health-care resources''; and

(B) by striking out ''other'' and all that follows through ''medical schools'' and inserting in lieu thereof ''any medical school, health-care provider, health-care plan, insurer, or other entity or individual'';

(2) in subsection (a)(2) by striking out ''only'' and all that follows through ''are not'' and inserting in lieu thereof ''if such resources are not, or would not be,'';

(3) in subsection (b), by striking out ''reciprocal reimbursement'' in the first sentence and all that follows through the period at the end of that sentence and inserting in lieu thereof ''payment to the Department in accordance with procedures that provide appropriate flexibility to negotiate payment which is in the best interest of the Government.'';

(4) in subsection (d), by striking out ''preclude such payment, in accordance with—'' and all that follows through ''to such facility therefor'' and inserting in lieu thereof ''preclude such payment to such facility for such care or services'';

(5) by redesignating subsection (e) as subsection (f); and

(6) by inserting after subsection (d) the following new subsection (e):

''(e) The Secretary may make an arrangement that authorizes the furnishing of services by the Secretary under this section to individuals who are not veterans only if the Secretary determines—

''(1) that such an arrangement will not result in the denial of, or a delay in providing access to, care to any veteran at that facility; and

''(2) that such an arrangement—

''(A) is necessary to maintain an acceptable level and quality of service to veterans at that facility; or

''(B) will result in the improvement of services to eligible veterans at that facility.''.

(c) CROSS-REFERENCE AMENDMENTS.—(1) Section 8110(c)(3)(A) of such title is amended by striking out ''8153'' and inserting in lieu thereof ''8152''.

(2) Subsection (b) of section 8154 of such title (as redesignated by subsection (a)(1)(B)) is amended by striking out ''section 8154'' and inserting in lieu thereof ''section 8153''.

(3) Section 8156 of such title (as redesignated by subsection (a)(1)(B)) is amended—

(A) in subsection (a), by striking out ''section 8153(a)'' and inserting in lieu thereof ''section 8152(a)''; and

(B) in subsection (b)(3), by striking out ''section 8153'' and inserting in lieu thereof ''section 8152''.

(4) Subsection (a) of section 8157 of such title (as redesignated by subsection (a)(1)(B)) is amended—

(A) in the matter preceding paragraph (1), by striking out ''section 8157'' and ''section

8153(a)'' and inserting in lieu thereof ''section 8156'' and ''section 8152(a)'', respectively; and

(B) in paragraph (1), by striking out ''section 8157(b)(4)'' and inserting in lieu thereof ''section 8156(b)(4)''.

SEC. 11037. PERSONNEL FURNISHING SHARED RESOURCES.

Section 712(b)(2) of title 38, United States Code, is amended—

(1) by striking out ''the sum of—'' and inserting in lieu thereof ''the sum of the following:'';

(2) by capitalizing the first letter of the first word of each of subparagraphs (A) and (B);

(3) by striking out ''; and'' at the end of subparagraph (A) and inserting in lieu thereof a period; and

(4) by adding at the end the following:

''(C) The number of such positions in the Department during that fiscal year held by persons involved in providing health-care resources under section 8111 or 8152 of this title.''.

TITLE XII—LEGISLATIVE BRANCH

SEC. 12101. REQUIREMENT THAT EXCESS FUNDS PROVIDED FOR OFFICIAL ALLOWANCES OF MEMBERS OF THE HOUSE OF REPRESENTATIVES BE DEDICATED TO DEFICIT REDUCTION.

Of the funds made available in any appropriation Act for fiscal year 1996 or any succeeding fiscal year for the official expenses allowance, the clerk hire allowance, or the official mail allowance of a Member of the House of Representatives, any amount that remains unobligated at the end of such fiscal year shall be transferred to the Deficit Reduction Fund established by Executive Order 12858 (58 Fed. Reg. 42185). Any amount so transferred shall be in addition to the amounts specified in section 2(b) of such order, but shall be subject to the requirements and limitations set forth in sections 2(c) and 3 of such order.

TITLE XIII—MISCELLANEOUS PROVISIONS

SEC. 13101. ELIMINATION OF DISPARITY BETWEEN EFFECTIVE DATES FOR MILITARY AND CIVILIAN RETIREE COST-OF-LIVING ADJUSTMENTS FOR FISCAL YEARS 1996, 1997, AND 1998.

(a) CONFORMANCE WITH SCHEDULE FOR CIVIL SERVICE COLAS.—Subparargraph (B) of section 1401a(b)(2) of title 10, United States code, is amended—

(1) by striking out ''THROUGH 1998'' the first place it appears and all that follows through. ''In the case of'' the second place it appears and inserting in lieu thereof ''THROUGH 1996.—In the case of'';

(2) by striking ''of 1994, 1995, 1996, or 1997'' and inserting in lieu thereof ''of 1993, 1994, or 1995''; and

(3) by striking out ''September'' and inserting in lieu thereof ''March''.

(b) REPEAL OF PRIOR CONDITIONAL ENACTMENT.—Section 8114A(b) of Public Law 103–335 (108 Stat. 2648) is repealed.

SEC. 13102. DISPOSAL OF CERTAIN MATERIALS IN NATIONAL DEFENSE STOCKPILE FOR DEFICIT REDUCTION.

(a) DISPOSALS REQUIRED.—(1) During fiscal year 1996, the President shall dispose of all cobalt contained in the National Defense Stockpile that, as the date of the enactment of this Act, is authorized for disposal under any law (other than this Act).

(2) In addition to the disposal of cobalt under paragraph (1), the President shall dispose of additional quantities of cobalt and quantities of aluminum, ferro columbium, germanium, palladium, platinum, and rubber contained in the National Defense Stockpile so as to result in receipts to the United States in amounts equal to—

(A) $21,000,000 during the fiscal year ending September 30, 1996;

(B) $338,000,000 during the five-fiscal year period ending on September 30, 2000; and

(C) $649,000,000 during the seven-fiscal year period ending on September 30, 2002.

(3) The President is not required to include the disposal of the materials identified in paragraph (2) in an annual materials plan for the National Defense Stockpile. Disposals made under this section may be made without consideration of the requirements of an annual materials plan.

(b) LIMITATION ON DISPOSAL QUANTITY.—The total quantities of materials authorized for disposal by the President under subsection (a)(2) may not exceed the amounts set forth in the following table:

AUTHORIZED STOCKPILE DISPOSALS

Material for disposal	Quantity
Aluminum	62,881 short tons
Cobalt	42,482,323 pounds contained
Ferro Columbium	930,911 pounds contained
Germanium	68,207 kilograms
Palladium	1,264,601 troy ounces
Platinum	452,641 troy ounces
Rubber	125,138 long tons

(c) DEPOSIT OF RECEIPTS.—Notwithstanding section 9 of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98h), funds received as a result of the disposal of materials under subsection (a)(2) shall be deposited into the general fund of the Treasury for the purpose of deficit reduction.

(d) RELATIONSHIP TO OTHER DISPOSAL AUTHORITY.—The disposal authority provided in subsection (a)(2) is new disposal authority and is in addition to, and shall not affect, any other disposal authority provided by law regarding the materials specified in such subsection.

(e) TERMINATION OF DISPOSAL AUTHORITY.—The President may not use the disposal authority provided in subsection (a)(2) after the date on which the total amount of receipts specified in subparagraph (C) of such subsection is achieved.

(f) DEFINITION.—The term ''National Defense Stockpile'' means the National Defense Stockpile provided for in section 4 of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98c).

SEC. 13103. REQUIREMENT THAT CERTAIN AGENCIES PREFUND GOVERNMENT HEALTH BENEFITS CONTRIBUTIONS FOR THEIR ANNUITANTS.

(a) DEFINITIONS.—For the purpose of this section—

(1) the term ''agency'' means any agency or other instrumentality within the executive branch of the Government, the receipts and disbursements of which are not generally included in the totals of the budget of the United States Government submitted by the President;

(2) the term ''health benefits plan'' means, with respect to an agency, a health benefits plan, established by or under Federal law, in which employees or annuitants of such agency may participate;

(3) the term ''health-benefits coverage'' means coverage under a health benefits plan;

(4) an individual shall be considered to be an ''annuitant of an agency'' if such individual is entitled to an annuity, under a retirement system established by or under Federal law, by virtue of—

(A) such individual's service with, and separation from, such agency; or

(B) being the survivor of an annuitant under subparagraph (A) or of an individual who died while employed by such agency; and

(5) the term ''Office'' means the Office of Personnel Management.

(b) PREFUNDING REQUIREMENT.—

(1) IN GENERAL.—Effective as of October 1, 1996, each agency shall be required to prepay the Government contributions which are or will be required in connection with providing health-benefits coverage for annuitants of such agency.

(2) REGULATIONS.—The Office shall prescribe such regulations as may be necessary to carry out this section. The regulations shall be designed to ensure at least the following:

(A) Amounts paid by each agency shall be sufficient to cover the amounts which would otherwise be payable by such agency (on a ''pay-as-you-go'' basis), on or after the applicable effective date under paragraph (1), on behalf of—

(i) individuals who are annuitants of the agency as of such effective date; and

(ii) individuals who are employed by the agency as of such effective date, or who become employed by the agency after such effective date, after such individuals have become annuitants of the agency (including their survivors).

(B)(i) For purposes of determining any amounts payable by an agency—

(I) this section shall be treated as if it had taken effect at the beginning of the 20-year period which ends on the effective date applicable under paragraph (1) with respect to such agency; and

(II) in addition to any amounts payable under subparagraph (A), each agency shall also be responsible for paying any amounts for which it would have been responsible, with respect to the 20-year period described in subclause (I), in connection with any individuals who are annuitants or employees of the agency as of the applicable effective date under paragraph (1).

(ii) Any amounts payable under this subparagraph for periods preceding the applicable effective date under paragraph (1) shall be payable in equal installments over the 20-year period beginning on such effective date.

(c) FASB STANDARDS.—Regulations under subsection (b) shall be in conformance with the provisions of standard 106 of the Financial Accounting Standards Board, issued in December 1990.

(d) CLARIFICATION.—Nothing in this section shall be considered to permit or require duplicative payments on behalf of any individuals.

(e) DRAFT LEGISLATION.—The Office shall prepare and submit to Congress any draft legislation which may be necessary in order to carry out this section.

SEC. 13104. APPLICATION OF OMB CIRCULAR A–129.

The provisions of Office of Management and Budget Circular No. A–129, relating to policies for Federal credit programs and nontax receivables, as in effect on the date of enactment of this Act, shall apply as provided in that circular.

SEC. 13105. 7-YEAR EXTENSION OF HAZARDOUS SUBSTANCE SUPERFUND EXCISE TAXES.

(a) EXTENSION OF TAXES.—

(1) EXTENSION OF HAZARDOUS SUBSTANCE SUPERFUND FINANCING RATE.—Subsection (e) of section 4611 of the Internal Revenue Code of 1986 is amended to read as follows:

''(e) APPLICATION OF HAZARDOUS SUBSTANCE SUPERFUND FINANCING RATE.—The Hazardous Substance Superfund financing rate under this section shall apply after December 31, 1986, and before January 1, 2003.''

(2) APPLICATION OF TAX.—Subsection (e) of section 59A (relating to application of environmental tax) is amended to read as follows:

''(e) APPLICATION OF TAX.—The tax imposed by this section shall apply to taxable years beginning after December 31, 1986, and before January 1, 2003.''

(b) EXTENSION OF REPAYMENT DEADLINE FOR SUPERFUND BORROWING.—Subparagraph (B) of section 9507(d)(3) of such Code is amended by striking ''December 31, 1995'' and inserting ''December 31, 2002''.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on January 1, 1996.

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Senate

(Legislative day of Wednesday, October 18, 1995)

The Senate met at 9:30 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:

Almighty God, ultimate judge of us all, free us from the pejorative judgments that put others down when they do not agree with us. We develop a litmus test to judge others. Sometimes, when they don't measure up, we question their value and make condemnatory judgments of them. Most serious of all, we think our categorization justifies our lack of prayer for them. Often we self-righteously neglect in our prayers the very people who most need Your blessing.

Give us Samuel's heart to say, ''Far be it from me that I should sin against the Lord in ceasing to pray for you.''—1 Samuel 12:23. Remind us that You alone have power to change the minds and hearts of people if we will be faithful to pray for them. Make us intercessors for all those You have placed on our hearts—even those we previously have condemned with our judgments. We accept Your authority: ''Judgement is mine, says the Lord.'' I pray this in the name of Jesus, who with Moses and the prophets, taught us to do to others what we would wish them to do to us. Amen.

RECOGNITION OF THE ACTING MAJORITY LEADER

The PRESIDENT pro tempore. The able Senator from Virginia is recognized.

SCHEDULE

Mr. WARNER. Mr. President, speaking on behalf of the majority leader, I wish to inform the Senate that morning business on this day shall continue until the hour of 10:30 a.m. with Senators FORD, WARNER, BAUCUS, and KERREY to be recognized for time allocation within that period.

At 10:30 it will be the intention of the majority leader to proceed to the consideration of Calendar No. 207, S. 1322, regarding the relocation of the United States Embassy in Israel.

The majority leader wishes to advise all Senators that rollcall votes, therefore, are possible.

Further, the majority leader desires to bring up the State Department reorganization, if the managers' amendment can be worked out, or, in the alternative, the Labor-HHS appropriations bill, again if an agreement can be reached.

Mr. President, I seek recognition as one with allocation of morning business time.

MORNING BUSINESS

The PRESIDING OFFICER (Mr. CAMPBELL). Under the previous order, there will now be a period for the transaction of morning business not to extend beyond the hour of 10:30 a.m. with Senators permitted to speak therein. Under the previous order, the Senator from Virginia [Mr. WARNER] is recognized to speak for up to 10 minutes in morning business.

Mr. WARNER. Thank you, Mr. President.

THE SENATE AND THE WORLD WIDE WEB

Mr. WARNER. Mr. President, I am privileged to be joined this morning by my distinguished colleague and friend, Senator FORD. Senator FORD and I have the joint responsibility for the Rules Committee, and we come to the floor today to announce the Senate presence on the World Wide Web.

As of this morning, nearly 6 million Americans will have access to educational information about the U.S. Senate by way of Internet. We envision the Senate Home Page as a tool that can be used by educators all across our Nation in helping with their teachings of the constitutional and historical role of this institution, and its place in American Government and its underlying responsibilities within our society.

The U.S. Senate World Wide Web Server provides information from and about the Members of the Senate, the Senate committees, and Senate leadership. This evolving service also provides general background information about U.S. Senate legislative procedures, the Senate facilities in this Capitol Building, and the history of this institution. It also includes a visual tour of the Capitol for those of our constituents who may be unable to visit in person, and particularly for those who can visit it. It includes many suggestions on how to plan their visits to the U.S. Capitol Building.

The Capitol Building also has, as we all know, a permanent art collection of great renown and of great historical significance. That too is treated in this Internet.

I want to thank Senator STEVENS and my colleague, Senator FORD, and other members of the Rules Committee who began this effort early this year. We have a very valued staff, and this effort has been led by John McConnell and Paul Steele, and most recently by the acting staff director, Grayson Winterling.

Special thanks to additional staff persons with technical ability in the Sergeant at Arms, Tom Meenan, Chris Lee, Charlie Kirsch, Alex Hobson, Jenny Yu, Roger Myers, Jim Judy, and Sara Oursler along with Cherie Allen of the Secretary of the Senate's office, for developing this technical achievement.

Additional thanks to many of those Senators and their high-technology

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

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staff members who were early adopters of this emerging technology, and who indeed gave us the impetus to move forward to this day.

Further, Mr. President, I would emphasize that this is but one step under the current leadership of the Rules Committee, myself and Mr. FORD. We hope to enrich and further expand the Senate Internet presence in the coming months with additional information about the Senate, and its Members.

Further, Mr. President, some of the additional services that we hope to add will be a calendar of events in the Capitol and the Senate, video and voice excerpts of Senate proceedings, and expanded home page percentages.

I yield the floor to my distinguished colleague.

Mr. FORD addressed the Chair.

The PRESIDING OFFICER. The Senator from Kentucky [Mr. FORD] is recognized.

Mr. FORD. Mr. President, I am pleased to join with Senator WARNER, our new chairman of the Senate Rules Committee, in announcing that as of this morning, the Senate is now online on the World Wide Web.

The Senate Rules Committee first authorized a Senate presence on the Internet in September, 1993, with the creation of the Senate FTP Gopher Server. In November of that year, the Rules Committee established policies and procedures for Senate participation on the Internet. In the short 2 years since that time, Internet technology has leaped forward producing the significantly improved graphics capability of the World Wide Web. The Web provides the Senate an improved opportunity to provide educational information to the public and I am pleased that we are able to announce this step forward today.

The U.S. Senate World Wide Web Server is produced under the auspices of the Secretary of the Senate's office with technical advice and input from the Sergeant at Arms' Office and the Rules Committee technical staff. The Senate Server will provide the public with general information on the Senate and how it works. The Senate Home Page will provide a direct link to Member's home pages located on the Server and will allow the public to surf such useful information as visual tours of the Capitol, committee membership and jurisdiction, a glossary of frequently used legislative terms, and the history of the Senate.

While we all recognize the somewhat limited reach of the Web today, with an estimated 6 million users nationally, the potential—and I emphasize ''potential''—for this technology to eventually reach every school child, office place, and even private home, is obvious. The Senate needs to move into the 21st century and our presence on the Web ensures that the Senate will not be left behind as this technology explodes.

The Rules Committee will continue to monitor the development of the Web with an eye to ensuring that as technology moves forward, the Senate keeps pace with policies and procedures that ensure access to improving technology on a fiscally sound basis. I congratulate our chairman, Senator WARNER, on moving forward with this initiative and encourage my colleagues to take advantage of this important communications tool.

I yield the floor.

Mr. WARNER. Mr. President, I thank my distinguished colleague. I say to Members of the Senate, Senator FORD and I have worked together on many things for now some 17 years and he is a tough, fair working partner, I tell you that.

Mr. FORD. Leave the ''tough'' out.

Mr. WARNER. All right. He is a man who takes very conscientiously the duties of the Rules Committee and has for many years. It is a pleasure to work with him.

TRIBUTE TO THE CAPITOL POLICE

Mr. WARNER. On Monday, October 16, a very significant number—I shall not make any estimate—of American citizens came from every corner of our land to answer a challenge to join in a day of atonement and brotherhood on the National Mall and the west front of the U.S. Capitol. Many visitors journeyed to Washington from distant States to join in what was characterized as the Million Man March, a successful occasion, indeed, by all press accounts.

The Capitol Grounds, which belong equally to every citizen of this Nation, was one of the focal points of this gathering. Sometimes those of us who work in the Senate, whatever the capacity may be, tend not to fully appreciate what happens behind the scenes when large demonstrations of this magnitude occur.

I stand today to pay tribute to the infrastructure of the Senate—indeed, I think of both the House and the Senate—that contributed in some measure to making this an acceptable and safe event.

Again, I thank all who helped make it a safe event. It was one of the largest demonstrations on the U.S. Capitol Grounds in contemporary history. I would particularly like to thank our Capitol Police Department; 1,100 U.S. Capitol Police officers were on duty on October 16. All days off were canceled. Officers were required to work extended duty hours. Officers provided routine law enforcement, protective operations, and traffic control. Their professionalism assured that our visitors received the services they deserved and permitted Senators and staff to continue their work during the day.

There was also significant infrastructure to provide for health and first aid.

Planning meetings with the organizations began early in August to assure this public safety. Senator FORD and I convened two meetings of the infrastructure on the Senate side and carefully reviewed their plans. We thank Chief Gary Abrecht, Assistant Chief Robert Howe, and Deputy Chief James Rohan for their overall command, and we are grateful to Lt. Gregg Parman and Officer Terry Rinaldi for their involvement in all phases of the planning process.

While the Nation focused its attention on the west front of the Capitol, the Capitol Police Department worked to assure the safety and security of all who assembled, preserving the tradition of our first amendment rights.

We thank the Capitol Police for their good work. We thank many others in this institution who equally contributed. And I pay a special recognition to Mr. Howard Greene, the Sergeant at Arms, who was sort of the executive officer of this effort.

RETIREMENT OF SENATOR NUNN

Mr. WARNER. Mr. President, it is a privilege for me to place into today's RECORD of the Senate the remarks made by our distinguished colleague, Senator NUNN of Georgia, when he announced his future intentions, which, to the regret of many, indicated that he would not seek reelection to the Senate.

Mr. President, I say it is a privilege because Senator NUNN has been a very, very close personal friend, a valued and respected professional partner—I always considered him a partner—for a quarter of a century. I first came to know Senator NUNN when I, as Secretary of the Navy, worked with Carl Vinson. Carl Vinson was chairman of the House Armed Services Committee. He served in the House of Represenatives for 50 years. I had a role in the naming of a supercarrier after him, the U.S.S. *Carl Vinson*.

It was in the process of that naming procedure that I first came to know SAM NUNN, who at that time was working in a capacity with Carl Vinson and the House Armed Services Committee. Of course, when I was privileged some 17 years ago to come to the Senate, he was a member of the Senate Armed Services Committee, and we worked there together for these many years and will continue to work for this coming year. I anticipate his contributions in this coming year to our Nation and to our Senate will be no less as significant in magnitude as the many contributions he has made over his entire career in the Senate.

As I say, I value his friendship, and for 6 years we were privileged to work together with Senator NUNN as chairman of the committee, and I had the position of ranking member. We sponsored many pieces of legislation, coauthored them together, particularly in the areas of personnel and strategic matters. We journeyed together to many foreign lands in connection with our responsibilities on the committee.

So it is with heartfelt thanks that I say to my friend, in joining many others in paying him respect, I wish him

and his family the very best of good fortune and simply say thank you, Senator NUNN, for the many things you have done for our country particularly in the area of national security.

Mr. President, I ask unanimous consent to have printed in today's RECORD the full text of his statement. Also, I have a short article which appeared in the Washington Times entitled ''Inside The Beltway,'' and I will read it. That would be the final, concluding part of the entry in today's RECORD. It reads:

Family values. On Monday, after Senator Nunn announced that he would not run for reelection next year, we asked him what he felt had been his greatest accomplishment during his 24 years in Congress. Mr. Nunn thought about our question for several days and got back to us yesterday. We must concede we were surprised at his response, having expected the Georgia Democrat to cite one of his many legislative accomplishments.

''Keeping my family together,'' he said.

Asked to explain, Mr. Nunn said that, with the multitude of demands on a Senator's family, families have to make many sacrifices. He said he is especially proud to have kept his family together.

The Senator and his wife, Colleen, recently celebrated their 30th wedding anniversary. They have two children, Michelle, 28, and Brian, 26.

I think that final comment in connection with his future plans not only symbolizes the humility of this great American but it also speaks to the life and the challenges of every Member of this institution.

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

SENATOR NUNN'S STATEMENT, OCTOBER 9, 1995

I am honored to be in our beautiful State capitol building on the floor of the Georgia house where I began my legislative career 27 years ago. After a lot of thought and prayer, I have concluded that my rewarding and fulfilling legislative career should end at the conclusion of my present term. This has been a difficult decision made much harder because of my deep respect for the many people who have encouraged me to run, but I know in my heart that it is time for me to follow a new course.

I believe that both voters and incumbents have a responsibility for careful assessment before entering into a new Senate Contract. For me, an election establishes a sacred trust between the voter and the elected official. Each time I have been elected to the Senate, I have committed heart and soul to the full range of duties of a Senator for a full 6 years. The job requires this commitment—the people deserve it.

Today, I look forward to more freedom, to more flexibility, more time with my family, more time in Georgia, and more time to read, write, and think. While I will not continue in the legislative arena, I will continue my involvement in public policy.

The essence of democracy is much more than just legislators casting votes. It is the action of men and women who take the time to wrestle with the problems of individuals and communites—and do something to solve them. This is the new arena that I will enter—that of a private citizen who also is engaged in the challenges that face our communities and our nation.

Today, there is no shortage of challenges. These include issues of national security, foreign policy, the environment, health care, and the plight of citizens struggling to fully participate in the economic opportunity of our Nation.

Too many of our citizens are being left behind as our economy moves from the industrial age to the age of information and knowledge because they lack appropriate education and training. A large part of our economic challenge is fundamentally an education challenge. We must change.

Too many children in America are born and grow up outside family structures without the attention, nurturing, discipline, and love that every human soul must have. Too many parents who are struggling to provide their children with basic needs have no way to protect them from street violence and drugs. If America is to remain the greatest country on Earth, our children must come first. We must change.

Too many executives are spending too many corporate dollars paying for television programs that bombard our homes with sex and violence—not thinking or caring about the effect of this bombardment on our children and our nation's future. Too many of us as citizens sit by passively while this bombardment takes place. We continue to buy the products which are advertised and sold at the expense of our culture—our values—our children—and our future. We must change.

We are reaping the harvest from this combination of conditions in soaring rates of child abuse, drug abuse, teenage pregnancies, abortions, and unprecented levels of crime and violence.

These challenges are made more difficult because our citizens are increasingly concluding that our political system responds primarily to money and special interests. Our system of government is sound, and most public officials are honorable, but there are fundamental problems which must be corrected.

Too much of the time and effort of Members of Congress is consumed by fund raising. The ability to raise big money and buy saturation tv ads has become the dominant theme of our political races.

Too often the tactics of obsessive polling, negative and cynical campaigns, and horse race media coverage overwhelm substantive debate, dialogue with the voters, and real leadership. Too much of the time of both Congress and the executive branch is spent budgeting—not enough time is spent in oversight and evaluation of Federal programs.

The average citizen primarily wants his or her elected officials to use common sense for the common good, but too often those voices are drowned out by the extremes in both parties who are usually wrong, but never in doubt. Our system of government is the best in the world, but our political process is in need of major reform. Continuation of the two party system, as we know it, will depend on whether true campaign reform and congressional procedural reform are undertaken soon.

America is not perfect, but it is the greatest country in the world. During our 200 year history, when we have faced economic, military, political, or social peril, Americans have demonstrated the unrivaled ability to change and to grow stronger in the process.

This is a period of transition for our Nation, similar to the historic periods after World War I and World War II. After World War I, decisions and events took place that led to a devastating worldwide depression, and an even more deadly war. After World War II, Americans led the way, in rebuilding war torn nations, in building international institutions that endured, and in containing communism until it collapsed from its own weakness. American leadership opened the door to an unprecedented era of prosperity for the free world.

We too will someday be measured by how well we meet the challenges we face today at home and abroad.

I am optimistic about America because the checks and balances built into our constitutional system have stood the toughest tests of time, and I am confident they will again.

I am optimistic because our military, with the world's best technology, remains ready and well-led, with men and women who reflect our very best in quality and in character. Our military strength represents a strong defensive shield against aggression. Our free society, our free flow of ideas, our energetic people, and our free enterprise system represent a strong offensive sword for democracy.

I am optimistic because America responds to major challenges. We have the opportunity and responsibility to prove to ourselves and to the world that our ideals of liberty, justice, and human rights can all be made to work in this land of diversity. In a world of ethnic and religious strife, America has no greater mission.

I am optimistic because we are finally recognizing that our fiscal soundness as a Nation depends on restraining the growth of our entitlement programs. Entitlement reform, including Social Security reform, will be difficult and must be done over time with care—but it must be done.

I am optimistic because we are beginning a serious debate on fundamental tax reform, and beginning to realize that there is a direct connection between our savings and our standard of living.

I am optimistic because we are at long last discussing frankly the terrible affliction of family deterioration and illegitimacy. We must reach out as an extended family to the millions of neglected and abused children who desperately need someone who cares. Government must play a role, but I do not believe that it will be the decisive role. This is a battle that must be fought one child at a time.

I am optimistic because I see our young people tutoring children, helping flood victims, building houses for the homeless, and working with at-risk youth. I see our young military personnel on their own time teaching math to inner-city children and mentoring young students.

I have watched my own daughter, Michelle, and her young friends in Atlanta create an organization of 10,000 people of all ages volunteering 20,000 hours per month for children, the elderly, the handicapped, and others in great need. Volunteers like these are filling a void in America today. They are our real heroes.

I am optimistic because we have so many energetic, innovative and bold young entrepreneurs like my son, Brian, who are finding their niche in the dynamic new world of information and technology—thereby building jobs and strengthening America's economic future.

I am optimistic about Georgia's future and Georgia's leadership in both the public and private sector. Our State has benefitted from strong political leadership, sound fiscal policy, and hard-working people. Our leaders in the private sector understand the important role that business must play in strengthening our education system and our communities.

When I leave the Senate at the end of next year, I know that whatever I will have accomplished during my legislative career will have been because I had a lot of help. I am deeply grateful to Colleen, my wife and partner, for her sacrifice, her patience, her wisdom and for her love which made my life of public service possible—to my children, Michelle and Brian, of whom we are very proud—to my wonderful mother and my late

father who shaped my life by their love, their expectations and their example—to my sister Betty Mori and her husband, Jean, and to my entire family and close friends for their sacrifice, their steadfast support, and for their love.

I am grateful to my friends and supporters and to the voters of Georgia for their support in each election—for their encouragement and confidence—for their constructive criticism and for their forgiveness of my errors.

I am grateful to my staff—past and present—who have worked with honesty, skill, and dedication on behalf of the people of Georgia and the Nation.

I am grateful to the Members of the U.S. Senate and House—past and present—of both political parties, who have been my mentors—teachers—and friends, and who have been my partners in many legislative initiatives.

I am grateful to my friends in the Georgia legislature, and to Governor Miller, Governor Harris, Governor Busbee, and Governor Carter, Speaker Murphy and Lt. Gov. Howard as well as our State constitutional officers. They have guided our State with vision, fiscal prudence and integrity while I have served in the Senate. I am grateful to our leaders at the local level who play such an important role in the daily lives of our citizens.

I am grateful to Georgia Democrats for their role in leading our State to a point of unprecedented economic opportunity. Georgia Democrats have made education our top priority and brought together people from every region, every walk of life, and every race to work for common goals.

I am honored to represent a State where the vast majority of our people cast their ballots—not on the basis of one or two issues—but rather on their judgment of a candidate's principles and values, integrity and vision. I can never fully repay the people of Georgia for the trust and faith they have placed in me.

I have tried to return this trust and faith with hard work and effective representation.

I hope that I have played a meaningful role in making Georgia a better place to live and to raise our children.

I hope that I have helped build bridges of understanding and cooperation between people of different races, religions and political beliefs.

I have tried to help make America stronger at home and abroad. I have tried to help build a safer and more peaceful world with freedom and justice.

I have tried to instill in our young people by word and by example—the understanding and belief that it remains possible to be involved in the political process and also retain both intellectual honesty and ethical behavior. In the final analysis, this may be the single most important responsibility of public service.

I look forward to continuing these efforts as a U.S. Senator for the next 15 months, and after that—as a private citizen of Georgia for whatever term God may grant.

UNITED STATES TROOPS TO BOSNIA

Mr. WARNER. Mr. President, in recent days, the Nation has focused its attention on one of the most serious issues to come before this country since I have been privileged to be in the Senate, and I say that in all sincerity. That is the very difficult decision facing the President of the United States as to whether or not this Nation will make a further—and I underline further—commitment of our Armed Forces to the situation in Bosnia.

As I am privileged to address the Senate this morning, there are still pockets of combat in that war-torn nation, a nation which I have visited five times myself, being the first Senator to go to Sarajevo over 2½ years ago.

Since that time, I am pleased that so many of the Members of the Senate have found the opportunity to go to that region so that they can, likewise, gain a clearer and better understanding of this historic and tragic conflict.

I would like to focus my remarks today, Mr. President, on an issue which has captured the attention of the American people over the last week, that is, President Clinton's decision to send up to 25,000 United States ground troops to Bosnia.

Hearings were held this week in the U.S. Senate, both in the Armed Services Committee, of which I am a member, and in the Foreign Relations Committee. Those hearings revealed the depth of congressional concerns, both Republican and Democrat, with this proposed deployment. May I emphasize, Mr. President, I do not view this issue as a political one. I think each Senator that has spoken out or involved himself or herself in this debate has done so very sincerely, as a matter related to their duties to this Nation, not for any political reason.

I myself, in traveling through my State, indeed, not just in the last month or so, but over the period of the nearly 3 years of this conflict, have detected perhaps the deepest, the most sincere concern that I have ever experienced since the closing days of Vietnam about this conflict and America's role in the conflict.

In my view, the American people are entitled to a voice in a decision of this magnitude. The American people have followed this conflict for over 3 years. They are well-informed, they understand the complexities involved, they should have a voice in this decision. Their voice can best be manifested right in this institution, the U.S. Congress, with a very thorough and extensive debate. That is the principal reason I rise today to address the Senate. We, their elected representatives in the Congress, must ensure that the voice of the American people is heard.

I call on the congressional leadership, both Senate and House, to establish a plan for debating and voting on a freestanding resolution regarding the authorization for the use of United States ground troops in Bosnia.

I have consulted with my leader in the Senate, Senator DOLE. And he, at this time, is considering this need for the leadership to establish the procedure and the timing for this debate. In my view, in this special instance, the leadership must exercise control—I say that most respectfully—control over the procedure by which the Senate commences this debate to ensure that it is meaningful, well-informed, and timely.

I would like to emphasize that the timing of this congressional debate is critical. If the Senate considers the issue too soon, that is, before we know the outlines of the peace agreement, before we know all of the details of the proposed NATO operation, there will be too many unanswered questions to enable this debate to reach an informed conclusion. If we wait too long, however, our troops may well be on the their way, that is, our ground troops, and Congress will not have performed the responsible role that I believe the Constitution requires us to perform. Only by daily monitoring of this situation can the leadership best determine that critical hour when this debate should be initiated.

I do not see this debate, I repeat, Mr. President, as a political fight. This is not Republicans versus Democrats or Republicans versus the President. The misgivings regarding this operation cross party lines. At issue in this debate is not who scores the most political points. What is at stake are the lives of the men and the women of the U.S. Armed Forces and the present and future credibility of America's security policy.

The most important question we must answer in this debate is whether or not the United States has a vital national security interest in this conflict in Bosnia, which justifies putting United States combat troops in harm's way in this operation and justifies imposing a very significant cost on the American taxpayer, a cost which cannot be fully calculated at this time but which would easily be in the billions of dollars.

We must keep in mind that past military operations have taken dollars from our modernization and O&M accounts in the Department of Defense, dollars which directly affect the future readiness, preparedness, and capabilities of the Armed Forces of the United States.

Again, Mr. President, I focus on the fact that the use of United States ground troops in Bosnia would be an additional step by our Nation. Our military forces are already there and have been there in a very significant way in those military operations involving airpower, and in those military operations involving the naval embargo. In both the air and the naval operations, for several years we have been the dominant military participant.

I question, is this deployment of United States ground troops the best of the remaining options for resolving the fighting in Bosnia? The President and his negotiators deserve credit for the achievements they have had to date with respect to achieving a peace agreement and lessening the fighting. So that is definitely to their credit.

But should the United States play a role on the ground in Bosnia given that we are already, as I say, playing the major role in the air operations and the naval blockade, or are there other options we should consider which

would not involve such a significant number of upward of 25,000 United States ground troops?

Mr. President, Senator LEVIN and I recently completed a report for the Senate Armed Services Committee involving the United States military involvement in Somalia. That report, I think, if I may say, should accomplish one thing. It should cause the administration and this Senate to consider more carefully the policy decisions that put men and women who serve in our Armed Forces at risk.

As the father of one of the young Rangers killed in Somalia, Col. Larry Joyce, told the Senate Armed Services Committee in an open hearing, and I quote him:

> Too frequently, policymakers are insulated from the misery they create. If they could be with the chaplain who rings a doorbell at 6:20 in the morning to tell a 22-year-old woman she's now a widow, they'd develop their policies more carefully.

That is why I emphasize that the American people need a much stronger voice in this critical decision. And that can only be fulfilled, in my judgment, by a very comprehensive debate here in the U.S. Senate. I hope that President Clinton will actively seek such a debate.

I point out that, very wisely, President Bush, when he was faced with the similar situation in the gulf war, received congressional authorization for the use of force prior to the initiation of that conflict. That debate, though difficult and contentious, was, in my view, one of the finest in the contemporary history of this institution.

The final vote taken after, I think, almost 3 days of debate, was by a narrow margin of five to authorize the President to use force. But the debate and vote served to unite the Congress and, indeed, the American people behind our President.

Fortunately, the casualty level in that conflict was far below the predictions. But had the Congress not been on record in support of the President and the war effort, and had that conflict resulted in greater—there were significant losses—but had there been greater losses, I fear the drumbeat could well have started right here in the Congress to bring our troops home. We need only remember the experience of Somalia.

In calling for this vote, I do not seek to question the President's role as Commander in Chief—in particular, his authority to deploy United States troops in emergency situations, such as we saw in Grenada and Panama, when the circumstances did not allow for a protracted, prior debate in the Congress. That was quite appropriate, and it was that type of action that was contemplated by the Founding Fathers when they wrote into the Constitution the specific roles of the President with respect to being Commander in Chief.

But that is not the case with Bosnia. That war has been going on for 3½ years, since April 1992. We are, at best, weeks away from a peace agreement. There is plenty of time for the Congress to exercise its constitutional responsibility for such a deployment by thoroughly debating the issue and voting on a resolution.

Although I have traditionally been a supporter of Presidential prerogative in the deployment of United States troops, I have yet to be convinced that this President's plan, President Clinton's plan, for putting this additional contingent of military forces, namely, up to 25,000 ground forces in Bosnia, is the proper option to follow.

I listened carefully to the administration's testimony during the course of our hearing in the Armed Services Committee, but I still cannot identify a vital United States national security interest in Bosnia that justifies putting United States ground troops at risk in that nation. I do not want to see U.S. troops inserted in the middle of a civil war, a civil war which is based on centuries' old religious and ethnic hatreds.

I would like to recount just a personal note. On my last visit, Senator ROBERT KERREY and I went into the Krajina region which, just days before our visit, had been the battleground for Croatian forces driving Serbian forces out, Croatian Serbs having taken that land several years earlier. There was an enclave of Serbs that had been trapped and prevented, in one way or another, from fleeing into Serb territory. We met extensively with these refugees. In one particular meeting, there was a doctor, there was a schoolteacher and there was another very well-educated individual. As hard as we pressed them for answers as to why this conflict exists and continues to exist, they could give no answers to explain why well-educated people have participated all throughout that region—all sides—in barbaric acts which those of us in this country find incomprehensible.

That is my major concern as to why we should not put our troops in there in harm's way. President Clinton has yet to make a convincing case that we should proceed with this deployment.

In my view, the burden of proof on the administration to turn public opinion around is virtually insurmountable. Therefore, it has to be a joint responsibility of the Congress and the President, no matter how definite the President and others may wish to make this commitment at this time. And another thing that concerns me, how the administration can predict, should we go in, that this situation would be of such a nature that we could pull out all of our forces 1 year from today. I just find that incomprehensible.

So, Mr. President, I shall have more to say on this subject in the coming days. I yield the floor and thank my colleagues.

The PRESIDING OFFICER (Mr. GORTON). Under the previous order, the Senator from Montana [Mr. BAUCUS] is recognized for up to 10 minutes.

BLM LANDS

Mr. BAUCUS. Mr. President, October 22, which is just around the corner, is a pretty important day in Montana, and I will tell my colleagues why in just a minute. But I will say it is one of the reasons why I am dead set against S. 1031, a bill to transfer the lands administered by the Bureau of Land Management to the States.

Let me say a word about multiple use. When Congress passed the Federal Land Management and Policy Act of 1976, it defined multiple use as ''the management of the public lands so that they are utilized in the combination that will best meet the present and future needs of the American people.''

That is what the statute says.

Let me tell you about what it means to Montanans—citizens of a State with nearly 30 million acres of Federal public lands. To many Montanans, it means jobs, jobs from the timber that we harvest, minerals that we mine, oil and gas that we extract, livestock that we graze and city slickers that pay for a week under the big sky with our outfitters and our guides.

And to all Montanans, folks who earn their living off the land and the majority who live and work in towns, these lands represent what we love most about our State. These lands provide recreation, an escape from work, a reminder that we live in the last best place.

It means teaching your kids to hunt like your dad taught you. It means being able to take your family out for a weekend and hike and camp and explore in the most beautiful, pristine places known to man.

Montanans head to the Pryor Mountains hoping to catch a glimpse of the wild horse herds; they float the historical Whitecliffs of the Missouri River; and they fish the blue-ribbon Madison River.

This weekend in particular reminds Montanans of just how lucky we all are to have so much Federal lands available to us. It is the start of the big game hunting season.

Montanans head to the Missouri Breaks in search of trophy mulies, set up their elk camps in the Centennial Mountains, or take a trip to their favorite spot to go antelope hunting, shoot upland game birds, pheasant, or ducks.

Montanans are lucky because these Federal lands are near our homes. Within an hour's drive from any town in Montana, these lands provide full access and outstanding opportunities for a successful hunt. In fact, there were more than 375,000 hunting trips on Montana's BLM lands in 1994.

Just think of that, 375,000 hunting trips on Montana's BLM lands in 1994.

There is, however, a bill pending in the Senate which takes this away from Montanans. It is S. 1031. It directs the

Secretary of the Interior to give all the BLM lands to the States who, in turn, may deal with them as they see fit.

Montana may choose to manage these 8.8 million acres of BLM lands much the same way they are currently managed. Of course, that would mean coming up with the $34 million in funding that the U.S. Government currently spends each year to manage BLM lands in Montana. Finding an additional $34 million a year is a real stretch to our State when our total State budget is under $2 billion a year.

Of course, Montana has other options, as do other States, under this legislation. The State could simply not pay for range improvements, weed control, recreation, and wildlife projects that are currently being paid for and carried out by the BLM.

Montana can also choose to raise some quick revenue by putting these lands on the auction block and selling them to the highest bidder. Sleeping Giant, the Terry Badlands, the Missouri Breaks, Beartrap Canyon, the Pryor Range, the Centennial Mountains sold. Once public lands and streams, then fenced off; ''no trespassing'' signs put out. This bill takes away what Montanans love most about our State: Open, easy access to public lands to hunt, fish, hike, birdwatch, snowmobile, four-wheel drive.

I want to put my colleagues on notice that S. 1031 is a bad deal. It is bad for Montana. It is bad for the West. It is bad for the Nation. Our public lands are the key to perpetuating our outdoor heritage.

As Teddy Roosevelt said, ''The Nation behaves well if it treats the natural resources as assets which it must turn over to the next generation increased, not impaired, in value.''

That is what Teddy Roosevelt said. S. 1031 ignores future generations and yanks their inheritance out from under them.

Marion and Rose Coleman of Laurel, MT, recently wrote me and said this:

> Please stop S. 1031 for the benefit of the 22 members of our family who love to hunt, fish, and camp on public lands.

I am here today to let Marion and Rose Coleman, and all Montanans, know that I intend to fight this bill every step of the way. It is anti-hunting, anti-Montana.

If it ever reaches the floor in anything close to its present form, it is dead on arrival. That is something I will guarantee my colleagues, and, more importantly, that is something I will guarantee the people of Montana.

Mr. KERREY addressed the Chair.

The PRESIDING OFFICER. Under the previous order, the Senator from Nebraska [Mr. KERREY] is recognized for 20 minutes.

THE BUDGET

Mr. KERREY. Mr. President, Tuesday night in Houston, and last Friday as well, the President of the United States made a comment where he said specifically, ''I had to raise your taxes more than I wanted and cut spending less than I wanted to, which made a lot of you furious.''

Well, the comment made those of us who voted for that proposal even more furious than it made, apparently, the audience to which the President was speaking.

Mr. President, the President of the United States has since said that he did not intend to say that the package was bad. He did not intend to mean that he was not proud of the people who voted for it. But he left the unmistakable impression that he would have cut more given the opportunity.

The fact is that, in 1993, Congressman Penny and Congressman KASICH presented $105 billion in additional spending cuts after the budget deficit reduction bill was passed. I think it has done a tremendous amount of good for the U.S. economy. It did reduce the deficit—as now estimated, by nearly a trillion dollars.

But Congressman Penny and Congressman KASICH, and later myself and Senator BROWN on the Senate side, offered nearly identical proposals to cut over $100 billion over 5 years, and the administration opposed it. They did not just send a letter about it. They sent various Members up here, saying this was draconian and it was going to hurt—all the things that are mentioned, typically, when a spending cut is made. Maybe this is part of a triangulation strategy that we hear about a lot. But, Mr. President, it is strangulating the confidence that we have in Congress that whatever it is we do is going to continue to enjoy the support of the President.

Now, I do not want to drag it much farther than that. I actually had a very harsh speech that I had written yesterday, and, fortunately, I think both for myself and the President, there was not time to get to the floor to give it. I have calmed down a bit since then. But a larger point needs to be made here, rather than, did the President misstate or not what it was he was trying to do?

Not only did Congressman Penny and Congressman KASICH and Senator BROWN and myself present spending cut proposals, but the President put together a bipartisan entitlement commission, with 32 people on it. Senator Danforth and I chaired that effort. We presented to the President, in 1994, the recommendations of that commission, and those recommendations are what I would like to talk about here today. They still need the full consideration of this body.

Mr. President, it is fairly obvious that this place is still controlled by men. I am a man myself, and so it does not bother me most of the time. But we men behave differently than women in certain things. One of the things women have noticed over the years is that we have a tendency to exaggerate the size of things sometimes. That is, in fact, occurring in this entire budget debate.

The Republicans get up and talk about this being revolutionary, and we heard Speaker GINGRICH talking about a great revolution, and the Democrats say, no, it is draconian, it is terrible, destructive, and on and on. The American people get kind of confused and wonder what is going on.

Mr. President, these are the facts. We will spend $1.5 trillion in 1995, the fiscal year ending September 30. At the end of 2002, under the Republican budget resolution, it will be roughly $1.858 trillion. If you use the Congressional Budget Office baseline, with no change, it is about $2.1 trillion. So it is some $240 billion less. That is a lot of money, but hardly what I would put in the category of revolutionary. Nor is it fair to say they are draconian, and on and on.

In some cases, I have had serious disagreements with the way the money is being allocated, but it is a relatively modest change. If you look at the tax revenue generated and total spending over the next 7 years compared to the past 7 years, we will spend nearly $2.4 trillion more, and we are going to have $3.2 trillion more in tax revenue—a lot more tax revenue coming in and a lot more money going out as well.

Mr. President, the goal that has been set over and over again by the Republicans in this budget resolution and debate—and last night you heard it again—is that we are going to balance the budget. Yes, that ought to be one goal. There is no question that it is accomplished under this budget resolution. I am for balancing the budget. I would like to be able to vote for the particular resolution that is going to come back to us at some point. In its current form, I will not be able to do it.

Mr. President, there is another goal this budget resolution ought to address, and it was identified by the bipartisan budget commission as more troubling than the budget deficit. That is, as a percentage of our budget, overall entitlements—not to the poor, but to the middle class—overall entitlement growth is at an unsustainable level. Today, it is 64 percent of our budget. In 2002, at the end of this resolution, it will be 74 percent of our budget. In 2008, when my generation—the biggest generation in the history of this country—starts to retire, it will very rapidly go to 100 percent—100 percent, Mr. President. The Federal Government is going to be an ATM machine. Some will say that is fine, let it transfer payments out.

Mr. President, there are things that we appropriate that not only strengthen our economy but improve the quality of life. I made a lot of money as a consequence of my parents helping to build the interstate highway system. And as a consequence of their grandparents doing the GI bill, I have made a lot of money. This country has made investments in the past that have improved the quality of our life. We spend

$1.7 billion a year on parks, and 17 million Americans a year enjoy them, but we are going to cut it back. We are going to cut $1 billion out of the FAA. We already have $3 billion a year in increased costs to shippers as a result of delays. God knows what kind of disasters may occur as a result of underfunding that program.

We are going to have a real decline in education expenditures from $34 to $32 billion over the next 7 years. Transportation is going to be cut. We will be spending less on space and research and all sorts of things that we ought to be doing. The reason is, of the $358 billion increase in spending between this year and the year 2002, that incremental increase—all of it, more than 100 percent—goes for entitlements and net interest on the debt. Almost half of it, Mr. President, goes for an item that we have decided we do not want to talk about—Social Security.

If you want to have a revolution, let us bring Senator SIMPSON's and my proposal into consideration. People say, well, let us postpone that, and ''we are going to do it in 1997,'' says Speaker GINGRICH. When you are saving money for retirement, time is not on your side. You can exercise, jog, watch your diet, quit smoking, get massages, or whatever else, but you do not get the time back. Every year you wait, that is less wealth you generate. You may want to generate it in a collective pool or a individual pool, as Senator SIMPSON and I are proposing.

Mr. President, to leave Social Security off the table makes it impossible to do what we want to do with this budget resolution—not only balance the budget by 2002, but balance the relationship between mandated programs and appropriated programs. We ought to decide collectively that it is going to be some fixed percentage of our budget, so we have money for schools, so we have money for roads, so we have money for Head Start, or whatever else it is we decide we want to spend it on.

Mr. President, when the former chairman of the Appropriations Committee came to this body 35 years ago, 75 percent of the budget was allocated in appropriated accounts; 30 percent was entitlements and interest.

The second objective we ought to be setting for ourselves is a big one. It is going to require us to change the eligibility age in these programs from 65 to 70, to phase it in. You cannot afford to do it any other way. It is why I said in the beginning that we describe it as big, either on the positive side or a negative side. But it is kind of a male sort of thing. The truth is that it is smaller than it needs to be.

We need to take stock of the growth of entitlements. Otherwise, we are not going to have the money to be able to improve the quality of our lives, whether it is parks, natural resources development, or to increase the productivity of our people and narrow this widening gap that we see right now with the economic haves and have nots.

Next, Mr. President, now that Republicans say they want to preserve and protect Medicare, what that means is the market does not work.

When I hear the majority leader say the market is rational, the Government is stupid, here is one Government program he does not think is stupid. For people over the age of 65 who depend upon Medicare, the market does not work.

The same is true for somebody who is 25, that is out there in the work force today making $8 an hour, being told they cannot have health insurance because they cannot afford it. That is the principle underneath the Medicare Program.

What we need to do is to say that we are going to radically alter—what a revolution—radically alter the system of eligibility and say to every American, if you are a legal resident or American citizen you are in. You do not have to doubt that you will have coverage. The goal of universal coverage is just as desirable today as it was in 1993 and 1994 when we debated it all the time.

Medicare, Medicaid, the income tax deduction, the Veterans Administration programs are fiscal political and structural barriers to getting that job done.

Democrats who for 35 years have supported Medicare because we understand the market does not work, need to say to recent convert Republicans that to get everybody covered we have to do things much differently. That would be a revolution. That would be something big that men and women would seize properly.

The last thing I say, Mr. President, contained in the debate yesterday in the Finance Committee was lots of conversation about the need to promote growing. I am for it. We should have a debate about fundamental tax reform.

You cannot cut tax on those who have stocks and bonds and have a substantial amount of our income coming from stocks and bonds while raising taxes on people that make $7 an hour, depending on the earned income tax credit. It is not fair. It does not wash. All you can hope is they do not notice and they do not vote as a consequence.

We are not being asked to reduce the capital gains tax by low-income people who may benefit when they sell their home. We are being asked by wealthy Americans who have stocks and bonds and who have accurately said, in my judgment, that the economy does need to grow through productive investment. We regard productive investment as replacing our income tax with a progressive consumption tax.

It gives Americans an unlimited opportunity to save money and accumulate wealth over the course of their working life and promote economic growth at the same time.

Do not put a capital gains tax cut out at the same time we cut and raise taxes for people that are at or below $25,000 a year, and to use that money—they do not use it for television sets.

I heard a colleague who is critical of the program say all they are doing is buying television sets. They use that few dollars to pay medical bills, buy cars that have 80,000 miles so they can go to work and drop the kids at the child care center. Many are using it to make a downpayment on rental deposits. They are using it the way the working people ought to, to consume the things that are increasingly making it difficult for them to cover their costs.

Finally, I say it again, I wish that the Republicans on the other side that currently control the majority of this Senate, I wish they would turn across the aisle and say we should start negotiating. What do you want, Senator KERREY? My answer is simple. What I want is to fix the cost of entitlements as a percent of our budget. What I want is to say now you support the idea that the marketplace does not work, agree that we will get universal coverage so every American knows they are covered in health care. You cannot make the system work any other way.

Rather than block granting Medicaid to the States, we ought to bring that and say to the States that $40 billion we will pay for, but you have to take $40 billion, whether for education, job training, transportation—something you do well. We have agreement; we will use the marketplace.

We do not have to get down and fill the air with rhetoric about Government taking over health care. We know the market is doing a good job of controlling cost. There is consensus that that is what ought to be done. Unless we change our notion of how people are going to become eligible for health care, you cannot get that job done.

Last, I say for my friends on the other side of the aisle, there is consensus on our tax system, whether it is the U.S.A. tax that Senator DOMENICI and Senator NUNN have worked on or other tax proposals, we know we should not just be concerned about how much money we generate to pay whatever is mandated or whatever we want to appropriate.

We need to think about generating the money so the economy grows and so Americans out there who are producing the tax revenue have the opportunity to save enough to accumulate wealth over the course of their working life.

Finally, Mr. President, I hear an awful lot, and I put out a lot myself from time to time about how bad the Government is and how terrible it does. I want to declare to my colleagues and people I represent in Nebraska that one of the reasons I stay in the job and am excited about the job, you can use the Government of the United States of American to save lives. It saves lives.

It will be interesting to see what Colin Powell says when we ask him about health care. The Government of

the United States of America, the hospitals that provide health care for U.S. Army servicemen have saved lives. Those people are Government employees. You could change lives, enrich lives, improve lives. That is what it ought to be about.

We need to improve the Government and make it operate more effectively, but we need to tell the American citizens there is no free lunch in this deal. This Government in this country cannot be any better than our people are willing to make it. Our people are willing to make it a heck of a lot better than we allow.

We are frightened of universal health care. We got our brains beat out in 1993 and 1994. We do not want to talk about it. The American people want to talk about it. We do not want to talk about fixing the costs of entitlements based on facts and truth as the Speaker calls for. We know if we give the facts and truth, we have to do Social Security, we have to change eligibility age, we have to change the method of eligibility.

Instead of working Republican and Democrats, I just hope that in the next 60 days or however long it takes to do this deal, rather than looking to always negotiate with the White House and try to cut a deal—I fear that more than I do anything right now—look across the aisle and work with us.

We are prepared to cast the tough votes. We want to embrace the future. We are not for the status quo. We are for change. We want to alter the course of our Nation's future and give investments to our children and be able to give them a brighter future than they have right now.

We are prepared, I believe, to cast the tough votes to change the course of this Nation's future, not based upon some calculation of triangulation, trying to determine whether the President is more popular or less popular, trying to figure how to get reelected, but trying to decide what is best for the people we represent, and most important what is best for our future.

Every single day of our lives has Americans—I do not care what your status is, what your name is, where you live—not a bad exercise to do as opposed to jogging is get up in the morning and go to bed at night and thank God for the things we have. We are a wealthy Nation, blessed with enormous freedoms and opportunities.

I got out of high school in 1961. The cold war was on and our class thought whether we would go in the Army, Navy, or Marine Corps because we knew we were likely to go to Vietnam.

That is not the future of today. There is tremendous opportunity. Seize that opportunity rather than hyperventilate and exaggerating each other's position. Seize the opportunities and try to put in place a change in the law that sends this Nation in a different direction, that does not just balance the budget but satisfies other needs and concerns and desires that the American people have today.

I yield the floor.

REGISTRATION OF MASS MAILINGS

The filing date for 1995 third quarter mass mailings is October 25, 1995. If your office did no mass mailings during this period, please submit a form that states: ''none.''

Mass mailing registrations, or negative reports, should be submitted to the Senate Office of Public Records, 232 Hart Building, Washington, DC 20510–7116.

The Public Records Office will be open from 8 a.m. to 6 p.m. on the filing date to accept these filings. For further information, please contact the Public Records Office on (202) 224–0322.

THE SOUTH PACIFIC NUCLEAR-FREE ZONE

Mr. THOMAS. Mr. President, as the Chairman of the Subcommittee on East Asian and Pacific Affairs, I come to the floor to inform my colleagues that at noon today the administration will announce that the United States, the United Kingdom, and France will sign the three protocols to the South Pacific Nuclear-free Zone Treaty [SPNFZ], known as the Treaty of Rarotonga. I wholeheartedly welcome that decision.

The SPNFZ, which took effect in 1986, is signed by Australia, New Zealand, Fiji, Papua New Guinea, Western Samoa, Kiribati, Nauru, Niue, Tuvalu, the Cook Islands, and the Solomon Islands. The treaty includes three protocols which are open to signature by nuclear countries outside the region. Protocol I prohibits any nuclear power with territories in the zone from manufacturing, stationing, or testing any nuclear device within those territories. Protocol II commits the protocol signatory not to use or threaten to use nuclear weapons against any treaty signatory. Finally, Protocol III commits each protocol signatory not to test a nuclear explosive device anywhere in the zone. While no nuclear power has adhered to Protocol I, both Russia and the People's Republic of China have adhered to Protocols II and III.

The SPNFZ is modeled after the Latin American Nuclear-Free Zone Treaty, the Treaty of Tlatelolco, which includes two protocols open to signature by the nuclear powers. While the United States is a signatory to both the Tlatelolco protocols, we have not signed the similar Rarotonga protocols. The reason appears to have been the tendency of the western nuclear powers to be hesitant to sign on unilaterally. Although both we and the British appeared to be amenable to signing, because of French interests we refrained from doing so.

The continued obstinacy of the French, coupled with their decision to go ahead with France's announced nuclear tests in the South Pacific, caused me great concern for several reasons. First, I believed that a resumption of testing would result in the disintegration of the current testing moratorium and a renewal of underground testing by other states. Moratoria are like truces—they are only good as long as all the parties to them observe their provisions. Second, it called into question France's commitment to the extension of the Nuclear Nonproliferation Treaty [NPT]. In May, the world's five announced nuclear powers persuaded the rest of the world to extend indefinitely the NPT. To win that consensus, the five promised to sign a comprehensive test ban treaty [CTBT] by the end of 1996. I believed strongly that the resumption of French testing, only 4 months after France signed the agreement, called into serious question its commitment to the CTBT and threatened to undermine international efforts to curb proliferation. Finally, the decision was vehemently opposed by most, if not all, of the countries in the region.

As a result of these concerns, on August 10 the distinguished ranking minority member of the Foreign Relations Committee, Senator PELL, and I wrote President Clinton asking him

> . . . to give serious consideration to an early decision to seek Senate advice and consent to ratification of the protocols to the Treaty. The timetable of such action would be consistent with the achievement of a complete ban in 1996. It would send a clear signal to the French that, while we commend their decision to join in a compete test ban next year, they should accede now to the overwhelming sentiment of the peoples of the South Pacific that there should be no further testing of any nuclear explosive devices in the region. Moreover, it would send an unequivocal message to regional nations that we support them in their desire to make their zone nuclear-free. Finally, it is important to give substance to the commitments we gave the regional nations when they supported the U.S. this spring in the effort in New York to secure the permanent extension of the [NPT].

The announcement today is an important step toward achieving a ban by the end of 1996. While I would like to think that our letter had something to do with the decision—and here I would like to commend the distinguished senior Senator from Rhode Island for his efforts in that regard—I must realistically credit the Government of France with making the agreement possible. France was the only country testing nuclear weapons in the zone, and had maintained that they would not join the protocols until the entry into force of the CTBT. Their decision to join us in signing the protocols represents in my mind a major step forward in our drive towards 1996. I would hope that the parties would move quickly to sign the protocols, and pledge to respect them pending each country's ratification process.

Mr. President, I yield the floor.

THE BAD DEBT BOXSCORE

Mr. HELMS. Mr. President, as of the close of business yesterday, October 19, the Federal debt stood at $4,974,014,009,081.49. We are still about $27 billion away from the $5 trillion mark, unfortunately, we anticipate hitting the $5 trillion mark sometime later this year or early next year.

On a per capita basis, every man, woman, and child in America owes $18,881.44 as his or her share of that debt.

IAN DAVIDSON

Mr. BAUCUS. Mr. President, it is with great respect and admiration that I rise today to congratulate a friend, Montana businessman Ian Davidson. As company president and CEO of D.A. Davidson & Co. [DADCO], a financial services company, Ian has ridden a wave of success in a field where he has dared to be different. Recently, the Billings Gazette honored Ian in a tribute to his tragedy and success. I would like to do the same.

It has been almost a year since the D.A. Davidson corporate plane crashed, killing three of the company's top executives. On November, 8, 1994, Eugene Lewis, Robert Braggs, and Donald Knutson died along with pilot Harold Graf in what Ian described as ''the worst tragedy of his life.'' But the Great Falls based company has made great leaps in the past year. New leaders have been assigned to the vacated positions, and despite the obvious grief experienced by the company and community, 1995 has been a tremendous year for DADCO. In addition to adding between 65 and 70 new employees since the beginning of the year, DADCO boasts more than 100,000 accounts in the Northern Rockies and Pacific Northwest.

Based on record earnings in the last 2 years and total capital of more than $31.5 million, DADCO is ranked among the top 60 firms operating outside New York City. Recognition that solidifies its corporate slogan—where ''Wall Street Meets the Rockies.''

Beyond this, while Ian would be the first to tell you that Montana has been good to him, he has also been very good to Montana. He runs a business that gives a lot back to our State and our Montana communities. Ian and his wife, Nancy, have been especially generous to the University of Montana.

Again, I want to recognize Ian Davidson for his contribution to Montanas' communities. If we could all live our lives as fully and productively as Ian Davidson, the world would be a better place.

EXTENSION OF TIME FOR MORNING BUSINESS

Mr. SANTORUM. Mr. President, I ask unanimous consent that the period for the transaction of morning business be extended to the hour of 11 o'clock.

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

THE PRESIDENT'S BUDGET

Mr. SANTORUM. Mr. President, I came to the floor this morning to offer a resolution concerning the President's budget, and I have been informed that my offering of this resolution and asking for its immediate consideration would be objected to by the other side.

I will not offer the resolution. The resolution is actually very simple. It goes to a very important item that is being discussed in the general public and by the Members of Congress and the White House; that is, the President's budget and whether the President's budget comes into balance, and whether we as a Congress should be adopting what the President wants to do in the area of the budget.

The President has been traveling around the country for several months now, talking about, waving around his balanced budget proposal, saying he has a budget that will balance over 10 years.

Incredibly enough, the American public actually believes what the President is saying. I say ''incredibly enough,'' because the only person who has said that the budget balances is the Director of his own Office of Management and Budget, not any other independent agency, and certainly not the Congressional Budget Office.

Nobody believes this budget is balanced. In fact, it does not come to balance in 10 years or 20 years or 30 years. It never balances, except in his own interim shop. He has cooked the numbers, made all of these ridiculous assumptions about how fast the economy will go and how low interest rates will be and, all of a sudden wishes away all the budget problems.

Yet he goes out there every day and talks about how he balances the budget: ''It is just a matter of whether you want my balanced budget or the Republicans' balanced budget,'' and the Republicans' balanced budget is cruel and draconian and mean-spirited and all these sorts of things, ''and mine is kinder and gentler and I really care about people,'' and we can accomplish the same things.

The fact of the matter is he does not balance the budget. What I wanted to do was to present a resolution as a sense of the Senate that we should adopt the President's budget his second budget.

You may recall his first budget was voted on here on the floor of the Senate. His first budget that he came out with back in February of last year, which did not produce a balanced budget, he did not claim it produced a balanced budget, and it was defeated 99 to 0 on the floor of the Senate. He then went back and revised his budget to present his new, improved, balanced budget over 10 years and has been running around since.

I think it is time for some truth here. Let us have a debate. Let us have a debate on the President's budget. Let us examine what the President has done and whether he really does make the decisions that are necessary to bring this budget into balance over 10 years. Now we say he was willing, yesterday, to accept 9, or 8, or even 7. We do not know where he is at this time, but his budget says it balances in 10, so let us talk about it.

Unfortunately, there are Members on the other side who do not want to talk about it, they do not want to debate the resolution, do not want to vote on the resolution, refused to give us an opportunity to bring it to a vote. I do not understand why. If they support their President and believe his budget is in balance, then why the fear of coming to the Senate floor and having a good and open debate about what the President's budget does?

I am confident that there is someone on the other side of the aisle who believes enough in the President's budget that they will be willing to take up the mantle and run with it and offer the President's budget. So, what I will do is I will put this resolution over here on the desk. If there is someone on the other side of the aisle who would like to offer the President's budget and begin a debate, here is the resolution that will begin this debate. We can have a full and open debate on the President's budget. We can see whether it brings us into balance. We can see what cuts he wants to make. We can see how he is going to accomplish it. Then we can look at what he wants to do and what the Republicans are doing and see what the American public thinks.

That is the kind of dialog I think the American public would like to see. They would like to see what the options are. And the Senator is right, you are hearing one side saying one thing, the other side saying the other. Let us put them out here on the table. Let us see what the specifics are with both. I will give someone on the other side of the aisle the opportunity to do that.

If, for some reason, no one on the other side of the aisle picks up that resolution and decides to offer it, next week I will find an appropriate vehicle and offer it as an amendment to a bill that is coming through and have this discussion, because I think it is a discussion that needs to be opened up to the American public.

There is a lot of tomfoolery going on in this debate. There is a lot of misinformation being spread around in this debate. And there is no better place to straighten it out and talk about the facts than right here on the Senate floor.

What are the facts as we know them? We have a letter from the Congressional Budget Office that says the President's budget does not balance. It does not balance over 5 years, or 6 years, or 7 years, or 10 years, or 20 years, or 50 years. It never comes into balance. What we hope is the intent here, of this whole debate, is to balance

the budget. The budget does not do that.

The PRESIDING OFFICER. The 5 minutes under the order for the Senator from Pennsylvania has expired.

Mr. SANTORUM. I thank the chair.

The PRESIDING OFFICER. The Senator from Ohio.

AN EMERGING CONSENSUS

Mr. DEWINE. Mr. President, let me congratulate my colleague from Pennsylvania. I think it is appropriate, at this very, very historic time—and I think we all understand the next 2, 3, 4, 5 weeks may be the most important weeks that any of us ever serve in this body, or in this Congress, and they may be some of the most important weeks for the future of this country—I think it is appropriate, and I think it is important we do have a full debate.

As the Senator from Pennsylvania so eloquently said, you cannot do that, really, unless you view different options, unless both sides are willing to debate the specific facts. Therefore, I think it is appropriate that the President's budget be literally on the table and that we look at that and look at the assumptions in there and look to see whether or not that budget does what the President says, and that is balance the budget.

There are those of us on this side who do not think it does. We think it is based upon assumptions that, frankly, are very optimistic and that are not based upon reality and that the savings, so-called savings that the President achieves he achieves in that manner, a changing of the accounting rules, in a sense, or changing of the assumptions, at least. So I think it is important we debate this.

We have, I believe, made some progress in this country in the tenor of the national debate. As I travel throughout my home State of Ohio—and, I imagine, my colleague from Pennsylvania finds the same thing in Pennsylvania—we are seeing emerging a consensus about the problems that exist and a consensus that this Congress finally has to do something about these problems.

There are three areas where I think really, today, there is a consensus.

A balanced budget: The American people understand we cannot continue to do what we had been doing in the past. They understand that. So the real question in this debate is, whose budget is realistic? Whose budget will, in fact, bring about a balanced budget, as we believe ours will, by the year 2002?

The second area where there clearly is a consensus is in regard to welfare reform. We saw this on the floor a few weeks ago as we looked at the overwhelming vote. Over 80 Members of this body of 100 cast a vote in favor of the final welfare reform bill that passed. There is a consensus in this country about welfare reform.

Medicare: A year ago, I do not think there was really an understanding about the problems that we have, that we face in regard to Medicare. Today, while there is a debate about what we should do about Medicare, I do not think there is any longer a debate about the fact that something has to be done. The Medicare commissioners have said clearly that Medicare will, in fact, be bankrupt in a short period of time unless we take some very dramatic action.

So there is consensus on these three issues. As my colleague from Pennsylvania says, it is important that we get the facts out and we debate these facts on this floor.

Let me talk for a moment, in light of this, about the bill that is going to be coming in front of us. The American people may not have heard the term ''reconciliation.'' It is kind of a inside-the-beltway term, but it is a term that is going to be used quite often in the next several weeks. This particular bill we are going to discuss is going to be the vehicle for this Congress to bring about the changes I believe people voted for last November. This legislation is bold, it is farsighted, and it is absolutely necessary for America's future. Furthermore, it is based on sound data. It is based on facts. It is based on good budget figures.

The American people decided last November they wanted a Congress that was finally willing to put America back on track towards fiscal solvency. I believe the American people are ready for this change. In fact, I believe the message of 1994, and frankly the message of 1992, was that the American people were demanding this kind of change.

We cannot ignore the basic truth contained in the report of the bipartisan entitlement commission. That commission said, if we do not change our present course, by the year 2012, every single penny in the Federal budget will be consumed by entitlements and interest on the national debt.

Mr. President, I ask consent to speak for 1 additional minute.

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

Mr. DEWINE. If, in the year 2012, we want Government to have any money for discretionary spending—money to run the Army, Navy, Air Force, Marines, or the WIC program—it would then mean a tax increase, because there would not be any money left, no money left at all, if we continue to do what we have been doing.

In the days ahead, I intend to continue to talk about this issue, to talk about the need for this reconciliation bill.

At this point, I yield the floor.

The PRESIDING OFFICER. The Senator from North Dakota.

BUDGET RECONCILIATION

Mr. DORGAN. Mr. President, I listened with interest to this morning's discussion. I would say to my friend from Pennsylvania, I do not support the budget plan the President sent to the Congress. I did not think it was a good budget when he sent it back in February. I do not support it now.

But I would say the budget that is coming, the reconciliation bill that is coming to the floor, is substantially worse than the proposal the President offered, even though I do not support the proposal of the President. We could have a vote on a proposal here in the Senate that does make some sense, that does balance the budget in the right way, that does not attack the Social Security trust funds. It can be done the right way, but the proposals here we are debating, in my judgment, steer this country in a direction that is not healthy.

The Senator from Nebraska a few minutes ago talked about the proposal that says to a lot of working families we are going to increase your taxes. And that is what this proposal will do.

Yesterday, the Treasury Department released an analysis indicating that about 50 percent of the families will find increased taxes as a result of this proposal. Then it says, if you are wealthy enough to get your income from stocks and bonds, you will get a tax cut. It will be beneficial to you. There is a beneficial approach for you. And the Senator from Nebraska says that is not what Members said they wanted.

Is it unusual for people to be skeptical when 97 percent of the members of a political party voted against the Medicare program saying, We do not want it, we do not think it is necessary, we do not support it, and then they now later say, ''We are the ones that are going to save it.'' And people are skeptical about that? I think they have a right to be skeptical.

That is what the debate is about, the priorities. I do not think we ought to talk about a tax cut at this point this year. I think what we ought to do is balance the budget, do it the right way, and then when we have done that job figure out what we should do about the taxes. But some people here want to take the popular things first, and say, Let us serve the dessert first; that is, wait and serve dinner.

I watched with some interest earlier this week people who have been in Congress for 30, 35, 25, or 20 years come to the floor of the Chamber and cast their vote saying they would like to have term limits, and what is wrong with our country is that there are not term limits. Somebody who has been here for 30 years now votes for term limits, and says the problem with America is we did not have a limit of 12 years on their term. What are they telling the American people—stop me before I run again?

It is interesting to me that people say this is about changes and reform. In many respects, it is the business-as-usual crowd. Although the priorities are changing, the way they see it, the rich have too little, the poor have too much, and we are going to change that

with this reconciliation bill. We will take some from the poor and from middle-income working families and give some to the more affluent families.

But aside from that, we will debate plenty of that in the coming days. I want to point out to my colleagues that the day before yesterday the majority party came to the Chamber and said, We have from the Congressional Budget Office now a letter, and it says in the year 2002 with our plan we will have a budget surplus. They were very proud of that letter.

So I wrote a letter to the Congressional Budget Office, and said if you compute this the way you are supposed to compute it —which is honestly, and the law requires you cannot use the Social Security trust fund to compute that because those can only be used for Social Security—if you compute it without the Social Security trust fund, what do you have?

Yesterday I received a letter in return saying,

> . . . including an estimated off-budget surplus of $180 billion, which is the Social Security surpluses, the CBO would project an on-budget deficit of $98 billion for the year 2002.

So in 24 hours this proposal has a slight surplus. Then it has a $98 billion deficit in the year 2002.

But the point is the only way you can claim the budget is in balance with this kind of arithmetic is if you take money out of Social Security and use it. People say that has been going on for a long time. If that is the case, it is business as usual. This is change? No. It is not. This is business as usual.

I started in 1983 offering the first amendment in the Ways and Means Committee saying if you are going to put in the trust fund money you intended to save for the Social Security System, do not raid it, do not pollute it, do not take the money for any other purpose, but protect it, keep it out the of calculation of the operating budget deficit. I happened to lose in that vote in 1983, and I have tried a number of times since. The Senator from South Carolina actually succeeded in putting it into the law.

That is why I said to the Congressional Budget Office that you cannot add it up this way. If you add it up the right way, the Director of CBO says what you get is in the year 2002 a $98 billion deficit. I am most anxious to hear people explain that to the American people.

Mr. SANTORUM addressed the Chair.

The PRESIDING OFFICER. The Senator from Pennsylvania is recognized.

Mr. SANTORUM. Mr. President, I had a question for the Senator from North Dakota.

Does the Senator from North Dakota believe that the President's revised budget balances the budget in 10 years? Does the Senator believe that? He is running around the country saying he has a balanced budget that balances in 10 years.

Does the Senator agree with that?

Mr. DORGAN. No. But let me ask the Senator from Pennsylvania a question. Does he believe that what he is bringing to the floor of the Senate balances the budget in the year 2002 in light of what the Director of CBO says she thinks, that we will have a $98 billion deficit?

Mr. SANTORUM. I happen to believe, as I think most Americans do, that the Social Security program is a Federal program. Maybe some people do not think it is. It is a Federal program, and it should be counted as a Federal program. We have the luxury—it is a luxury—over the next several years of having a surplus in the Social Security trust fund. But, as the Senator from North Dakota knows, that luxury is a short-lived luxury. Those of us who are going to be working to balance the budget, over the next several years and beyond, are going to have to start working with a Social Security fund deficit shortly, in the not too distant future, in about 15 years. So we are going to have the luxury now. But we are going to have to face the music.

I think the important thing is to begin that over a long period of time so that we can start dealing with those deficits. And I think it is important to look at the Government as a whole—look at all of the Federal Government programs.

The Senator from Nebraska just a few minutes ago was saying you should do what he wants to do on Social Security, which is eventually privatize Social Security and change it.

So there are a lot of things out there. We may have to deal with the Social Security issue. But all I am suggesting is that I think it is absolutely appropriate to use all Federal accounts, to look at it as a unified budget as it has been done in the past to see whether we balance the budget. Remember, it is a surplus now, but it will not always be a surplus. We will have to deal with this problem over the long term.

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

Mr. SANTORUM. Yes.

Mr. DORGAN. I wonder. The Senator, I think, understands that the Social Security trust funds are trust funds. If the Senator says we have a surplus now, he either assumes that there is going to be a surplus in the trust funds and not used for the operating budget deficit—in which case there is going to be $100 billion deficit in the year 2002—or he is not going to have the money in the trust fund. Either one of the two is going to happen.

Mr. SANTORUM. If I may reclaim my time. As the Senator from North Dakota knows, Social Security issues the notes, and the notes are paid interest. And we are going to have to pay the interest back as we continually do now. We will have to continue to pay that back. If you want to make the Social Security trust fund argument, you have to make the highway trust fund argument, you have to make the aviation trust fund argument, and you have to make the unemployment trust fund argument. The Government is made up of a bunch of trust funds in many, many respects. If you want to take them all out and say just because it is a trust fund it is not a Federal program, that just does not mesh with how we run our Government. The Government is segregated in the trust funds because we have certain taxes dedicated to those funds. That does not mean they are not part of the Government. Of course, these are part of the Government. If they were not, people would not pay the Social Security taxes because they would not have to because there would not be anybody there to enforce it. We are there to enforce it, to make sure that the IRS enforces the payment of those taxes. We can talk to a lot of businesses who have not paid their taxes. They will tell you that the IRS is in their pocket in 2 minutes making them pay that.

If you want to say that somehow is not a Federal program, or the unemployment program is not a Federal program, or the highway trust fund or aviation trust fund is not a Federal program, that all of those should be removed and we should balance the rest of the budget, that to me is a gimmick where you are trying to get around the whole issue. The real issue is are we going to make the changes in law to get this budget in the balance, not just for the next 7 years but into long-term when a lot of these funds are going to be running deficits? My feeling is that we have to make the tough decisions.

I am going to be proposing an amendment I think eventually, to offer it as the President's budget because the President does not make the tough choices. He does not even come close with surpluses, and all of these are fudged. Without them you cannot achieve a balanced budget. Yet, he runs around this country talking about his balanced budget. He has this budget that is going to balance over 15 years. There is not anybody in the Congress, there is not anyone who has studied this issue in the country, who has looked at these numbers who believes they balance. They do not. The only person that believes they balance is the President, and the only reason he believes it is because he wants to fool the American public into believing that he has some balanced budget, that he is accomplishing the same thing we are when the fact is he is not. And you have the Congressional Budget Office, which said back in June, after he introduced this second budget of his that came into balance, that his budget will produce in the next 7 years the following deficits: 196 in 1996, 212 in 1997, 199 billion—these are all billion-dollar deficits—a $199 billion deficit in 1998, $213 billion in 1999, $220 billion in 2000, $215 billion in 2001, and $210 billion in the year 2002.

That is the Congressional Budget Office. They are the folks we have to deal with in trying to get a certification of whether we balance the budget or not.

Unfortunately, the President is running around using—I ask unanimous consent for 30 additional seconds.

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

Mr. DORGAN. Reserving the right to object, might I ask to be followed by 5 minutes following the presentation by the Senator from Pennsylvania, the same unanimous consent request.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered. The Senator from North Dakota will be recognized.

Mr. SANTORUM. The point I am trying to make is the President in his first State of the Union Address to the Congress said that he would use the Congressional Budget Office numbers because they were the most reliable numbers. Now, he said he was going to do it. He is not doing it, and if he did use it, those numbers would not balance.

We have an obligation to the American public to play straight with them. The President is not playing straight. We are going to offer an amendment that is going to show the President that nobody here believes his numbers. Quit going around the country saying you have a balanced budget when you do not.

Mr. DORGAN addressed the Chair.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. DORGAN. Mr. President, I appreciate the indulgence of my colleagues but because we are not able to have a discussion back and forth very easily—I hope one day we could put an hour aside jointly controlled and have a discussion to figure out where are the facts. I would love to do that with my colleagues on the other side of the aisle, but because of this discussion I want to take a couple minutes to try to clarify this.

It is not, as my colleague from Pennsylvania says blithely, well, this is all Government spending; it is a Government program, Government revenue. Therefore, it must be counted this way or that way.

Let me tell my colleagues what happened. In 1983, it was determined that we were going to have a problem with Social Security. Just after the Second World War, when the war ended, a lot of folks came back to our country, and I am told that they were very affectionate, had very romantic notions about seeing their loved ones again, and over a period of some years, with deep affection, this country produced the largest baby crop in the history of America: the war babies. And so when these, the war babies, the largest crop of babies in American history, reach retirement rolls just after the turn of the century in 2010 and 2015, we need to be prepared for that.

So in 1983 we prepared for it. We said we are going to build surpluses in the Social Security trust funds. This year we will collect $70 billion more than we need to spend in Social Security. Why? Because we like to do that? No, because we are saving for the future.

Now, if instead of the $70 billion that we collect this year above what we need to spend in Social Security, if instead of keeping it in the trust fund, we say we will use it over here as general revenue to balance the budget, have you saved it in the trust fund? Of course not. It is a fraud.

No business in this country would do what you propose we do. None. I am going to take the employees' retirement funds and use them in my operating budget. No one would do that. And that is why I asked the Congressional Budget Office to tell me, if you do not use the Social Security trust funds, then what do you have? What you have is a budget deficit of nearly $100 billion in the year 2002.

I am telling you this is business as usual. This is parading around and masquerading as doing something you are not. You are not balancing the budget if you are misusing the Social Security trust funds. And do not tell me they are ordinary funds. They are collected from every worker's paycheck in this country and they are labeled Social Security taxes.

Mr. SANTORUM. Will the Senator yield?

Mr. DORGAN. The wage earners are told they are going to be put into a trust fund, and they are told the trust fund is going to be used for only one purpose. Now, when it is used instead for the purpose of balancing the operating budget, that is misusing the trust fund. It is looting Social Security. It is fundamentally dishonest. And it is business as usual, regrettably.

Mr. SANTORUM. Will the Senator yield?

Mr. DORGAN. I would be happy to yield.

Mr. SANTORUM. I thank the Senator.

When the gas tax was enacted, did not the Congress and President, when they signed that, say that that money would be dedicated, every penny you pay at the pump for gas taxes is dedicated to the highway trust fund, to be used only for construction of highways and other purposes within that act? Is that not what the law says?

Mr. DORGAN. No. In fact, the law has been changed to take part of that and move it for other purposes.

Mr. SANTORUM. There is 2.5 cents——

Mr. DORGAN. If the Senator wants to win a debate we are not going to have, I say good for you. I will give you a medal. But we are not going to have a debate about the gas tax fund.

My interest is in having a debate about the $70 billion this year in the Social Security trust fund that we deliberately collect above what we need to save for the future and the fact that they again will be misused. That is the question. We could have a debate about trust funds for others.

Mr. SANTORUM. If the Senator will continue to yield.

Mr. DORGAN. I would be happy to yield.

Mr. SANTORUM. Is there not a surplus in the highway trust fund?

Mr. DORGAN. Yes.

Mr. SANTORUM. Is that surplus being used to offset the deficit?

Mr. DORGAN. Yes, by law.

Mr. SANTORUM. Well, only a portion of it is by law. As the Senator knows, 2.5 cents——

Mr. DORGAN. A portion by law.

Mr. SANTORUM. Is dedicated to deficit reduction. The vast majority of that fund is dedicated for the purposes only of improving our highways and other things related to transportation. Yet, we use that surplus to offset the deficit.

Mr. DORGAN. Yes.

Mr. SANTORUM. Just like, as the Senator suggested, we use the surplus in Social Security to offset the deficit.

My question is, why are you not here with a resolution that also deals with it, and why did not the other side when they debated the Social Security issue take all the trust funds that were running surpluses? But why just pick out Social Security, if you are really serious and you want to have fairness, not say——

Mr. DORGAN. Let me reclaim the time.

Mr. SANTORUM. It is too small.

Mr. DORGAN. It is a good question. I happen to feel the same way about trust funds. But you do not worry about a mouse in the corner when there is a gorilla at the door. The 500-pound gorilla on this issue is the hundreds of billions of dollars of surplus in the Social Security trust fund. That is what you want to get at because accessing that money—to be precise, about $1.2 trillion of that money—allows you to balance the budget, or claim you have balanced the budget. But it is dishonest. It is not balancing the budget.

The President did the same thing. I do not disagree with you to say, did he do it? Yes. It is wrong. It has been wrong since 1983, and the question is, when are we going to stop?

When do you stop coming to the floor and parading around with pocketfuls of money from the Social Security trust fund and claim you have done something to balance the operating budget deficit?

June O'Neill, the head of the CBO that you all hired, now says if you do not include those funds—and you should not—you do not have a balanced budget in 2002. What you have is nearly a $100 billion deficit.

Now, we have a legitimate disagreement about priorities. I do not think we ought to have a tax cut. I do not think 50 percent of it ought to go to families over $100,000 in income. I do not think you have to take $270 billion out of Medicare. I do not think we have to build B–2 bombers or Star Wars or ships, planes, and submarines the Defense Department did not order.

We have a difference in priorities about what we should invest in and spend money on. I do not believe you

ought to kick 55,000 kids off Head Start.

But beyond those differences in priorities, nobody ought to disagree that it is wrong to take trust fund money to the tune of $1.2 trillion and claim you have done something good for the American people. You have weakened this country. You have cheated old folks out of a future they delivered in Social Security trust funds, and I would hope one day we will stop this business as usual and tell the American people what this budget is about.

Is my time expired?

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

Mr. DORGAN. Mr. President, I thank you.

Mr. THOMAS addressed the Chair.

The PRESIDING OFFICER (Mr. DEWINE). The Senator from Wyoming.

BALANCING THE BUDGET

Mr. THOMAS. Mr. President, I rise also to talk about the budget because I think the budget is what is on our minds now, and properly so. I rise because we have come to a defining time when we will decide. And I am very interested in the colloquy that has gone on here. I congratulate my friend from Pennsylvania for raising this question about the President's budget. This is what we ought to be considering.

Let me say to my friend from North Dakota that the gentleman is not for a balanced budget in any time. We are not going to get a balanced budget if we follow that pattern because there is none there. We are following the pattern that has been followed.

Furthermore, I think it is unfair to say this money is being used. I do not know of any trust fund of any kind or any annuity which the proceeds are not invested. In this case, they are invested in the U.S. securities. And the reason they are invested is because the law requires that. They are not stuffed in the mattress somewhere. And from an accounting standpoint, they do belong to that trust fund. And the Senator knows that, of course.

But I want to talk a little bit about the President's budget.

Mr. SANTORUM. Mr. President, will the Senator yield for 1 minute?

Mr. THOMAS. Of course.

Mr. SANTORUM. I ask unanimous consent that the transaction of morning business be extended to 11:15 a.m., under the previous terms.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. THOMAS. I certainly would not want to stop this exciting debate.

Anyway, we do need to talk about where we are going. Now, there has been a great deal of activity in the administration going about the country saying, ''We have a balanced budget. We balance the budget in 10 years.'' And so that, then, in our minds is measured against the Republican proposal to have a balanced budget and do so in 7 years.

But there is a substantial difference between the two. One is that the Republican budget does indeed balance in 7 years, as certified by CBO. The President's budget, what he has talked about for a 10-year balance, does not balance at the end of 10 years. So that is really the issue. And probably we will become involved in great detail about it.

But you really start with the question, Are we committed to the notion that we need to balance the budget? We have not been committed for 25 years to do that. As a matter of fact, we have heard this same debate for 25 years, the same excuses for 25 years, the same idea that we cannot do it for 25 years. In the meantime, the debt has increased to $5 trillion. In the meantime, the interest paid on that debt will become the largest single-line item in the budget, larger than defense.

So we do not really have now a choice. We can talk about the idea of Social Security being off-budget. I happen to favor that. The fact is that it is not. The fact is that it has not been. And the fact is that the folks on that side of the aisle would not balance the budget if it is on, let alone if it is off. It would make it much more difficult.

The President promised a 5-year balanced budget as a candidate. That did not happen. Instead, we had the largest tax increase in history in the 1993 budget.

The original budget by the administration this year was brought to the floor, defeated 99 to 0. So the administration sent down a new budget. It uses OMB numbers, not CBO numbers which the President told us a year ago, 2 years ago, that these are the numbers we all ought to use. We all ought to be on a level field. And I agree with that. CBO's are the numbers.

So the budget does not balance. There are a number of other problems. The proposition backloads cuts. The cuts come in after the year 2000. Eighty-five percent of the cuts come in in the next century. That is not a very tough approach to budgeting. It leaves the tough work for later, increases the deficit by 31 percent during this 10-year period. Well, the Republican budget eliminates it. It adds $2 trillion to the debt.

So that is the comparison that we make. We really need to come down to dealing with the fundamental changes that have to be made and that, indeed, will be voted on in the next 2 or 3 weeks.

Protecting Medicare—we have to make some changes. There is a trust fund there. The trust fund will go broke in the year 2002. The trustees say so. You have to make some changes if you want some different results.

Reform welfare—we need to do that. We needed to do it for a very long time. We have the opportunity to do it.

Balance the budget—perhaps the most important. We have an opportunity to do that. There is legitimate debate about how you do it, legitimate debate about the cuts you make or the reductions you make in growth. But there is not really a legitimate debate about whether or not you financially and morally are responsible to balance the budget of the United States.

The real question is, what kind of a Government do we pass on to our kids? What kind of a financial situation and Government do we hand on as the new century comes on us? And those are the decisions we will answer in the next 2 weeks.

Mr. President, I yield the floor.

Mr. GRAMS addressed the Chair.

The PRESIDING OFFICER. The Senator in Minnesota.

DEBATING THE PRESIDENT'S BUDGET

Mr. GRAMS. Mr. President, I want to join in and congratulate my colleague from Pennsylvania for bringing this issue to the floor today.

I just want to make a few statements in support of his effort, to put the President's so-called balanced budget on the table for debate, because I think we do need a healthy debate on both sides of the issue.

I would like to read from what the President has had to say in the last 2 weeks in his radio addresses, when he talks about continually maintaining that he does have a balanced budget.

He said on October 7, ''I am deeply committed to balance the Federal budget.'' A week earlier, on September 30, he said, ''I strongly believe we must balance the budget.'' He said, ''Let's be clear. Of course, we need to balance the budget.''

Well, of the three budgets that the President has put on the desk this year, none actually balances, according to the CBO, even his 10-year plan which he again touts as a balanced budget. It still leaves $200 billion-plus deficits as far as the eye can see. So the President really does not have a balanced budget at all. But at least we would like to have the opportunity to talk about it.

We would like to give the other side of the aisle an opportunity to put those figures on the table. Let us debate them. Let us talk about them. Let us let the American people see the difference between the Republican plan and the Democratic plan.

As you remember, back in 1993—this week the headlines have been talking about the budget of 1993 again. In fact, the President has been coming from both sides of the issue again, flip-flopping on whether he raised taxes too high. Yes, he did raise them too high. Did he make too many cuts? No. It was the spendthrift Democrats, that he could not stop their spending. So he had to raise taxes in order to balance the budget.

If you look back at that balanced budget in 1993, the President has said many times we did not get one Republican vote in favor of that budget. And he is right, not one Republican voted for the President's budget.

But what did Republicans do? As a Member of the House in 1993, I introduced a budget called Families First, which, by the way, now makes up much of what is in the Republican budget this year, including the $500 per child tax credit. And many of the others—Congressman JOHN KASICH of Ohio, now the Budget chairman in the House, also introduced a budget plan in 1993. Congressman JERRY SOLOMON of New York, Republican, also introduced a budget of his own in 1993.

So we had three definite Republican budgets on the table proposed and were voted on. We got 178 votes on my alternative Families First budget. So what we are saying is Republicans did not vote in 1993 for the President's plan, but we did vote for a budget plan that we had proposed.

So what I would advocate here today, and my colleague from Pennsylvania has talked about, let us put the Democratic or the President's plan on the table so we can have a healthy debate and at least a comparison of the two plans. And then, hopefully, let us get a vote on it so the American people know where the numbers really lie and where they are.

I know we are talking a lot about, and we are going to hear a lot in the debate, about the Social Security trust fund. This is a complicated issue. But the American people should know that the way the budget is set up, that all the funds from the Social Security trust fund has been used by past Democratic Congresses for the same purpose.

The President's proposed budget that he maintains balances uses every dime, the same as the Republicans' do at this time for the unified budget. But what remains in the Social Security trust fund are IOU's. As my colleague from Pennsylvania pointed out, we are going to have to repay those IOU's in the very near future. That is going to mean new tax revenues in order to do it. That is the only way the Government can pay it back.

So we do have a problem. We do have a luxury right now for the next few years of maintaining a surplus. But it will be easier to address this problem that we are going to be confronted with in Social Security if we stay on course and balance the budget by the year 2002.

So I just hope that over the next couple days, and probably yet today, we are going to get a chance to look more at what the President's plan is, what he advocates, and get a healthy dialog and debate going on these budget issues so the American people do get a very clear picture of what the President has proposed and what Republicans propose, because this is going to be the most important issue, for not only this Congress, but for the Congresses to follow, for our children and grandchildren, because what we cannot do, morally or financially, is to leave them our debts. We have to address this problem with every ounce of energy that we have.

So I hope we get a healthy debate on these issues. I thank you, Mr. President.

I yield the floor. And I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. 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.

EXTENSION OF MORNING BUSINESS

Mr. SANTORUM. Mr. President, I ask unanimous consent that the period for the transaction of morning business be extended until noon, under the terms of the previous agreement.

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

THE BUDGET

Mr. SANTORUM. Mr. President, I want to get back to some of the points that the Senator from North Dakota was making with respect to the President's budget. I think it is significant that the Senator from North Dakota said that the President's budget does not come into balance in 10 years, as he is claiming it does all over the country. We should use the congressional budget numbers. In fact, the Democratic leader, Senator DASCHLE, shortly after the President introduced his budget, said that the President should use Congressional Budget Office numbers. They have been the most reliable. The President addressed a joint session of Congress on February 17, 1993. This was shortly after he was sworn in, inaugurated as President of the United States. He said:

> The Congressional Budget Office was normally more conservative in what was going to happen and closer to right than previous Presidents have been. I did this——

In other words, he agreed to use Congressional Budget Office numbers.

> so that we can argue about priorities with the same set of numbers. I did this so no one could say I was estimating my way out of difficulty. In the last 12 years, because there were differences over the revenue estimates, you and I know that both parties were given greater elbow room for irresponsibility. This is a tightening of the rein on the Democrats as well as the Republicans. Let us argue about the same set of numbers so that the American public will think we are shooting straight with them.

The President wanted to shoot straight back in 1993. In 1995, he wants to shoot any way he can to hit the target of getting reelected. He believes he needs to get reelected by campaigning that he has a balanced budget when he knows darn well he does not have one. He has done exactly what he said he would not do, which is ''estimating my way out of this difficulty.''

He has reestimated what the growth of this country will be over the next 7 to 10 years and reestimated what the interest rates will be. You have to understand that if you reestimate just a tenth or two-tenths of 1 percent more growth, what does that mean? If you say that instead of having 2.5 percent growth, actually, we are going to have 2.6 or 2.7 percent, you might say that is close. Yes, it may be close, but it means hundreds of billions of dollars in differences to the Federal budget deficit, because that additional growth means more people are going to be working and paying taxes, and less people are going to be receiving Government benefits. Therefore, the deficit would be lower.

I think it would be easy for me to balance the budget in 1 year. All I have to do is say the economy is not going to grow at 2.5 percent, but at 5 percent, interest rates will be at 2 percent, and I will have balanced the budget. I would not have to cut a thing or raise taxes, and just by estimating things differently for the future, I could balance the budget. The economy is a lot bigger than the Federal budget. When this multitrillion-dollar economy grows by even a little bit more, it has a tremendous ripple effect on this little part of the economy, which is the Federal Government.

So what we are seeing here is the President trying to involve himself in debate, to become relevant to this debate, and he is using numbers that just do not add up. Now we are coming down to crunch time when we are going to bring up the budget reconciliation bill. We have a letter from the CBO that says it balances the budget. I want to make this clear, because people are saying that we have had Gramm-Rudman and all these things that were going to balance the budget. We have never passed a piece of legislation that, within its confines, has changes in law that will result in a balanced budget, if we do nothing else.

We have passed budget rules that say, well, we have to do certain things every year and cut programs in the future and reduce spending in the future. And if we do not, we will have this mechanism in place to make you do it. That is what we have passed in the past. We have had procedures by which we are forced to make decisions to balance the budget. That is not what we are doing here. We have those in place just in case the economy does not grow as fast or just in case interest rates are higher, but what we have in place, given the conservative assumptions of the Congressional Budget Office, is a plan that will, in fact, result in a balanced budget, if we do nothing else. We do not have to make any more changes in law or raise any taxes or cut any programs. We will have done it all in one bill.

It is fundamentally different than anything we have done here since 1968, which I think was the last time we balanced the budget. We will have balanced this budget and put in place a law that does it—not a procedure that

does it, but changes in programs in Washington that balance the budget.

That is what the public has asked us to do. No more gimmicks, no more processes to do it. We have done it. We have made the tough decisions, and we have stepped up to the plate and taken a good swing at it.

Is it perfect? Absolutely not. Anyone who suggests that anything that comes out of the House and Senate is perfect does not understand the House and Senate. It is a compromise. It is putting things together to get the number of votes that are necessary to move the ball forward.

Are there things I would like different? Absolutely. But we made the tough decisions. We brought a group of people, hopefully, I believe, the majority of people, together to pass a budget and send it to the President.

What we want out of the President is simply honesty. If the President wants to claim he will be involved in this debate, then he better come up with a budget that is real and quit running around saying that the Republicans are mean and Draconian and all these things. ''I want to balance the budget.'' He cannot have it both—mean, Draconian, nasty cuts from the Republicans and say, ''I want to balance the budget, too,'' and not do it.

If you want to balance the budget, balance the budget, put forth a plan that does it. He has not done that.

I have in my desk, and some may remember these numbers, I had a chart here that had a question about where the President was in balancing the budget. The previous campaign, several on the other side of the aisle were asking the question, where is George? Why is he not involved in solving the problems of this country?

So I asked the same question. I put up, day after day after day, and the President refused to come to the table and balance the budget. Those number are still adding up. He still has not done so. Well, he has a chance. He has a chance. We are willing to sit down with the President and work through what it will take to pass a balanced budget. We understand we cannot pass a balanced budget on our own. The President has to sign the budget. He has to sign the reconciliation package.

We want him to do that. We are not going through this as a political exercise to get one-upmanship on the President. I can tell you, I am not anxious to vote for changes in a lot of laws, many of which I support and do not necessarily want to see reductions in, just to see the President veto it and nothing happen. It is not a particularly satisfying thing to have happen. If you are going to make the tough votes, at least you want to see it happen. You want to see the changes that you put forward go into law.

No one over here wants to do this as a political exercise. We want to do it because we want to see this country be saved for future generations. We want to see that person who is sitting out there now listening, who is at home and does not have a job and cannot find a job, have a better chance to get a job because the economy will be better. Everyone—the President, Democrats, Republicans—knows if we balance the budget, the economy will be better. Interest rates will be lower. Growth will be higher. More jobs will be created. We all know that.

The people listening who think, how am I going to get this employment opportunity? What will happen to turn this economy around? This is probably the most important thing we can do to turn that economy around.

This is not an esoteric debate about balancing the budget, but about affecting people's lives. This is the young child who may be sick from high school and sitting at home at night and maybe just surfing around on the channels and happens to stop here—probably not long—stop here and listen for a few minutes. That is for that person who wonders whether they will have a job when they get out of high school or college, whether they will have the opportunity to be able to raise a family and buy a home at a reasonable interest rate.

That is what this is all about. This is about real people and real lives. This is not just about balancing budgets and numbers and charts. It is about real people, and giving them the opportunity that this country was founded on.

We have the chance to do that. That is what this is about. We need the President. We need the President. This should not be about politics. This should be about working together for the common good of this country. We want to do that. We have put forward planned specifics.

Want to talk specifics? I remember listening early in the year when the budget resolution was out there and they said, ''You guys are throwing these numbers out. You do not have specifics.''

Folks, the Senator from New Mexico will come down next week with a whole bunch of specifics, tell you exactly how we get from A to Z, how we balance. The specifics are there. Here is how it happens.

Want to make some changes? We can make some changes. We are not going to make a change on this. We are not going to make a change on balancing this budget in 7 years. That is something we will not change. We are committed to the American public to do that.

I implore the President to stop waving this budget around. I know it may look good in the polls today. People may believe he has a balanced budget, and I know his polls are saying that people now believe he has a balanced budget. All he does is go around talking about it, and unfortunately, the American public sometimes believes the President even when he is not telling the truth. I think it undermines the credibility of the office.

Tell the truth. Tell the truth. Want to balance the budget in 7 years? The opportunity is here. You do not have to run around the country and campaign that you will balance the budget. Stay in Washington and you can sit down with the people who are working on this problem and you can balance the budget. You do not have to go around and raise money all over the country for your next campaign and talk about how you should not raise taxes and all these things.

You can come here and solve the problem. This is the time for work. This is a time when this body, in a bipartisan fashion—I think the Senator from Nebraska talked earlier, Senator KERREY. I do not question his sincerity at all about trying to balance this budget. I think he is one of the real statesmen when it comes to dealing with the problems of entitlement reform and changing the way the Government does business.

We differ on priorities, but I think he is one who is sincere about the final objective. I think he knows the importance of that final objective. I think he is someone who we can negotiate with and sit down with.

But we need the President. We do not need politics. We do not need waving around budgets that do not balance. It is not the time for politics. You have a whole year, Mr. President, where you can campaign for reelection. The time now is to get serious about doing the business of the country. You were elected President. It is time to serve the Presidency. It is time to serve your Presidency, not politics. Roll up your sleeves. Come on down here, send your people down and we can get going. Quit playing games with the American public and trying to manipulate the polls. You may win this November, but if you keep playing that game, you will not win next November.

The country will not win, which is a heck of a lot more important than either of those things. We should get down to business. We are open. We are here. We are open for business. We are ready to go. All we need is someone who is willing to step to the plate and make it happen.

Later today if we end up getting an agreement to have a bill before the Senate today, I will put forward the President's budget and we will have a debate. I want to make it very clear, as I think we are hearing from both sides, that this budget is not real. This budget does not do anything to balance the budget for the next 7, 10, 20, or 30 years.

Get that out of the way. Get the politics and the charades and the broken promises out of the way. Deal with the facts. The fact is, Mr. President, if you want to balance the budget, get up here and do it. Quit running around the country campaigning on what you do not have, not telling the truth to the public about your budget, and get up here where the action is, where history is being made, and make a difference.

Serve your Presidency, not your reelection.

I yield the floor.

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

The PRESIDING OFFICER (Mr. GRAMS). The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mrs. BOXER. 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. BOXER. Mr. President, I ask unanimous consent that I may speak up to 10 minutes as in morning business, ending before the 12 clock deadline.

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

THE BUDGET

Mrs. BOXER. Mr. President, we have heard much debate this morning, I think healthy debate, about the budget that is working its way through the House and through the Senate. I sit on the Budget Committee. This afternoon we were told by the Republicans that we will have our meeting where we will then act on the budget bill. As a matter of fact, we are going to meet in about an hour and a half.

I worked very late last night and I never got a copy of the budget. I started work very early this morning and I do not have a copy of the budget. And the American people need to understand that this budget is not just about numbers. It is about changing laws.

For example, in that budget, national standards for nursing homes are repealed. Changes in the laws are made so it will cost students more for college loans. Tax laws are being changed so the working poor will have to pay more taxes. Indeed, 51 percent of the people of America will pay more taxes because of this budget. And they all are on the middle-income to the poor level of our society. Champagne bottles are being chilled in penthouses all across the country—except in those where someone has a conscience. Because if somebody can explain to me why people who earn millions of dollars a year deserve a tax break, I am ready to listen, when we are trying to balance the budget.

The attack on elderly in our country is extraordinary. When I was growing up I learned some basic values. My parents said you have to work hard, you have to play by the rules, you have to respect your elders and honor your children.

This Republican budget is a slam at every one of those values. We are attacking the working poor. We are raising taxes on people who work so hard to bring home $30,000 a year or less, and we are hurting those people. Honor work? We are cutting $270 billion out of Medicare. We need to cut $89 billion, we are told by the experts, to make it sound and whole. But the Republicans are cutting $270 billion out of Medicare and funneling it into the tax cut for the rich—the Republican funnel plan.

Medicaid—repealing nursing home standards so it is easier for nursing homes to make more money, folks. That is what it is about. Why else would you do it? You do not have to be very old to remember the days in the 1980's when the scandals erupted about nursing homes. We found our senior citizens were being drugged, overdosed on drugs so they could be controlled in the nursing homes. They were being scalded in hot baths. They were being sexually abused. They had bedsores. They were lying in their own excrement.

Well, I made a pledge to my magnificent and beautiful mother, whom I love, a few years ago who spent her last days in a nursing home after she had spent down every penny she had, and all of her dignity, that I would not let this budget go by without telling the American people the truth, that the profits of the nursing homes will not be put over the well-being of the elderly in our society, those who have given birth to us, those who have nurtured us, those who worked so hard so we could get an education. My mother never graduated from high school, and she sacrificed so both her children could go to college.

Is this what the American dream is about? Is this what family values is about? Well, maybe it is popular to vote for that budget. Maybe I am out of step. Maybe compassion is out of fashion. Maybe respecting your elders is out of fashion. Maybe believing in your children is out of fashion. But not for this Senator. Six million people voted to bring me here, and I am going to stand up and I am going to fight. If it is popular, it is, and if it is not, it is not. That is OK, too.

The Republicans have put their budget on a fast track—no time. You tell me why we have to be on Friday afternoon waiting for the numbers when we could take this budget home over the weekend, examine it, and know what the heck we are doing on Monday morning. I will tell you why, folks. They want this budget to slip through with the least notice possible. They do not want the American people to understand it. And President Clinton is going to veto it. He is going to veto their budget. He is going to say no to their budget. And he might do it in the name of his mother, a nurse who healed the sick, a woman who died of breast cancer, who believed in the values of this society. He is going to veto this budget. This budget is not in any way including those American values that we learned when we were growing up; to honor our elders, to believe in our children.

Do we have to do this to balance the budget? We do not. That is not even an argument. I voted for two balanced budgets in the Senate—one by Senator BRADLEY and one by Senator CONRAD. As a matter of fact, they cut even deeper into the deficit than that which the Republicans have produced. But they contained within them some values—family values, American values, compassionate values, commonsense values.

So this is not about balancing the budget. We all want to balance the budget. We all voted for various amendments that would do that. It is about how do you get there and who gets rewarded and who gets hurt. I know this is a cynical time in America. I know it is a cynical time. When a Republican stands up, they do not believe the Republican. When a Democrat stands up, they do not believe the Democrat. Look at the numbers. Read the law. That is why they are rushing these things through. They do not want you to see the numbers. They do not want you to read the law. They do not want you to know the nursing home standards are repealed. They do not want you to know they are going to charge people who are waiting for their child support a fee to collect that child support. Imagine. A woman is desperate for her child support. They finally get it. They are going to make them pay a fee. For what? To give $5,500 a year back to people who earn over $350,000 a year. Have they no shame? Have they no values?

We have a funnel Medicare plan. It funnels the money from Medicare right to the hands of the rich. We have a Medicaid plan that I call the Dr. Kavorkian plan. I am not doing it to scare people. I am do it doing it because it is the reality. I told you what these nursing homes looked like before. And I will tell you, when faced with that choice, what would you do?

We put a lot of pressure on NEWT GINGRICH, and he finally changed the spousal impoverishment law that he tried to do away with. We are looking at whether or not he really saved it. But can you believe they were ready to do that, too? They were ready to say to an elderly man who put his loving wife of 60 years into a nursing home that he could not keep his house, he could not keep his car, and he could not keep his $1,200 a month; the Government was going to go after it before his wife could get help in that nursing home. Family values? I do not think so.

So I am going to walk into that Budget Committee this afternoon, and I am going to talk about the values that I have as a daughter of an immigrant mother who never went to high school but who is as smart as anyone in this Chamber. I am going to talk about the sadness I feel that America is turning its back on who we are and what made us great as a nation. But I am also going to fight.

Thank you very much, Mr. President.

I yield the floor.

Mr. DORGAN addressed the Chair.

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

EXTENSION OF MORNING BUSINESS

Mr. DORGAN. Mr. President, I ask unanimous consent that the time for morning business be extended for 15 minutes and that I be allowed to speak for as much time as I consume.

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

THE RECONCILIATION BILL

Mr. DORGAN. Mr. President, I listened to the Senator from California and to some others today discussing the issues of priorities. And this Chamber, while now empty, will be full with aggressive debate and much interest next week when we deal with what is called the reconciliation bill. Frankly, most people do not know what reconciliation means. It is a long term that relates to reconciling, to spending, to revenues, and to what was determined in the budget resolution passed by the Congress. That is what reconciliation means. So the bill is brought to the floor, cuts spending, changes the Tax Code, and it reconciles.

We have substantial differences in priorities and differences of opinion about what is important, and that represents the debate. Some people get very upset because there is a debate going on. I think it is a sign of health. That is what politics is. Politics is not a pejorative term. It describes the process by which we make public decisions.

I said before that John F. Kennedy used to say every mother hopes her child grows up to be President, provided the child does not have to get involved in politics.

Of course, getting involved in politics is a method by which we make decisions in America. There is nothing wrong with that. It is a noble, honorable thing to do, and I happen to feel proud and privileged that I am a part of it in the Senate.

The Senator from California talked about her heritage, and I was thinking yesterday about this. I was on a radio call-in program and someone called who had read an account of my great grandmother settling in North Dakota. I had attended a Scandinavian event and someone in the press had done a story about how my grandmother came to North Dakota.

The story just in thumbnail sketch was that she, Caroline, and Otto met and fell in love in Oslo, Norway, and got married as young Norwegians and then moved to the New World and settled in St. Paul, MN. After some time Otto died and Caroline, with her children—I believe it was six children—moved to the prairies of North Dakota and pitched a tent and with her children built a house and homesteaded 160 acres of land.

Someone had read that account in a press story last week as a result of my attending a Scandinavian festival and they called the radio station I was on and said is it not interesting, the story about your grandmother, this gritty, courageous Norwegian woman who comes from Norway to the United States, and then her husband dies and she takes her children to go to North Dakota to homestead on the prairie—pitches a tent, builds a house, raises a family, and homesteads 160 acres.

And she said, what do you think would have happened to your grandmother had we had a welfare system back at the turn of the century? Would there not have been the incentive to do that?

I thought about the question. It was an interesting question. I said, who do you think she got the land from? Who do you think created the Homestead Act? Who do you think passed a bill that said we are going to have a Homestead Act to say to people if you go out and homestead on the prairies and do the right things, we will give you 160 acres of land?

Yes, that is right, the Government. The Federal Government. Did it play an instrumental role in my great grandmother's life? You better believe it did. The Government has played a constructive role in a lot of lives. We are the Government, all of us. Every citizen in America is the Government. I know people want to just compartmentalize and say, boy, everything is awful, everything is evil, nothing works.

The fact is, from the Homestead Act to the GI bill, together, people working together, people making the right choices and right decisions about what is a priority for this country, have had an enormously important influence in the lives of people.

It is the Government, us together, we have built the education system in our country. We have something like 140 world class universities in this world. Over 120 of them are stationed where? In the United States of America. Let me say that again. We have something like 140 world class universities. Over 120 of them are located in our country. Chance? Accident? No, it is people working together. A lot of them are public institutions. People working together doing the right thing, saying education is important. We not only have done it at the top level, building world class universities, the best in the world, judged by everyone, but where are people going to school? Are they rushing to Iraq to go to college? I do not think so. No, people are coming to America to attend some of the greatest universities in the world. We have not only done it at the top, but we have done it at the bottom.

We created a Head Start Program, and we said to little kids 3, 4, 5 years old, who were in trouble, living in circumstances of poverty, living in dysfunctional families, we are going to give you a head start. We are going to give you an opportunity. And we created a Head Start Program to give those little kids an opportunity. And guess what? It works. It works really well. Everybody understands it works.

Now, the majority is saying that we cannot afford that. We are going to kick 55,000 kids off the Head Start Program. Every one of those kids has a name, and they have in their hearts some hope that things are going to change in their lives. And Head Start has been helpful to those kids—helped them to hold on to that hope.

It is a long way of getting to the point of saying this is all about priorities, this debate. It is not a debate, as the Senator from Wyoming alleged a while ago, about people do not want to balance the budget and people do. What a bunch of nonsense. That is not what the debate is. Everybody in here believes we ought to balance the budget. The question is not whether. The question is how.

I voted for a balanced budget in this Chamber. I voted for a balanced budget amendment to the Constitution for that matter. We had two versions, one that did not raid the Social Security System and one that did. I voted for that one that did not. But in any event, this is not about those who believe we should balance the budget and those who do not. All of us want the same goal. We want to balance the budget. This is about priorities.

The priorities that have been chosen by some in this Chamber—and it is their business. They have a vote. They have a right to choose priorities—say this. When the defense bill came to the floor of the Senate, they said to us we are conservative, we are frugal, we are penny pinchers, but when it comes to defense we want to spend $7 billion more than the Secretary of Defense asked for. The Secretary of Defense says we need a certain number of trucks. These folks say, I am sorry, you need a lot more than that. We insist on building you trucks you did not ask for. Ships, we demand that you buy ships you say you do not want. Jet airplanes, F–15's, F–16's, we will write them in. You did not ask for them. Well, we are going to build them for you anyway. How about the B–2 bomber? I supported 20 B–2 bombers. I supported 100 B–1 bombers. But now we are told by people who are conservative, penny pinching, frugal Members of Congress, we want to build 20 more B–2 bombers at a cost of $20 billion. It does not matter the Secretary of Defense says he does not want them. We insist you take them. And the hood ornament on this excess is the star wars program. We insist on an astrodome over America, a new star wars program, and we demand, by the way, that we go out and put it in the field by 1999, accelerated development—$7 billion they want to stuff in the trousers of the Pentagon that the Secretary of Defense did not ask for.

Again, is this frugal? Is this penny pinching? Is this conservative? I do not think so. I think that is reckless, wild-eyed spending. This is my judgment.

The same people who say we want to build star wars, when it comes to talking about star schools, say we are sorry; we do not have enough money. And 55,000 Head Start kids, we are sorry, you are out of luck. The poor kid going to school, we say you are no longer entitled to a school lunch in the middle of the day. We are going to remove the entitlement. Somebody might not want to give you lunch. As far as we are concerned, they do not have to.

In the whole series of priorities, including and especially the issue of Medicare and Medicaid, do we have to fix Medicare? Yes. There is no debate about that. Is there a solvency problem? You bet. Do we try to address it? Yes. But should we cut $270 billion from Medicare? I do not think so. Some people say, what do you mean, cut? There is no cut in Medicare. Of course, there is a cut—$270 billion less than what is needed to fund Medicare in the next 7 years.

Now, who do you think that is going to come out of? It is going to come out of somebody. Rural hospitals maybe. Senior citizens are going to pay more and get less. That is exactly what is going to happen—pay higher premiums and get less health care. Should we cut health care? Should we cut $270 billion? Of course not. Why are we doing that? Why the proposal to cut $270 billion? Because some feel they erected a tent with the center pole being a tax cut. The center pole of this new tent is a tax cut. And they insist on a tax cut. In order to pay for a tax cut, you are going to have to cut Medicare and Medicaid and those other things with the depth that they are discussing.

Let us take the tax cut just for a moment. We are told that the tax cut is perfectly appropriate because those who propose it are proposing to balance the budget. Well, why then in their proposal do they add hundreds and hundreds of billions of dollars to the debt at the same time they are talking about a tax cut?

Some of us happen to feel you ought to deserve less. You say, ''Set up the table. We will serve dessert first.'' Politically, I guess, it is very attractive. I would like to be one of those who say my existence here is predicated on the ability to deliver a tax cut for the people whom I represent. My guess is most of them would prefer much lower taxes. They would like a tax cut.

But they would also believe, I think, that, just as in a family budget, you should deal with your spending problems first, balance your budget first, and then deal with a tax cut. I think that is how they would feel.

Now, with respect to this issue of priorities, I mentioned the other day I come from a town of 300 or 400 people. Actually, it was 400, but, like most rural communities in small counties, it is shrinking. But let us take this town of 300 or 400 people and use that as an example of what we are doing here in this Chamber. Let us consider this budget, the budget for my community.

Here is what we do. We get in the car, and we get all of our little envelopes telling people what this is going to do to them, and we just start driving around town. First, we come to the part of town where people do not have it so good. The houses are not quite so big. Some people are home because they cannot find work. Some people do not have much. They are hungry. But it is a part of town where there is not much in resources and people are struggling to make ends meet, working hard but not gaining ground.

And we stop at their home and we say to them, ''Here is an envelope. This tells you what our plan is for you. Our plan for you is we're going to cut back on the earned income tax credit. That means you will pay higher taxes.'' In fact, all families with under $30,000 in income largely will face higher taxes, or put another way, 50 percent of the American taxpayers will end up with a slightly higher tax bill.

We also say to some of those people that ''Your child is now in Head Start, but we cannot afford to keep him or her there. We will have to take your kid out of Head Start. Your grandma is on Medicare. Her premiums are going to be increased and she'll have managed care and she won't have the choice of a doctor or hospital anymore. Your daughter who is unemployed is now on Medicaid. We have a problem with Medicaid funding.''

We go on down the list in terms of what the bad news is for those families who are struggling and not making it very well.

But then we keep driving around this same town and when we stop at the biggest houses in town, the folks who have the most money, the folks who have the house on the hill, who have done very well, we say to them, ''Here is the envelope for you. Here is what this means. By the way, this is awfully good news for you because you happen to get your income from stocks and bonds. You have been enormously successful. And you are very wealthy. You get your money from stocks and bonds. So we have decided that people who get their money from stocks and bonds, they need a lower tax rate. So you are going to be blessed with a very substantial cut in your taxes.''

And then we say that when you add all of this up, we come out with a balance. We have taken from those who do not have very much. We have given to those who have a lot. And then we have established essentially a balance. But no one is told that in order to get to that point we have taken all the trust funds out of a pension program that existed in that town and brought them over to use them as revenues when we count whether or not we have reached a balanced budget.

And that, in a nutshell, is the plan we have coming to the floor of the Senate. Some of us feel there is a better way and a different way and a way with better priorities and choices for the future of this country to address these budget issues.

No one disagrees we should reach a balanced budget. And we ought to reach a balanced budget, by the way, without raiding the Social Security trust funds to do so.

I had a short discussion with my colleague from Pennsylvania today. I showed my colleague from Pennsylvania the October 18 letter, which was Wednesday's letter trumpeted on the floor of the Senate, which says this reconciliation bill brought to the floor is going to have a balanced budget, in fact, a slight surplus.

Then yesterday, at my request, the same person, the Director of the Congressional Budget Office, wrote a letter that said, if you count this the way the law requires you to count it—she does not say that, but I asked her that—and do not use the Social Security trust funds, because they are not part of the budget and shall not be counted, what then do you have? And the answer is, well, in the year 2002 you do not have a balanced budget, you have a $98 billion deficit.

Mr. President, we will have a very substantial debate on all of these issues. I believe that we have to trim spending in many areas—Medicare, Medicaid, they will be trimmed some, the farm program, yes, somewhat—but I do not believe that you take the most vulnerable Americans and put them right smack in the bull's-eye and say, ''By the way, when all the dust is settled and all is said and done, you are going to pay up.'' And then we say to others, ''You have been so blessed in this country. By the way, when all the dust settles and all is said and done, guess what? You are going to be much better off because these sets of policies decide that you are more worthy than others.''

I think there is a better way. And many of us will offer amendments next week, amendments that will get us to a balanced budget, really get us to a balance where it is not misusing the Social Security trust funds but really balancing the budget and doing it with different priorities. I do not want the message to be to family farmers, ''You are in trouble? Well, move to town. We could not care less.'' ''You are poor? Tough luck.'' ''You are poor and old? That is even tougher luck.''

I mean, I would like our sense of policies to be to say to people that are important, little kids going to Head Start, ''You matter. Your life matters to us. We care about you.'' We can make room in these priorities because we can shift some of that money, because we can buy one less B–2 bomber and maybe not buy the fuel gauge or landing gear as spare parts for one B–2 bomber and pay for all of it for 55,000 children. Maybe that is the priority. Maybe we decide star wars is not the priority. Maybe we accept the judgment of the military people and the

Secretary of Defense, who says we should not do this.

We say, all right, that is $48 billion. So what could we do with $48 billion? Maybe we reduce the deficit, first of all, or, if you insist on spending it, did not want to do that, if it is not star wars, how about star schools? How about deciding kids are as important as bombers? Those are the priorities that we will debate next week.

No one in this country should lament the fact that we are going to have a debate. If we at the end of the day can maybe reach some understanding between all of us of what the right priorities are, what really advances America's interests, which investments make life worthwhile for all Americans, what expands opportunities in our country, if we can develop better understandings of what achieves all of that, then our country is better served, in my judgment.

I am not someone who believes the Republicans are all wrong and we are all right. That is simply not the case. All of us have made mistakes in this country. This country is blessed with people who make good decisions, Republicans and Democrats. And I hope at the end of this reconciliation fight we can find a way to create more of a bipartisan approach to addressing some of the wrenching, real problems we have.

I have often thought it would be useful, perhaps, for us to restrict ourselves someday, and it would be useful, probably, for talk radio, for example, to restrict themselves, maybe to have a day a month and talk about what is right with America, what is right with our country. Would that not be hard for some people because there are so many who are only willing to talk about what is wrong. The fact is, most people are coming here, not leaving. Can you think of someplace you would rather live? I cannot. This country is the best place in the world to live.

The question is, What is right with it? How do we build on what is right with it? I think it would be nice for talk radio and, I guess, the U.S. Senate from time to time to set aside a period and say, this is a period where we are going to talk about what works and what makes it work and how we build on that. And, I mean, maybe someday we can get to that kind of discussion, which I would also like to have.

Mr. President, I yield the floor.

Mr. WELLSTONE addressed the Chair.

The PRESIDING OFFICER (Mr. SMITH). The Senator from Minnesota.

Mr. WELLSTONE. I thank my colleague from North Dakota for his remarks. And I will pick up on his last point.

First of all, Mr. President, I ask unanimous consent that morning business be extended for 15 minutes.

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

WHERE IS THE STANDARD OF FAIRNESS?

Mr. WELLSTONE. Thank you, Mr. President. I appreciate what the Senator from North Dakota said about our country. And I would say to my colleague who is presiding, the Presiding Officer, that I have said probably every week, when I go home, to someone that when I come to the floor of the Senate I still get goose bumps. It is a real honor to serve in the U.S. Senate and for Minnesota. If you look at these buildings here in Washington, DC, and you think about what they stand for—my father was a Jewish immigrant who fled persecution in Russia. It is a wonderful country, and we ought to emphasize the positive.

Mr. President, next week we will have debate—not hate, but rather a debate. And I would like to lay out my framework just for really not more than 10 minutes.

Mr. President, I came to the floor of the Senate at the beginning of this Congress, and I had a resolution. It was nothing more than a sense-of-the-Senate amendment that it was the sense of the Senate that we would not take any action that could create more hunger or homelessness among children. Actually, it was defeated twice. Then the third time it was passed by a voice vote. I now regret that I accepted a voice vote, because I think it was a symbolic vote, because if I look at this deficit reduction, the issue becomes deficit reduction based upon what standard? Is it deficit reduction based on the path of least political resistance? Are we asking some of the citizens to tighten their belts who cannot? And are we leaving a lot of special interests untouched? I think we are.

I certainly will be active in the debate next week with amendments to force some discussions on these issues, and I want to know where Senators stand.

We have something like $35 billion slated for cuts in nutrition programs for children. Food stamps and the Women, Infants, and Children Program, the WIC Program, is an incredibly important program, because if you were to ask me as a former teacher what is the most important education program, I would say to make sure every woman who is expecting a child—I just had a grandson, our third grandchild, a week ago. That grandson, Joshua Paul, I think is going to have a good life. He was born healthy, but my daughter, Marcia, had an adequate diet. She had the resources to make sure she did.

My God, children at birth are not going to have the same chance if their mothers have not had a decent diet. We are cutting the Women, Infants, and Children Program.

The Food Stamp Program is not perfect; we ought to make it more accountable. The fact of the matter is, imperfections and all, we dramatically expanded the Food Stamp Program after the expose on hunger and malnutrition in America, and we did it in the early 1970's. We had some national standards, and we implemented this program across the country. We do not have all the children anymore with distended bellies. We do not have the same amount of hunger and malnutrition, though we still have too much. We are cutting into these programs.

When it came to the Pentagon budget, which was $7 billion more than the Pentagon asked, when it came to the military contractors, when it came to star wars or Stealth or Trident, we just gave the money away. They have the clout. They are the heavy hitters, they have the lobbyists, and they did just fine. But the children in America did not, especially poor children.

I just do not think there is a standard of fairness. I think there is consensus that you have to pay off the interest on the debt. That is what this is all about. There is not a Senator here that could be proud of the building up of the debt in this country. The question becomes, when you make the cuts and you do the deficit reduction, where is the Minnesota standard of fairness? That is the question.

Mr. President, the Finance Committee met and came out with $245 billion of tax cuts. But here is the interesting thing. If you have family incomes below $30,000 a year, which is about half the people in this country, you have the earned-income tax credit taken away from you and you pay more. You are paying a tax all the way up to families $30,000 a year and under. But, by golly, if you are in the top 1 percent of this population with incomes over $350,000 a year, you get a $5,626 break. And if it is $200,000 a year, you get $3,416. This is a subsidy in inverse relationship to need.

If you are at the top of the population income-wise, the top 1 percent, you get a huge tax break. If you make over $200,000 you do, and if you make over $100,000 you do. But if you make under $30,000 a year, you do not get any break; you pay more. This is like a subsidy in inverse relationship to need. Same issue.

This is what I am going to zero in on next week: Why have the military contractors got everything they wanted? Why do the children lose some of their nutritional programs? Who has the power in America? Who has power in the Congress? Special interests dominate.

Why does the top 1 percent of the population get a huge tax break and the bottom 50 percent of the population get an additional tax? Who has power? Who has the lobbyists? Who are the special interests? Who is well represented here? There is no Minnesota standard of fairness in this plan.

Finally, Mr. President, I have two other issues to mention. One is student financial aid. It is not coming up enough. I was a teacher for 20 years, and when we marked up the cuts in financial aid out of committee, I asked colleagues—and maybe they have done

this—but I said to colleagues, ''Have you had any town meetings on your campuses? Because the picture you seem to have of students is not the same picture I get from holding community meetings back in my State''—Moorhead State, Inver Hills Community College, Minneapolis Community College, University of Minnesota at Duluth. Because what happens to me is fully half the students, if not more, come up to me and they say, either publicly or someone who is not good at speaking in a public meeting will come up afterwards and say, ''Senator, I'm a nontraditional student.'' That is the first sentence.

The next sentence, especially at the community colleges, is, ''I am older than you''—they always like to say that—''and I lost my job. I am going back to school. I don't have the resources. Don't cut the financial aid. I am a single parent. I am the welfare mother you say you want to go into workfare. Don't cut my financial aid. Senator, we can't afford it.''

Or if it is the 18-to-22-year-old group—many of our undergraduates are going to school 6 years, not 4 years and they have two and three minimum wage jobs and we are cutting financial aid for students. And then, Mr. President, there are the students who sell plasma to buy textbooks to begin the semester.

What in the world are we doing ending the grace period on the interest on loans 6 months after graduation? Why are we ending the parent plus loan program for moderate- and middle-income families? Why are we putting a tax on the institutions based on their loan portfolio? Why do we not understand that 75 percent of the student financial aid package are loans now, not grants? What in the world are we thinking?

The missing piece here is the impact on people. I have held these town meetings on campuses. I do not know, maybe other Senators have gotten a different picture from students, but that is the picture I get.

So, again, $245 billion of tax cuts, but cuts in students financial aid; $7 billion more than the Pentagon wants, but cuts in student financial aid.

Mr. President, I am not talking about Medicare and Medicaid and health care today, but I will tell you this, this is a rush to recklessness and it will not work in my State of Minnesota. We have done something of which I am proud. We have 300,000 children that receive medical assistance. It is a safety net program. Is that going to be cut?

I meet with people from the developmental disabilities community, and I have people say to me—I remember a woman in another town meeting. Are we holding town meetings? Are we talking to people back in the States that are going to be affected by this? She says to me—and this Chair is a close friend of mine, I respect the Chair, the Senator from New Hampshire—she says to me, ''PAUL, the Americans With Disabilities Act is going to be a cruel lie for me if I don't have someone to help me get out of bed in the morning, a personal attendant. I can't go and own my own small business, and I do own my own small business. I am intelligent and I am smart and I live a life of dignity. Do you know what you are doing with cuts in medical assistance? Are you going to restrict eligibility, less access to personal attendants? Are we going to have to be poor to be eligible for any of this? What are you doing? That is the question. Don't be so reckless with our lives.''

I hear the same thing in rural Minnesota. I could go on and on, Mr. President. But the question I have, by way of summary, because I do not want to dominate the floor today, is why, if we are going to do deficit reduction, not do it based on some standard of Minnesota fairness? Why do we have a disproportionate number of cuts that affect the most vulnerable citizens in this country, the poor, namely women and children? Why are we cutting financial aid for higher education? Why are we cutting into health care and the quality of health care that is delivered to people?

I am willing to argue this issue of quality later on for 20 hours plus in terms of what this is going to do for Medicare and medical assistance. But at the same time, Mr. President, you have the tax cuts that mainly go to people on the top. You have more than the Pentagon asked for. And then, finally, and this is going to be the piece that I am looking most forward to in this debate, what about all of the subsidies that go to the oil companies and the tobacco companies and the pharmaceutical companies and the insurance companies? What about all those loopholes in deductions and giveaways?

I will tell you something. I think what makes people more angry about the political process in the Nation's Capital is the feeling that some of these special interests who are the heavy hitters and hire the lobbyists and are the big players and the big givers get their way.

This is a perfect example. I am going to come out here on the floor and I am going to say—and we are going to have votes on these amendments—if you want to have deficit reduction, why do you not ask some of these large corporations that get tax giveaways to tighten their belts? Should they not be a part of deficit reduction? You know what? Every time you do that, all sorts of colleagues think of a million reasons why we should continue to give them special tax breaks. Middle-income people do not get these breaks; working people do not get these breaks; low-income people do not get these breaks. But, oh, boy, oil companies do, pharmaceutical companies do, gas companies do, coal companies do, tobacco companies do. They all get these breaks.

So I think the debate next week ought to be about, where is the standard of fairness? Who is being well represented and who is not being well represented?

We will have a sharp debate, I say to my colleague from Georgia. It will not be hate, it will be debate, because I believe all of us have mutual respect for one another. We feel strongly about what we are doing, and I am sure we are all doing it in good faith. But I have a lot of indignation about the priorities of this deficit reduction plan. I believe it goes against the grain of the basic Minnesota standard of fairness.

I yield the floor.

Mr. COVERDELL addressed the Chair.

The PRESIDING OFFICER. The Senator from Georgia.

EXTENSION OF MORNING BUSINESS

Mr. COVERDELL. I ask unanimous consent that the period for morning business be extended for another 15 minutes.

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

Mr. COVERDELL. Mr. President, I think everybody would acknowledge that we are entering a very historical moment in America's history, certainly in the context of the Congress of the United States, because we are, over the next 4 to 6 weeks, going to be making decisions—very significant decisions—about the way the American people are governed.

Of course, I always appreciate the remarks of my colleague from Minnesota. But it is almost as if he has forgotten that a new Congress was sent here this past November, and with startling results. The Congress was not sent here by any large corporation. This new majority was sent here by an overwhelming pronouncement by the American people—all these folks he is talking about, such as the workers, who said, ''We want something different done in Washington,'' and families, saying, ''We do not like what is happening in Washington.'' In overwhelming numbers, Americans went to the polls and said, ''We want things in Washington to change.''

Every speech I hear from the other side of the aisle, including from the President and the administration, is saying, ''Leave everything the way it is, it is just fine.'' Every time you try to change it, we come out with some new class of evil Americans who try to frighten America from the change that has to be made.

Let us talk about the President for a moment or two. When the President ran for President in 1992, he promised the American people, ''I will give you a balanced budget in 5 years.'' Well, he has been here for a little over 2 years now, and he has not given us a balanced budget in 5 years, in 7 years, in 10 years, in no years. Why did he make

that promise? He made the promise because he knew that the American people overwhelmingly are demanding that this city, this town, this Congress balance the budget. But once he got elected, he started listening to speeches like we just heard. We will just keep everything the same. No one will notice.

But the new Congress came here and said that we are going to balance the budget in 7 years. I think, somewhat to their surprise, that is exactly what we are doing. What is more—and he knows this—it is exactly what the America people want us to do. They want us to balance the budget.

Well, first, the President said he was not going to offer any budget at all after this new Congress got here. Then he went back out into the country and found out that the American people did not like that, so he offered a budget. That budget did not receive a single vote in the Senate—from our party or his. It was 99 to 0. No deal. It is not a balanced budget, Mr. President.

So then he came and said, well, I am going to offer a budget that is balanced in 10 years. The Congressional Budget Office, who the President says provide the most reliable numbers we can get, said, ''We are sorry, Mr. President, but your budget does not balance in 10 years.'' In fact, it never balances. The President has been traveling the country back and forth saying he is giving us a budget. ''Theirs is 7, mine is 10.'' But that is just not so. His budget never balances. I know this morning the Senator from Pennsylvania suggested that the other side of the aisle go ahead and introduce that budget if they believe so strongly in it. No one is willing to introduce the budget. Why? Because they know it does not balance. It does not do what the President said.

And then, last week, he said, ''Well, maybe I will do one that is 9 years or 8 years.'' So now we are on about the fifth or seventh reincarnation of the President's budget. It is not really that complicated. It either balances or it does not. The Congressional Budget Office can tell us. It has now told us that the Republican budget will balance in 7 years, just like the American people are asking us to do.

I was fascinated listening to the Senator from Minnesota, because he was talking about students and student loans. I wonder if the Senator is aware of the fact that if America—if their Congress—balances the budget, what happens to students who have to borrow money. Let me tell you what happens. A student that borrowed $11,000, or the family that had to borrow $11,000 for that student, if we had balanced budgets, would pay so much less interest for the loan that they would save $2,000 on the student loan in lower interest payments. If we balance our budgets, interest rates, according to DRI/McGraw, interest rates will drop between 2 and 3 percent. That means that the American families that the Senator from Minnesota is talking about will save billions. Well, billions gets to be a number that is so big, it is kind of hard to bring down home. But let us say we are talking about an American family that had a $75,000 home and mortgage. That family, because we balanced the budgets and because we had lower interest rates, would save between $1,500 and $1,700 every year. And here you have an average family. The average family income in America is $40,000. The Government is already taking half of that money between Federal, State, and local, leaving them only half to deal with all their needs, and we can take an act up here that will lower their interest payments on their home $1,500 to $2,000.

We have increased their disposable income by 10 percent—increased. There is nothing we could do, there is no Government program, there is no new bureaucracy, no new system taking care of people from Washington that will do so much good for the American family—the average family—than lowering the financial burden on that family, which happens if you balance the budget. It does not happen if you do not balance the budget.

Mr. President, balancing the budget will do more for every American than any Government program we can think of. We will save them $1,500 on a home mortgage of $75,000. We will save them $900 in lower interest rates if they buy a car. We will save them $2,000 in lower interest rates if they are borrowing money to send students to school.

The American family knows this. That is why 70 to 80 percent of them have been banging on the door of this town saying, ''For Heaven's sakes, get your spending under control. Quit taxing us to death. Quit spending money you do not have. Quit spending the future opportunity of our children.''

Balancing the budget will produce a rainbow and a nest egg in the checking account of every average family in America. Make no mistake about it. The great burden of running this Government falls on the average American family—not on the rich. You could take all the money the rich produce and you could not run this Government.

In the end, it is the average American that bears the burden—not the poor. It is the average American. The greatest good that we can do for that family is to balance our budget.

Now, Mr. President, several days ago the President admitted—which I was shocked about, but he did—the President said in speaking to a fundraising audience, ''I will surprise you, because I think I raised taxes too high in 1993.'' That is a pretty big mistake, Mr. President.

We raised taxes at a historical level—$250 billion-some-odd in new taxes—the highest in American history, and now the President says maybe that was a mistake. Not maybe it was a mistake, it was a mistake.

Why did he raise taxes? So that the Federal Government could spend more so that our deficits would continue to increase, so that interest rates are higher on every family, and they are paying thousands upon thousands of dollars because we do not have a balanced budget.

The President has now said that tax increase was a mistake. We agree with him. What we are saying is we are going to help the President fix that mistake. We are going to lower the economic burden on the American family.

He raised taxes $255 billion. We are going to lower it $245 billion. A lot of people try to connect that to the Medicare argument, which is a totally separate thing. The real connection here is between the President's tax increase of 1993 and the Republican tax refund of 1995. He raised them $255 billion and we are going to lower it $245 billion.

He said it was a mistake. It was. It has affected the economic stability of every middle-class family. Now we are going to lower it. We are going to help those very American families by lowering the economic pressure on them and relieving them from the pressure that he exacted in 1993.

We are going to balance the budget. We are going to lower interest rates in every American home. We are going to, therefore, expand the economy and therefore people are going to have shorter lines waiting to get a job. We are going to put hundreds of thousands of Americans to work because we balanced this budget.

Mr. President, we are going to reform welfare. Every American knows it needs to be done. Mr. President, we are going to secure Medicare for a quarter of a century. The trustees said it will go bankrupt in 6 years, but we are going to change that and strengthen it and keep it healthy for 25 years, according to the CBO yesterday. We are going to lower the economic burden and pressure on the American family by lowering taxes.

Every one of those things that we are talking about, every one of them, the American people want to have happen. Mr. President, it is time the Congress did what the American people wanted up here.

I yield the floor.

Mr. BYRD. Mr. President, I ask unanimous consent that I may speak not to exceed 20 minutes.

The PRESIDING OFFICER. As in morning business?

Mr. BYRD. It does not matter.

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

Mr. BYRD. I did not mean to give the Chair a short answer. I thought my request covered the situation very well.

UNITY ON BOSNIA POLICY

Mr. BYRD. Mr. President, there has been substantial movement toward a peace agreement among the warring factions in Bosnia, and the President deserves great credit for exercising strong leadership for moving this process forward in the last 2 months. The

conflict has gone on too long, and the horrendous spectacle of ethnic cleansing and prolonged, widespread inhumanity in the Balkans offends and disgusts all civilized society. It is clear that our European partners in NATO have been unable to bring the fighting to a halt and will be unable, Mr. President, to bring a lasting peace in the Balkans without strong American leadership. One might well argue that it is a European problem—and it is—and the European nations should be able to achieve a peaceful settlement without us—and they should. That would be what I think most people would like to see. But that has demonstrably not been the case over the last 2–3 years of carnage in Bosnia. Therefore, the President has taken a strong role in leading our allies to bring the parties to the peace table. A peace agreement has not yet been reached, but negotiations, so-called ''proximity talks,'' will begin at the end of this month of October, in Dayton, Ohio.

Mr. President, Administration officials have testified that the United States should participate in any NATO operation which would implement an accord that is reached among the warring parties. The Secretaries of Defense and State, and the Chairman of the Joint Chiefs of Staff, have all testified that the operation would be a NATO operation, and that there would be no so-called ''dual key'' command and control structure which includes a decision-making role by the United Nations. Those command and control arrangements were an abject failure in the U.N. operation in Bosnia over the last several years. The United Nations has tried valiantly to play a peaceful role in Bosnia, but it is clear that up to now there has been no peace to keep and that the ferocity and hatreds which have consumed the Bosnian factions have overwhelmed the ability of the United Nations to operate in a peace-enforcing role there. Therefore, it is appropriate that NATO assume any peacekeeping responsibility, since only the clear promise of overwhelming and swift retaliation against any group or individual that violates a peace accord is necessary for such an accord to work in the environment of the Balkans.

Mr. President, the question has arisen as to what role the Congress will play in determining the policy and possible deployment of American forces to the Balkans in connection with a peace treaty. There is substantial risk of casualties there, in spite of the fact that the purpose of any NATO force would be to police and implement an agreement among the parties. Cease fires in the Balkans have been routinely entered into and they have been just as routinely violated. The parties to the conflict cannot resist, it seems—cannot resist the temptation to take advantage of temporary weaknesses of their opponents to gain more territory or to commit more atrocities. Furthermore, the terrain is treacherous, made more so by the harshness of winter weather, which is the likely season that this accord will be reached, and, hopefully, such an accord will be reached.

I believe that any President, Democrat or Republican, is on dubious constitutional ground in deploying forces to be at risk abroad without the positive action in support thereof, by the Congress.

We could debate this all we want to debate it. I know we say, on the one hand, any President does not need Congress' approval. On the other hand, there are those who say he needs congressional approval. And there are arguments to be made on both sides. But I think of the wild animals in the forest, the lion, the tiger, the elephant—the wild animals in the forest. At some point or another they have to come to the waterhole. There is a big waterhole in that forest. Some may have to come sooner than others. But eventually they all have to come to the waterhole.

Well, the power of the purse is the waterhole in the constitutional process. The appropriation of money is the waterhole. So we can argue all we want, until we are blue in the face. But in the final analysis, unless that appropriation is there, unless the funds are provided, the use of military forces would automatically have to be cut off, you see. So that is the waterhole. We can argue all we want, but that power of the purse is the most effective power in the whole constitutional system—the power of the purse. That is why I have stood on my feet many, many times in the Senate and argued against shifting that power of the purse to the executive branch.

Well, I will not go further into that at this point. But we should all keep in mind the waterhole. All government agencies have to come down to the waterhole, sooner or later.

Well, only the Congress can fund such operations, and Congress has the sole responsibility, under the Constitution, to raise and maintain land and naval forces. But, aside from this constitutional requirement, from a commonsense political perspective, I think that any President is well advised to gain the prior support of the Congress, and therefore the American people, before committing forces that risk casualties, which will result in the expenditure of substantial sums of money, and which might be employed over a period of rather extended duration. Regardless of the differences between this proposed operation and the American deployment in 1990 to the Middle East to counter the aggression of Iraq against Kuwait, the risks, the costs, and the duration of peace implementation in Bosnia argue for the same need—the same need—for the President to solicit and gain the support of the Congress before going forward. As I wrote to the President on October 13th, I believe he should welcome the opportunity to rally the Nation behind him and ask for the approval of Congress for this proposed mission. As I stated in that letter, ''while this effort, of course, risks rejection, a sure political foundation seems essential to carry it over the shoals and storms of difficulties which could possibly confront our forces during an extended period of American military involvement.'' In my letter to President Clinton, I encouraged him to seek Congressional support and endorsement of any deployment of U.S. forces to the Balkans which might be required to enforce a peace agreement.

I am pleased to report to my colleagues that the President has responded to my inquiry, and he has responded in a most positive way. He wrote a letter to me, dated October 19, 1995, in which he says that he ''would welcome, encourage, and, at the appropriate time, request an expression of support by Congress promptly after a peace agreement is reached.''

Promptly after a peace agreement is reached. Let me say that again. He states that he ''would welcome, encourage, and, at the appropriate time, request an expression of support by Congress promptly after a peace agreement is reached. Such an expression of support would be in the national interest.'' Mr. President, I congratulate and commend President Clinton for taking this position. It will require a debate over the detailed plans adopted by the President to lead a NATO deployment, if and when an acceptable peace treaty is reached among the parties.

I emphasize the preliminary nature of these assurances. Delicate negotiations are underway among the parties, with the strong intermediary role played by this Administration and others in the European region. We in this body, in what we do and say, need to be cognizant of the delicacy of this process. It would be unfortunate if Congressional action at this time made that process more difficult. It would be most unfortunate if the peace process were to be derailed by premature action here as to what we would or would not do or should or should not do in the event of an agreement. Let us wait and see what the Administration can accomplish with the parties in the upcoming negotiations.

Given the preliminary nature of this process, I certainly cannot say today what my position will be on an American deployment. The President will have to make a clear case and a strong case, and a convincing case for it, if he desires to employ American forces on the ground in Bosnia. There will be a debate. There will be a thorough examination and understanding as to what the American national interests are in that event. I, personally, will approach such a request for Congressional support with an open mind.

The President goes on in his letter to me to say that ''our foreign policy works best when we are united in purpose . . . I intend to work with the Congress to make this happen.'' Mr. President, there will need to be a very

detailed understanding of the risks, duration, the nature of forces to be deployed, the command and control arrangements, the funding, and many other aspects of the ingredients of the participation of our forces in implementing any of these treaties involved. There undoubtedly will be a major debate, as occurred in the Senate before President Bush deployed forces in combat against Iraq. Now is not the time for that debate, or for second guessing. Let us let history take its course, certain that the President will, as he has promised, request Congressional support, endorsement, and participation when the details of an accord are reached and when the allies have determined whether and how NATO should implement it.

Mr. President, the President's letter is short. I shall read it into the RECORD.

DEAR ROBERT: Thank you for letter regarding whether or not I will seek Congressional authorization prior to committing United States troops to a NATO implementation force in Bosnia. I welcome the opportunity to set forth my position.

While maintaining the constitutional authorities of the Presidency, I would welcome, encourage and, at the appropriate time, request an expression of support by Congress promptly after a peace agreement is reached.

So, Mr. President, what could be more clear as to the President's intention?

Such an expression of support would be in the national interest. I believe, however, action at this time is premature pending the proximity peace talks to be held in Dayton, Ohio at the end of this month. I hope as the peace talks commence we can continue the process begun in Congressional hearings to brief and consult with Congress so that we secure the widest support possible for peace.

Those hearings have begun. They began in the Armed Services Committee just a few days ago, and the able Senator from New Hampshire [Mr. SMITH], who is presently presiding over the Senate with a degree of dignity and grace and skill that is ''so rare as a day in June,'' was present at the hearing, as I was, when we heard testimony.

As you know, our foreign policy works best when we are united in purpose. We have an historic opportunity in Bosnia to change the course of events, to prevent the spread of the conflict and to end the human suffering that has plagued the people of the region for so long. I intend to work with Congress to make this happen.

Thank you again for your words of support.

Sincerely,

BILL CLINTON.

Mr. President, I ask unanimous consent to have printed in the RECORD not only the President's letter but also my letter addressed to him, and to which I have alluded earlier in my remarks.

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

U.S. SENATE,
COMMITTEE ON APPROPRIATIONS,
Washington, DC, October 13, 1995.

The PRESIDENT,
The White House,
Washington, DC.

DEAR PRESIDENT CLINTON: Press reports today quote Secretary of Defense William Perry as stating that your Administration will not seek Congressional authorization prior to committing United States troops to a NATO peacekeeping operation in Bosnia, although such authorization would be ''welcome.'' If the reports are accurate, I urge you to reconsider this decision and actively seek prior authorization for this mission.

Given the gravity, risks, and costs associated with an extended peacekeeping operation in Bosnia, I think it would be wise to have the support of the American people and Congress behind you. I believe the Congressional majority should share full responsibility, from the outset, for any decision to accept the costs and risks of this proposed operation. As you know, President Bush sought and received the support of Congress and the American people for Operation Desert Storm in Iraq. That support would have been invaluable to him had the initial casualty predictions been realized, or if international contributions had not reimbursed U.S. costs associated with the mission.

Without outlining the risks and benefits of U.S. involvement in Bosnia and gaining the consent and cooperation of Congress in advance, it may well be difficult, if not impossible, to sustain or to pay for such involvement, particularly if factional fighting recurs. Secretary Perry was also quoted in the press as saying that it is ''not only a possibility, but likely'' that paramilitary groups would target U.S. forces in Bosnia.

I believe you should welcome the opportunity to use your considerable persuasive skills to rally the nation behind you, and that you should ask for the approval of Congress for this proposed mission before it commences. While this effort, of course, risks rejection, a sure political foundation seems essential to carry it over the shoals and storms of difficulties which could possibly confront our forces during an extended period of American military involvement. It should also serve as a signal to those who might consider testing our staying power that a strong measure of bipartisan and popular support underpins it.

As always, I appreciate your thoughtful consideration of my views on matters of this importance to our nation and your Presidency.

With kind regards, I am.

Sincerely yours,

ROBERT C. BYRD.

THE WHITE HOUSE,
Washington, DC, October 19, 1995.

Hon. ROBERT C. BYRD,
U.S. Senate,
Washington, DC.

DEAR ROBERT: Thank you for your letter regarding whether or not I will seek Congressional authorization prior to committing United States troops to a NATO implementation force in Bosnia. I welcome the opportunity to set forth my position.

While maintaining the constitutional authorities of the Presidency, I would welcome, encourage and, at the appropriate time, request an expression of support by Congress promptly after a peace agreement is reached. Such an expression of support would be in the national interest. I believe, however, action at this time is premature pending the proximity of peace talks to be held in Dayton, Ohio at the end of this month. I hope as the peace talks commence we can continue the process begun in Congressional hearings to brief and consult with Congress so that we secure the widest support possible for peace.

As you know, our foreign policy works best when we are united in purpose. We have an historic opportunity in Bosnia to change the course of events, to prevent the spread of the conflict and to end the human suffering that has plagued the people of the region for so long. I intend to work with Congress to make this happen.

Thank you again for your words of support.

Sincerely,

BILL CLINTON.

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

Mr. GREGG addressed the Chair.

The PRESIDING OFFICER. The Senator from New Hampshire.

Mr. GREGG. Mr. President, I first want to congratulate the Senator from West Virginia on his fine remarks relative to the issue of Bosnia. It is not my purpose to rise on that issue but I would make a comment that I think it is good that the President is willing to come to the Congress for prior authorization, as the Senate is familiar with the sense of the Senate which passed last week which I offered requesting the President to come to the Congress for prior approval.

I also suggest, however, that, if we wait until the agreement is reached on a peace accommodation or a peace accord, we may well be past the time when the Congress can take action effectively; that there has been discussion of the fact that we would have a very short time after a peace agreement has been reached to expect troops to be introduced into the region; in fact, 96 to 100 hours has been the discussion. Obviously, that would give a very short window for the Congress to express its views on whether or not we should be putting American soldiers at risk on the ground in Bosnia.

So I hope that we can take up this subject more substantively before a peace agreement is reached, if it is reached.

THE BUDGET

Mr. GREGG. Mr. President, I rise to associate myself with the remarks made earlier in the day by the Senator from Pennsylvania, Senator SANTORUM, who was addressing the fact that we have heard a great deal from the administration on the issue of their budget, and whether or not they have a budget which reaches a balanced budget.

As we all know, we on the Republican side of the aisle have produced a budget that reaches a balance, is scored by CBO as reaching balance over the next 7 years, and is the first budget to do so in the last 25 years. It is a budget that does this by reforming—and, I think, significantly improving—many of the functions of Government. We end for, example, welfare as an entitlement, and say to people in this country who seek to receive the support of the Government through welfare payments that they are expected to work after a certain amount of time on welfare, and they will only have the right to be on welfare for a period of up to 5 years throughout their lifetime.

It also addresses the issue of Medicaid by returning the authority for managing Medicaid with the dollars to the States, a major step forward in my

opinion. For example, in the State of New Hampshire I know that we will be able to deliver better health care to our indigent, to our people who are in need of health care who qualify for Medicaid, and to the disabled, especially young mothers with children, mothers with young children, and our young men also, in a much more efficient and effective way with probably more dollars in those programs by having the State manage that program at the State level and not having it be a Federal program.

We have in our budget reform improved significantly and strengthened the Medicare Program. In fact, we have taken the Medicare Program—which is on the brink of bankruptcy, according to the Medicare trustees headed in that direction, and will be there by the year 2002, and will begin next year to spend more money than it takes in, and thus starts this death spiral toward bankruptcy—taking that program, reform it, strengthen it, and will be giving our seniors dramatic new choices which they do not have today for alternative forms of health care delivery while retaining their right, preserving their right, to continue in their pre-Medicare delivery system, if they wish it, with their present doctors.

That Medicare reform and strengthening is done in I think a way that is fairly consistent with what is happening in the private sector. It is using the marketplace, saying to the senior citizens of this country, ''Listen, you should have the same choices those of us in Congress have. You should not be limited in your ability to choose other types of health care.''

So we have put forward plans which I believe are very aggressive, very effective, and very positive in reforming Government, in downsizing the rate of growth of the Federal Government, and in delivering a balanced budget.

Why have we done this? Republicans recognize that, if you do not do something about the problems of this country in the area of the deficit, we are going to be driving this country into bankruptcy.

This chart reflects that fact. The red lines represent entitlement spending; the blue lines discretionary spending; and, the yellow line is interest on the Federal debt. You will note that the green line represents the revenues of the Federal Government. You will see from this chart that, if we continue on our present path with the present rate of growth as a Government, beginning in the year 2010 we will only have enough money as a Government to pay for interest on the Federal debt and entitlement spending. That means all spending such as defense spending, spending on education, and spending on the environment, we will not be able to afford.

Beginning in about the year 2017, we will only have enough money to pay for the entitlement spending of the Federal Government, which means we will not be able to pay interest on the Federal debt.

What does that mean? That means we end up like Mexico was about a year and a half ago. We will be insolvent as a nation. We will have passed on to our children a country that is essentially bankrupt. It is not fair, not right, not appropriate, and it is not something this Congress is going to allow happen. That is why, as Republicans, we came forward with this rather dramatic idea of balancing the budget, and we delivered on it. We have produced a budget that is in balance.

However, the issue is, has the President done the same thing? Has he been a substantive player in this process? Has he contributed to it? That is the issue raised earlier today by the Senator from Pennsylvania when he suggested a sense-of-the-Senate resolution which would basically allow the other side, if they felt confident in the President's numbers, to put forward the President's budget and say, all right, we stand by the President's budget as an approach to balancing the budget.

I have not heard anyone from the other side of the aisle take up the Senator from Pennsylvania on that issue, and I do not expect we will because, as a practical matter, the President has not come forward with anything that reflects any type of a balanced budget.

CBO, which is the fair arbiter of scoring in this institution, and which the President designated as the fair arbiter of scoring at the beginning of his term in office in his first address to the joint session of the Congress, has calculated that the President's budget as sent up in February was out of balance by at least $200 billion per year as far as the eye could see, adding $1 trillion of new debt to the backs of our children over the next 7 years, and that his most recent submission, which was not sent up in budget form but was sent up basically in outline form, is also entirely out of balance and does not accomplish any sort of cloture on the deficit over that same timeframe of 10 years, which he professes as being the period when we should be balancing the budget. And so there is no proposal on the table from this administration which would lead us to a balanced budget.

That gets to the core of the issue. When you hear from the other side of the aisle, as we heard earlier today from the Senator from North Dakota and the Senator from California and the Senator from Minnesota, that our budget is insensitive, that we are not caring, that we are dastardly individuals on this side for trying to balance the budget because it impacts this group or that group—many of which representations, by the way, were inaccurate, especially in reference to the WIC Program—but when you hear those allegations, you have to ask yourself, what is the true insensitivity and unfairness in this country today? Is it not really that we as a generation, our generation—I am talking now about the postwar baby-boom generation, the Bill Clinton generation, of which I happen to be a member—is running up a huge debt for our day-to-day expenses, for expenses which we incur and enjoy the fruits of today but are not willing to pay for today, that we are taking that bill and passing it on to our children?

Is not the true injustice that is occurring today to the people of this country, and especially to the children of this country and to the next generation of this country, that if we continue on our present course we will be the first, the first generation in the history of this great and wonderful country—now, again I am referring to the postwar baby-boom generation—the first generation to pass on less to our children than was passed on to us by our elders.

That is the true insensitivity, and so we have addressed it, and we have addressed it in a very positive way, I believe.

Mr. President, I would simply conclude my remarks by saying that I believe the President of the United States has an obligation to engage in this process substantively rather than politically. He has engaged very well politically. There is no question about that. He has managed to go to almost every interest group in this country, including one group in the Midwest, to this group in the South, to that group in the West, far West, and represent that he is on their side in this budget issue.

I suggest that he come to the Congress and make specific proposals which do lead to a balanced budget rather than proposals which are simply structured for his reelection campaign. If he were to come to this Congress with proposals which would lead to a balanced budget, which were substantive, where he actually put on the table a budget with numbers balanced by CBO, we could close this matter rather quickly and, as a result, pass a better opportunity for a good life to our children, which is our primary obligation as Members of the Senate.

I notice the Senator from Louisiana has some guests present, and I would be happy to pause in my comments and in fact yield back my time so that the Senator from Louisiana can introduce his guests.

Mr. JOHNSTON addressed the Chair.

The PRESIDING OFFICER. The Senator from Louisiana.

Mr. JOHNSTON. Mr. President, I thank my distinguished friend.

VISIT TO THE SENATE OF THE PRESIDENT AND FIRST LADY OF MONGOLIA

Mr. JOHNSTON. Mr. President, on behalf of Senator HATFIELD and myself, I would like to introduce to the Senate the distinguished President of Mongolia, President Ochirbat and the First Lady, First Lady Tsevelmaa. Mr. Ochirbat is not only President of Mongolia, but he is generally credited with

being the architect of democracy in Mongolia.

Senator HATFIELD and I, and a number of other United States Senators, had the great pleasure and honor of going to Mongolia in August of this year, and frankly we were overwhelmed not only with the friendship extended to us but with the importance of this country, its strategic location in Asia and its friendship toward America.

So we welcome the President of Mongolia and the First Lady, and look forward to many years of friendship with the President and his great country.

[Applause, Senators rising.]

EXTENSION OF MORNING BUSINESS

Mr. HOLLINGS addressed the Chair.

The PRESIDING OFFICER. The Senator from South Carolina.

Mr. HOLLINGS. Mr. President, I ask consent that morning business be extended for another 20 minutes and I be recognized for that period.

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

Mr. HOLLINGS. I thank the distinguished Chair.

TREATMENT OF THE DEFICIT

Mr. HOLLINGS. Mr. President, I want to touch on an article in the morning news relative to how we have historically dealt with the problem of budget deficits. But first, let me touch on the point raised by my distinguished colleague from New Hampshire relative to the Congressional Budget Office's scoring of the Republican budget as balanced. I hope everyone within the sound of my ears and the view of this particular C–SPAN coverage will look at the RECORD. Yes, on the day before yesterday, on October 18—and you will find it in your CONGRESSIONAL RECORD at page 15263—a letter was included in the RECORD from the Director of the Congressional Budget Office doing exactly as the distinguished Senator from New Hampshire claimed. CBO said that not only was the GOP budget in balance but that by the year 2002, there would be a $10 billion surplus.

That was day before yesterday. On yesterday, October 19, if you please, Mr. President, another letter was sent from CBO to Senators CONRAD and DORGAN. I ask unanimous consent at this particular point that the letter be printed in the RECORD.

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

CONGRESSIONAL BUDGET OFFICE,
U.S. CONGRESS,
Washington, DC, October 19, 1995.

Hon. KENT CONRAD,
U.S. Senate, Washington, DC.

DEAR SENATOR: Pursuant to Section 205(a) of the budget resolution for fiscal year 1996 (H. Con. Res. 67), the Congressional Budget Office yesterday provided the Chairman of the Senate Budget Committee with a projection of the budget deficits or surpluses that would result from enactment of the reconciliation legislation submitted to the Budget Committee. As specified in section 205(a), CBO provided projections (using the economic and technical assumptions underlying the budget resolution and assuming the level of discretionary spending specified in that resolution) of the deficit or surplus of the total budget—that is, the deficit or surplus resulting from all budgetary transactions of the federal government, including Social Security and Postal Service spending and receipts that are designated as off-budget transactions. As stated in the letter to Chairman Domenici, CBO projected that there will be a total-budget surplus of $10 billion in 2002. Excluding an estimated off-budget surplus of $108 billion in 2002 from the calculation, CBO would project an on-budget deficit of $98 billion in 2002.

If you wish further details on this projection, we will be pleased to provide them. The staff contact is Jim Horney, who can be reached at 226–2880.

Sincerely,

JUNE E. O'NEILL.

Mr. HOLLINGS. I thank the distinguished Chair. Let me just highlight the pertinent part:

As specified in section 205(a), CBO provided projections on spending specified in that resolution of the deficit or surplus of the total budget, that is, the deficit or surplus resulting from all budgetary transactions of the Federal Government, including Social Security and Postal Service spending and receipts that are designated as off-budget transactions.

As stated in the letter to Chairman Domenici, CBO projected that there will be a total budget surplus of $10 billion in 2002. Excluding an estimated off-budget surplus of $108 billion in 2002 from the calculation, CBO would project an on-budget deficit of $98 billion.

So, unlike 2 days ago, when the CBO scored the GOP budget as having a $10 billion surplus in the seventh year, yesterday CBO scored it as leaving us with a $98 billion deficit. It piqued my interest because the CBO used the expression in the letter to Senator CONRAD ''including Social Security and Postal Service spending and receipts.''

What bothers me about that clause is that, this Senator, along with my distinguished colleague from Pennsylvania, the former Senator John Heinz, cosponsored an amendment that passed the Congress and was enacted by the President—namely, section 13301 of the Congressional Budget Act, which orders that Social Security funds shall not be used in citing in deficits or surpluses of the Government. That particular section puts Social Security off budget and in trust.

But today we learn that a mistake was made over at CBO. In considering the size of the Social Security surplus in the year 2002, they did not catch the fact that the Finance Committee had banked on a small change in the CPI, otherwise known as the Consumer Price Index. In turn, a reduction in the CPI reduces the amount of cost-of-living adjustments paid to Social Security recipients.

Under the law, this change in Social Security payments does not divert money to lower the deficit or to fund the general budget. Instead, if you save money in Social Security, the money merely adds to the surpluses in the Social Security trust fund.

Right now, Mr. President, we have a surplus of $481 billion in Social Security. We have a surplus in Medicare of $147 billion. And instead of recognizing that fact, we run around knocking over desks to get on TV and carry on about things that will happen 7 years from now for Medicare, 30 years from now with Social Security. What we don't do is to pay attention to the crisis that is happening right this minute.

And that brings me to the morning editorial by our friend, Mr. J. W. Anderson of the editorial staff of the Washington Post.

I ask unanimous consent that the editorial in its entirety, entitled ''This Is Leadership?'' be printed in the RECORD at this point.

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

[From the Washington Post, Oct. 20, 1995]

THIS IS LEADERSHIP?—SINCE 1973, THE DEFICIT HAS BEEN CENTRAL TO AMERICAN POLITICS

(By J.W. Anderson)

President Clinton's repudiation of his 1993 tax increase, followed by his ungainly scramble to repudiate the repudiation, has inflicted a severe injury on himself and his party. It becomes increasingly difficult to know exactly what he stands for.

His first budget with its tax increase and its attack on the deficit is arguably the bravest, and certainly the most useful, of his accomplishments as president. Now, alas, he's running after the Republicans' tax-cut bandwagon and throwing the best of his own record into doubt. But it's not unprecedented. President Bush, running for reelection in 1992, repudiated the tax increase that he had accepted in the very constructive budget compromise of 1990.

This country seems to be going through a series of presidencies eroded and diminished by the savage politics of intractable budget quarrels. How long will it continue? It's hard to say. The process has been going on for more than 20 years, and progress has been slow.

The origins of today's budget fights lie in the pivotal year 1973—the year that the great postwar boom ended.

For a quarter of a century, from the late 1940s into the early 1970s, standards of living improved faster than ever before in history. It happened throughout the world, but most spectacularly in the developed industrial democracies. As the long boom continued, governments began to think that they had at last solved the mysteries of economic growth and that they now knew how to keep their economies expanding steadily and rapidly.

The only question was the pleasant one of how best to spend the flood of wealth, private and public, that this boom was generating. Most of the democracies decided to put much of the new revenues into new and expanded social benefits—mainly pensions for the elderly and health care. In those years here in the United States, Medicare and Medicaid were enacted, and Social Security was greatly increased. In Western Europe, where the war years had created a hunger for security beyond anything in the American tradition, this expansion of benefits went much farther.

Then, in 1973, the boom suddenly ended. Economic historians still aren't quite sure

why it happened. The oil crisis had something to do with it and perhaps the American decision to take the dollar off the gold standard. But whatever the reasons, throughout the rich democracies—here in North America, in Western Europe and in Japan alike—the economic growth rates dropped to half the level of the previous 25 years.

The consequences have been huge. One of them was that high growth no longer produced the immense increases in tax revenues on which all those governments had been counting to finance the new social entitlements. But, having put those pensions and health insurance laws in place, they couldn't retreat from them. The result was the era—which still continues—of big budget deficits.

The United States is struggling with a deficit that now, counting all levels of government including states and municipalities, comes to about 2.2 percent of gross domestic product. All of the other big industrial democracies have bigger deficits—some of them much, much bigger.

The budget deficit has become central to American politics. It's the same in Europe, and more so because all of the European Union countries have agreed to get their deficits down as a condition of joining the common currency at the end of the decade. Most of them clearly won't make it, and they fear being shut out of continental prosperity. Just as deficit politics is weakening the American president, it's having the same effect in Europe. The most notable example at the moment is France's new president, Jacques Chirac, who is caught between economic reality and a series of unwise campaign promises.

The strongest political leader in Europe is Helmut Kohl, Germany's chancellor, who has responded forcefully to deficit dangers by slamming a heavy surtax on top of a tax burden that was already high. It's to pay the costs of modernizing formerly communist eastern Germany. Other presidents and prime ministers don't have the advantage of a widely accepted public need like that one.

Here in the United States, the past 22 years' record suggests that the country will coast along, weakened and distracted by its budget troubles until they produce a real financial crisis. Americans, and particularly American politicians, are good at meeting crises. Nothing short of a genuine crisis, it seems, can generate enough public attention and concern to make a real solution possible and return the federal budget to the small deficits of the years before 1973.

Mr. HOLLINGS. I thank the distinguished Chair.

Summarizing, if you please, Mr. President, Mr. Anderson states that ''from the late 1940's into the early 1970's, standards of living have improved faster than ever before'' in the history of this Nation. We had surplus moneys, and the only question was ''how best to spend the flood of wealth, private and public. . .'' And, as a result, we greatly increased Social Security, health care, Medicare, Medicaid and all these particular programs.

Then Mr. Anderson goes on and says, now wait.

Then, in 1973, the boom suddenly ended. . . (T)he oil crisis had something to do with it, taking the dollar off the gold standard had something to do with it. . . . The budget deficit has become central to American politics.

He cites how Europe has confronted this particular problem whereby the European countries have agreed that their deficits must be reduced as a condition of joining the common currency and, emphasizing, I quote,

The strongest political leader in Europe is Helmet Kohl, Germany's Chancellor, who has responded forcefully to deficit dangers by slamming a heavy surtax on top of a tax burden that was already high.

Now, that is historic, having the media praise somebody for increasing taxes. Let me go to the concluding sentence here of the Anderson article that I included in the RECORD.

And I quote:

Nothing short of a genuine crisis, it seems, can generate enough public attention and concern to make a real solution possible and return the Federal budget to the small deficits of the years before 1973.

Now, my point here, Mr. President, is, we have a crisis right here and now. The gentleman says, ''Nothing short of a genuine crisis * * * can generate enough public attention.'' The only hope we have is to use the free media to reveal that crisis. The press corps absolutely refuse to do it. They continue to report deficits in the terms of what they call a unified deficit, which, contrary to the law, includes the borrowing from the trust funds.

I can show you what I mean in article after article where $161.4 billion is cited as last year's deficit. The true deficit was $283.3 billion—because that is what you get if you subtract out your Social Security moneys, your civil service and military retirement, your Medicare and all the rest of the trust funds that you are going to have to pay back. And as of this minute, we owe the trust funds $1.255 trillion.

Now, under the Republican 7-year budget, we are going to use another $636 billion of Social Security moneys. So instead of owing Social Security $481 billion today, in 2002 we are going to owe over $1 trillion all the while beating our breast and saying that we are balancing the budget.

We have got to cut out the gamesmanship and get down to truth in budgeting. Mr. President, it is a heck of a note to have to write the Congressional Budget Office and ask, ''In accordance with the law, would you please cite the deficit?''

On one day, they cite a surplus of $10 billion. Then when we asked them to comply with the law, they said, ''Excuse us, there is a deficit of $98 billion.'' Now they have corrected that little mistake and got it up to $115 billion.

Just the other Sunday, I was listening to Mr. Russert on ''Meet the Press'' asking Mr. Panetta: ''Will you withstand those political charges and go along with this reduction in cost-of-living increases in order to balance the budget?''

Going along, with lowering cost-of-living increases in Social Security, does not balance the budget. It enhances the Social Security surplus. He said time and again on that particular program to Mr. MOYNIHAN.

My point is that historically we have gotten into the hands of the Philistines. I saw this start back in West Virginia with our friend, President John F. Kennedy, when he was Candidate Kennedy. They never expected in West Virginia that upbeat Harvard graduate was going to best the populous Hubert Humphrey. But Jack Kennedy had Lou Harris and played all the hot-button issues like a Stradivarius.

He came out on top, and then the rule of thumb came for all national elections, ''Get yourself a pollster.''

Our trouble is that the media act in complicity with the politicians. They get irritated or annoyed if you try to explain an issue. They want a quick, pithy, confrontational answer to any particular item. They do not care about an issue, they do not understand it, and they continue to report what is not the fact, namely, that you are balancing your budget when they know otherwise.

Mr. President, I ask unanimous consent that the budget table be printed in the RECORD.

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

BUDGET TABLES

[Outlays in billions]

Year	Government budget	Trust funds	Unified deficit	Real deficit	Gross Federal debt	Gross interest
1968	178.1	3.1	−25.2	−28.3	368.7	14.6
1969	183.6	−0.3	+3.2	+2.9	365.8	16.6
1970	195.6	12.3	−2.8	−15.1	380.9	19.3
1971	210.2	4.3	−23.0	−27.3	408.2	21.0
1972	230.7	4.3	−23.4	−27.7	435.9	21.8
1973	245.7	15.5	−14.9	−30.4	466.3	24.2
1974	269.4	11.5	−6.1	−17.6	483.9	29.3
1975	332.3	4.8	−53.2	−58.0	541.9	32.7
1976	371.8	13.4	−73.7	−87.1	629.0	37.1
1977	409.2	23.7	−53.7	−77.4	706.4	41.9
1978	458.7	11.0	−59.2	−70.2	776.6	48.7
1979	504.0	12.2	−40.7	−52.9	829.5	59.9
1980	590.9	5.8	−73.8	−79.6	909.1	74.8
1981	678.2	6.7	−79.0	−85.7	994.8	95.5
1982	745.8	14.5	−128.0	−142.5	1,137.3	117.2
1983	808.4	26.6	−207.8	−234.4	1,371.7	128.7

BUDGET TABLES—Continued

[Outlays in billions]

Year	Government budget	Trust funds	Unified deficit	Real deficit	Gross Federal debt	Gross interest
1984	851.8	7.6	−185.4	−193.0	1,564.7	153.9
1985	946.4	40.6	−212.3	−252.9	1,817.6	178.9
1986	990.3	81.8	−221.2	−303.0	2,120.6	190.3
1987	1,003.9	75.7	−149.8	−225.5	2,346.1	195.3
1988	1,064.1	100.0	−155.2	−255.2	2,601.3	214.1
1989	1,143.2	114.2	−152.5	−266.7	2,868.0	240.9
1990	1,252.7	117.2	−221.4	−338.6	3,206.6	264.7
1991	1,323.8	122.7	−269.2	−391.9	3,598.5	285.5
1992	1,380.9	113.2	−290.4	−403.6	4,002.1	292.3
1993	1,408.2	94.2	−255.1	−349.3	4,351.4	292.5
1994	1,460.6	89.1	−203.2	−292.3	4,643.7	296.3
1995	1,530.0	121.9	−161.4	−283.3	4,927.0	336.0
1996 estimate	1,583.0	121.8	−189.3	−311.1	5,238.0	348.0

Source: CBO's January, April, and August 1995 Reports.

	Year 2002 (billion)
1996 Budget: Kasich Conf. Report, p. 3 (deficit)	−$108
1996 Budget Outlays (CBO est.)	1,583
1995 Budget Outlays	1,530
Increased spending	+53
CBO Baseline Assuming Budget Resolution:	
Outlays	1,874
Revenues	1,884
This Assumes:	
(1) Discretionary Freeze Plus Discretionary Cuts (in 2002)	−121
(2) Entitlement Cuts and Interest Savings (in 2002)	−226
(3) Using SS Trust Fund (in 2002)	−115
Total reduction (in 2002)	−462

Mr. HOLLINGS. You can see how the spending has gone up. For example, from 1995 to 1996, spending goes from $1,530,000,000,000 in spending to $1,583,000,000,000 in spending. In other words, while we say that we are cutting spending, in fact we have increased spending 53 billion bucks.

Under the GOP plan we are supposed to cut $45 billion in spending this year. If you see in the last year of their plan you have to have a freeze of $96 billion, additional cuts of $25 billion—cuts in entitlements of $159 billion and interest savings of $67 billion, for a total of $226 billion—plus the Social Security trust fund of $115 billion.

Now those are a lot of facts and figures, but what I am saying is you have to have total reductions in 2002 of $462 billion. Let's get real. If you cannot, with a new group of freshmen spurring us to cut, get $45 billion, how are you going to get $462 billion?

That is why I told my colleague, the distinguished chairman of the Budget Committee, if this particular plan balanced in the year 2002, I would jump off the Capitol dome. There is no chance of that. They know it and I know it.

In the Commerce Committee, for example, we have presumed to save $15 billion. The truth is—and we all know it in the Commerce Committee—that $4.5 billion of the $15 billion is already expended in the telecom bill.

That has occurred in a lot of these other committees. In the Finance Committee yesterday, they have a mechanism for Medicare called BELT. You find out that the poor, the sick, and taxpayers in America are the ones that are going to be belted. That little phrase requires that if Congress comes in say $40 billion shy, they push off the heavy lifting on to the next Congress.

I ask unanimous consent, Mr. President, that a chart which I compiled earlier this year with respect to ''The Realities on Truth in Budgeting,'' be printed in the RECORD.

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

HOLLINGS RELEASES REALITIES ON TRUTH IN BUDGETING

Reality No. 1: $1.2 trillion in spending cuts is necessary.

Reality No. 2: There aren't enough savings in entitlements. Have welfare reform, but a jobs program will cost; savings are questionable. Health reform can and should save some, but slowing growth from 10 to 5 percent doesn't offer enough savings. Social Security won't be cut and will be off-budget again.

Reality No. 3: We should hold the line on the budget on Defense; that would be no savings.

Reality No. 4: Savings must come from freezes and cuts in domestic discretionary spending but that's not enough to stop hemorrhaging interest costs.

Reality No. 5: Taxes are necessary to stop hemorrhage in interest costs.

	1996	1997	1998	1999	2000	2001	2002
Deficit CBO Jan. 1995 (using trust funds)	207	224	225	253	284	297	322
Freeze discretionary outlays after 1998	0	0	0	−19	−38	−58	−78
Spending cuts	−37	−74	−111	−128	−146	−163	−180
Interest savings	−1	−5	−11	−20	−32	−46	−64
Total savings ($1.2 trillion)	−38	−79	−122	−167	−216	−267	−322
Remaining deficit using trust funds	169	145	103	86	68	30	0
Remaining deficit excluding trust funds	287	264	222	202	185	149	121
5 percent VAT	96	155	172	184	190	196	200
Net deficit excluding trust funds	187	97	27	(17)	(54)	(111)	(159)
Gross debt	5,142	5,257	5,300	5,305	5,272	5,200	5,091
Average interest rate on debt (percent)	7.0	7.1	6.9	6.8	6.7	6.7	6.7
Interest cost on the debt	367	370	368	368	366	360	354

Note.—Figures are in billions. Figures don't include the billions necessary for a middle-class tax cut.

Mr. HOLLINGS. Mr. President, I showed the cuts necessary at that time and showed that if you wanted to balance the budget without using the trust funds you had to increase revenues as well as cut spending.

Governors pay their bills, mayors pay their bills, but not us in Congress and the President. We have no idea of paying the bills. We blissfully continue this one grand political charade, this one grand fraud.

The only way I know to expose it is through the free press. Thomas Jefferson once commented that between a free government and a free press, he would choose the latter. You can have a free government, but you cannot hold it long unless you get a free press. But unfortunately, the free press here is a pollster press. In today's paper it says that the best of the best reporters were out eating supper instead of listening to the President's speech in Houston. They do not care. They get little snippets and stories, and you cannot get the truth. The truth is, Mr. Anderson, there is no crisis we are going to have to reach. We are in crisis now.

We have spending on automatic pilot. Next year we will have to pay $348 billion in interest costs on the national debt. That is a billion dollars a day. If that is not a crisis, I don't know what is. We can straighten out Medicare, but we do not have to devastate the Government in doing so. Neither side, including the President, has a balanced budget. The Democrats do not have a balanced budget, and the Republicans do not have a balanced budget. So we should not act like there is a choice at the present time.

The truth of the matter is that next year we will pay $348 billion in interest. They say you cannot avoid death and you cannot avoid taxes. Well, you cannot avoid interest costs. As such,

you have tax increases on automatic pilot of $1 billion a day. That is the hemorrhage we have to stop. That is the real problem confronting us. And we are not doing it. We are arguing whether it is for the middle class or rich, and who is going to get the political credit. We ought to stop these shenanigans and get down to the business at hand.

I thank the Chair.

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

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

POTENTIAL DEPLOYMENT OF AMERICAN TROOPS TO BOSNIA

Mr. DOLE. Mr. President, this week the Senate and the House began conducting hearings on the potential deployment of American ground forces to Bosnia and Herzegovina in the event a peace agreement is reached. This is the beginning of a very important process of congressional review and debate. I am pleased that the administration sent the Secretary of State, the Secretary of Defense, and the Chairman of the Joint Chiefs of Staff to testify on behalf of the administration's proposal.

Any decision to send American Forces into harms' way requires the utmost consideration. American interests may justify sending Americans into Bosnia, but the goals must be clear and the risks must be understood and weighed carefully.

Unfortunately, the administration has not yet made the case for its proposed operation. Many questions remain unanswered and many answers remain ambiguous.

The first task must be to persuade the Congress that this is the best option of the options available. And let me be clear, there are other options.

For over 3 years now, I have called for American leadership. For over 3 years now, I have called for NATO involvement. But, I am not convinced that exercising United States leadership and deploying NATO ground forces in support of a peace agreement that partitions Bosnia is the best or only option. We need to know: will American Forces be the guarantors of ethnic cleansing? Will they be used to prevent Moslem refugees from returning to their homes in what becomes the Bosnian Serb Republic?

With respect to the peace settlement, the administration must be able to ensure that any peace reached is a stable and sustainable peace—that there are defensible borders; that the Bosnian Government structure is viable; that this is not just the first step toward a greater Serbia.

If there is a genuine peace, there is a real question why tens of thousands of peacekeepers, including Americans, are needed? Moreover, how did the administration come up with the number 25,000 for the American ground force contribution? Is this solely the result of President Clinton's speech 2 years ago or is there a military rationale for it?

There is a lot of confusion as to what NATO's role will be. Will NATO ensure the territorial integrity of Bosnia? Who will accomplish the tasks that NATO does not wish to be involved in, such as facilitating the return of refugees, the conduct of free and fair elections, humanitarian operations?

What will this operation cost? What factors are current cost estimates based on? How does the administration plan to pay for such an operation? Was Secretary Perry serious when he said that the administration would take funds from missile defense programs—intended to protect Americans from the growing threat of missile defenses—for peacekeeping?

What are the criteria for success of this operation? What is the exit strategy? How do we ensure that the Bosnians can defend themselves once peacekeepers leave? Who will arm and or train the Bosnians?

It seems to me that developments in recent months have vindicated the overwhelming majority in Congress who argued that the Bosnians and the Croats were capable of defending themselves if armed. It has also demonstrated that NATO air power can be used effectively and that Bosnian Serb Forces are not invincible. The military balance began shifting in Bosnia, but I am not sure that it has stabilized. In my view, lifting the arms embargo on Bosnia is as relevant in a post-settlement situation as it is now. This matter cannot be avoided and must be resolved as part of any peace settlement.

The bottom line is that Congress is not yet in possession of the facts. Indeed, the administration is not in possession of the facts. There is no settlement yet. But, with that in mind, we must make sure that we do not deploy any forces without clear answers to these critical questions. I am deeply concerned that since current NATO plans call for initial deployments within a few days of a settlement being signed that we may not have all the answers—and that the administration will go ahead and deploy forces and try to figure out what they will be doing after they are already on the ground.

In view of these many unanswered questions—and those I have raised are by no means all-inclusive—I would strongly urge the administration to cooperate with the Congress and provide us with the information we need to make an informed judgment.

Furthermore, I strongly urge the administration to seek congressional authorization for any deployment of United States ground forces to Bosnia. This was my view prior to the gulf war, and it is now. It is essential that the American people are behind any undertaking that places thousands of our soldiers in a dangerous environment for a prolonged period of time.

Mr. President, let me also express my deep concern about other aspects of the diplomatic process and the talks that are due to begin on August 31 in Dayton, OH. The agenda does not include Kosova which has been under martial law for over 6 years now. This is not just a matter of human rights, but a question of Kosova's status. Even in the former Yugoslavia, Kosova had autonomous status—the people and their assembly could make their own decisions. Today, there are 2 million Albanians there under an apartheid-like system—A large majority terrorized and oppressed by a small minority.

We cannot let Serbian President Slobodan Milosevic off the hook for Kosova, or for his continued support of paramilitary forces which are reported today to have slaughtered hundreds of Moslem men and boys in northern Bosnia. Milosevic is no peacemaker, rather the mastermind behind ethnic cleansing, oppression, and aggression in the former Yugoslavia. As early as 1992, senior U.S. Government officials accused him of war crimes. But today, he has been invited by this administration to the United States to participate in peace talks. I believe that this was a serious error in judgment which calls into question the administration's commitment to the prosecution of war criminals in the former Yugoslavia. Sure, Milosevic has not yet been indicted by the war crimes tribunal, but, there is no doubt that he has given support and safe haven to some of the most notorious war criminals. Slobodan Milosevic should not be issued a visa. If the administration insists on this, at the very least, it should ensure that any visa issued to Milosevic confines him to Wright Patterson Air Force Base. He does not deserve to be treated like other foreign dignitaries.

Finally, there should be no comprehensive sanctions relief on Serbia until there is a satisfactory resolution of the situation in Kosova. Unless there is a comprehensive settlement including Kosova, there will be no stability in the region—one of the key objectives presently being cited by the administration. The sanctions on Serbia are the only leverage the United States and the international community have been willing to use on the Belgrade regime.

Mr. President, I hope that the administration will address my concerns and those of my colleagues, and cooperate with the Congress so that together we can determine what is in the best interest of the United States.

EXTENSION OF TIME FOR MORNING BUSINESS

Mr. FEINGOLD. Mr. President, I ask unanimous consent that morning business be extended.

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

AUTHORIZING TROOPS IN BOSNIA

Mr. FEINGOLD. I, too, am about to speak about the situation in Bosnia and am glad to follow on the remarks of the majority leader and the Senator from West Virginia, both of whom have expressed a concern about the role of Congress as we go forward with this possible commitment of troops into the situation in Bosnia.

This week, administration officials testified before the Senate Foreign Affairs Committee, the Senate Armed Services Committee, the House International Relations Committee, and the House National Security Committee on the issue of the deployment of United States troops as a part of NATO's implementing force in the Republic of Bosnia and Herzegovina.

While the testimony laid out some of the proposals the administration is contemplating, it opened up many, many questions for consideration, some of which the majority leader just listed. The most constructive forum, in my view, to debate those issues, though, is through the constitutional process embodied by the War Powers Act by which Congress is required to authorize the deployment of troops into imminent hostilities. For that reason, I am pleased that just today the President has indicated that he will seek congressional approval of the mission, as Senator BYRD just reported. I am not completely satisfied, however, that the President will request authorization prior to the time that he has actually made a commitment. I want to be sure that he does not sign a peace treaty with that commitment in it and then come back and say, ''By the way, I need your approval to go forward.''

If Congress is going to really be a partner in the process envisioned under the Constitution then we should either vote on an authorization prior to the commitment to deploy is made, or alternatively, the President should clearly state that any commitment he makes for U.S. troop deployment during negotiations is contingent upon congressional approval. One way or the other, the President has in effect rendered Congress' role meaningless.

To ensure that this most necessary exchange takes place in the most constructive sequence, Mr. President, I am going to introduce a sense-of-the-Senate resolution today which would express our intention to vote on a resolution of approval prior to the commitment to introduce United States forces in Bosnia as a part of IFOR. My resolution does not approve or disapprove of the administration's proposal. Rather, it requires the Senate to debate and vote on it before we are presented with a commitment to deploy. What I am trying to avoid, Mr. President, is being presented with a fait accompli to authorize a deployment, and therefore undermine the important debate that we should have had.

Mr. President, in many respects this is a bit of a rehash of the war powers debate, the debate about whether this body has the right and the responsibility to authorize the use of American troops. Indeed, the mere fact that this resolution is needed indicates the institutional crisis we face in this country about how we make the gravest of decisions—the decision about whether to send American men and women in harm's way overseas.

This is a debate we face every time American troops are called to active duty. Unfortunately, it is not a question we have seriously sought to resolve. Instead, we seem to muddle through each crisis and try to work out sort of a case-by-case understanding between the Congress and the President, somehow hoping that the skeleton of war powers will stay hidden in the closet just until the current crisis goes away, as if there is not going to be another crisis in the future.

Mr. President, the issue of war powers will not go away because its purpose really makes too much sense to ignore. While the War Powers Act has certainly failed as a mechanism for implementing article I of the Constitution, its intention should be heeded, and Bosnia is a perfect example of why.

The Constitution and the War Powers Act were both crafted to take advantage of the collective wisdom and power of both the President and the Congress in making some of the most serious decisions we face. Our democracy does not vest in one person so much power that he or she alone can use military force to accomplish their own goals. Rather, our system splits such an awesome power by charging the President with commanding the Army, the Navy, and giving Congress both the power to declare war and the responsibility to appropriate funds for military action.

Mr. President, Congress is not simply supposed to be consulted on such matters or just be a rubberstamp for such actions. Congress is supposed to be an active partner in this process.

Mr. President, I think this is shared power worth protecting. While I have no doubt of President Clinton's motives in committing 20,000 troops to Bosnia, I want to ensure that some other future President does not have the unilateral authority to send 80,000 troops for some reason that she or he alone supports. We have to remember that how we proceed here can and will set a precedence on how troops are deployed for other peacekeeping or peace-enforcing missions.

Mr. President, this process is also important for marshaling public support for any military operation—which, as any of our veterans will tell you, is a critical element for success for any mission. It is through the authorization process that the mission is explained and refined to the American people generally, and specifically for those folks that are asked to serve their country and risk their lives. The questions are answered, fears are alleviated, and the American people are given an opportunity to air their views on what the mission means and is worth to them.

In this case, in this case of Bosnia, there are many, many, unanswered questions at this point, many good questions that the President will want to answer in building support for this mission.

Mr. President, these are very, very crucial questions. They are fair questions. Their answers hold great consequences for this country, for NATO, for the Balkans, and perhaps for the world.

Certainly, if we are going to do something as drastic as deploy U.S. troops, we have to create a process by which the Congress and the executive work together to forge a workable and attainable mission.

Mr. President, my main point is that consultations are not going to be enough. Authorization that comes just after a commitment to the parties has already been made is not sufficient, either. Congress has to have this debate before the President is authorized to commit troops, and any commitment he makes prior to congressional approval, I believe, has to be explicitly conditioned upon subsequent congressional consent.

This is the only way to ensure that article I of the Constitution is respected and that the awesome decision of placing U.S. troops into imminent hostility is one that is jointly made by the executive and the legislative branches. Our troops must have the confidence that, if they are going to be sent to Bosnia, they are doing it with the support of the American public through their elected Representatives. If they cannot get that, then perhaps we may actually say that their mission may not be worth the risk.

Mr. President, I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. CRAIG). The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

NATIONAL ENDOWMENTS

Mr. PELL. Mr. President, I find it both ironic and disheartening to be standing here 30 years after the establishment of the National Foundation on the Arts and the Humanities—30 years distinguished by success in preserving and nurturing the arts and scholarship of our Nation—defending the very principles upon which the legislation was created. As one of the founding sponsors of the legislation authorizing the National Endowments, I am deeply concerned about the future of these extraordinary agencies.

I am told that the old arguments no longer work. Opponents dismiss the overwhelming evidence that a national infrastructure results in greater public access to our culture. They gloss over the fact that American creative excellence influences the way we are perceived as a Nation and remembered when the history of our civilization is documented. They ignore the many studies which demonstrate how the arts have stimulated local economies by revitalizing downtown areas, attracting tourism and providing jobs and taxable income.

Yet, who can deny that Americans of all ages from every corner of the country have a tremendous thirst to learn, enjoy and participate in the great diversity of our Nation's culture? The public is aware that the Endowments have brought a great value to millions of Americans. The voices acknowledging this are no longer silent, but are being heard in increasing numbers. And what the people seek is not to be found in the commercial marketplace. Throughout the ages, the great legacies of art and scholarship have been created, sustained and preserved with some form of patronage. They should not now be expected to pay for themselves.

I am proud when our American artists are recognized for their excellence with invitations to demonstrate their work abroad. I am equally proud when a child remains in school and improves his grades as a result of the positive experience he has had with a school-based arts program. The National Endowment for the Arts fosters American creativity just as the National Endowment for the Humanities stimulates learning. I firmly believe that regardless of our differences of wealth, race, religion and political belief, our cultural development binds us together, develops our character as Americans and establishes our common heritage.

The Endowments were founded and have been sustained over the years with bipartisan support. Hearings before the full committee earlier this year demonstrated that the trend can continue. What has happened to this bipartisanship elsewhere in Congress? Why has the divisive tactics of a few led to so much time being devoted to such a small amount of money?

While critics eager to further polarize our parties have focused on a very few controversial grants, perhaps they have missed the fact that the Arts Endowment Design Program led the way in convening a design panel to plan the post-bombing redevelopment of downtown Oklahoma City. Perhaps they did not know that a world-class American dance company performed in their home town or that young members of a string quartet gave a series of workshops in their schools. Perhaps they are unaware that many grateful constituents remember the role of both Endowments in bringing hope, joy, inspiration, knowledge and healing to their own communities.

Perhaps, too, the critics did not notice the valuable changes in the agency's procedures instituted by National Endowment for the Arts Chairman Jane Alexander last year that go a long way toward addressing the public's concerns by strengthening the Chairman's oversight of Endowment grantees and making the Endowment respond more effectively to the needs of the people. I fully understand that many Americans are troubled when they hear of works distasteful to them that are funded (or rumored to be funded) in part with their tax dollars. Nevertheless, while the Endowment has awarded well over 100,000 grants, fewer than 40 have resulted in any controversy. The remaining 99.96 percent of all grants made are testament to the Endowment's success.

As each of my colleagues know from their own constituents, the public's investment in a relatively small Endowment grant is often the key to stimulating the release of large amounts of State and local funds and private contributions. Unlike most Federal programs, the National Endowment for the Arts initiatives leverage 12 non-Federal dollars for each Federal dollar invested. Similarly, the National Endowment for the Humanities stimulates an average of $70 million in private support annually. In all probability, this money would never have become available to the recipients without the initial Endowment recognition. Donors look to the Endowments for leadership when they decide how to allocate their funds, and it is these private funds that guarantee the survival of the best of our country's arts and scholarship. In short, removal of the national recognition and the stimulation of partnerships offered through Federal grants will dramatically reduce all forms of State and local cultural support.

Can we not move beyond the ideology of a few? Last July, the Committee on Labor and Human Resources voted 12 to 4 in favor of an amendment in the nature of a substitute to S. 856 to improve and extend the National Foundation on the Arts and Humanities Act of 1965, the Museum Services Act, and the Acts and Artifacts Indemnity Act. The committee report reaffirms the Government's commitment to, and interest in, supporting arts and humanities projects throughout the Nation well into the future. After four hearings and lengthy debate, the committee determined that the agencies do provide valuable service to the American public and should be maintained.

October is National Arts and Humanities Month. Let us use the occasion to reflect upon the eloquent words of President Kennedy delivered shortly before the Endowments were founded:

> I see little of more importance to the future of our country and our civilization than full recognition of the place of the artist. * * * I look forward to an America which will reward achievement in the arts as we reward achievement in business and statecraft. I look forward to an America which will steadily raise its standards of artistic accomplishment and which will steadily enlarge cultural opportunities for all of its citizens.

I believe that the National Endowment for the Arts has been remarkably successful in furthering this ideal. Arts is no longer the privileged domain of a relatively few practitioners and connoisseurs; it no longer exists in a remote and rarefied atmosphere. It can no longer be considered as incidental or peripheral to our way of life. It is central to the life we cherish and to the beliefs we hold; for as a nation we are reaching toward maturity, and the surest sign of maturity lies in the growing expression of an indigenous and creative national culture.

The Arts Endowment provides critical assistance in creating and presenting our Nation's music, theater, dance, literature, painting, sculpture, photography, film and video, design arts and folk arts. Without this funding, many popular programs would simply not exist, let alone be made available to millions. Even the very limited funds appropriated for the Endowment help keep ticket prices reasonable, thus enabling lower income citizens, young people, the elderly and the disabled to gain access to our common culture.

The Humanities Endowment has supported and preserved the work of an extraordinary group of scholars and historians, and stimulated a wide array of new scholarship—all of which has served to expand our Nation's collective knowledge of history, literature, philosophy, languages, and religion. Many know of the agency's role in sponsoring thrilling interpretive exhibitions and informative films on public television. It has also helped to fund such diverse projects as a dictionary of American language, an encyclopedia of bioethics, the publication of George Washington's papers, the distribution of the ''Civilization'' series to 2,000 colleges, the microfilming of over 600,000 brittle books and repair of 100,000 additional volumes, training for conservators, summer seminars for teachers, the introduction of various new technologies to the classroom, and repairs to museum, library, and school collections damaged by Hurricane Andrew and the Midwest floods.

Parents and teachers know the importance of arts and humanities curricula; and studies confirm that they teach young people creativity, increase self-discipline, develop analytical and communication skills, and are a critical means of passing on an understanding of American culture and civilization to the next generation.

I urge my colleagues to stop using the Endowments as pawns in an ideological war and move to reaffirm the Government's support of the arts and humanities. It is very important that we act on the reauthorization of the National Foundation for the Arts and Humanities Act of 1995 this year and I fervently hope that our leadership will

schedule a time to consider bill S. 856 as soon as possible.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Thomas, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session the Presiding Officer laid before the Senate messages from the President of the United States submitting sundry nominations which referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

MESSAGES FROM THE HOUSE

At 12:08 p.m., a message from the House of Representatives, delivered by Ms. Goetz, one of its reading clerks, announced that the House has passed the following bill, in which it requests the concurrence of the Senate:

H.R. 2425. An act to amend title XVIII of the Social Security Act to preserve and reform the Medicare Program.

ENROLLED BILLS SIGNED

The following enrolled bills, previously signed by the Speaker of the House, were signed on today, October 20, 1994, by the President pro tempore [Mr. THURMOND]:

S. 227. An act to amend title 17, United States Code, to provide an exclusive right to perform sound recordings publicly by means of digital transmissions and for other purposes.

S. 268. An act to authorize the collection of fees for expenses for triploid grass carp certification inspections, and for other purposes.

S. 1111. An act to amend title 35, United States Code, with respect to patents on biotechnological processes.

MEASURES REFERRED

The following bill was read the first and second times by unanimous consent and referred as indicated:

H.R. 2425. An act to amend title XVIII of the Social Security Act to preserve and reform the Medicare Program; to the Committee on Finance.

ENROLLED BILLS PRESENTED

The Secretary of the Senate reported that on October 20, 1995, he had presented to the President of the United States, the following enrolled bills:

S. 227. An act to amend title 17, United States Code, to provide an exclusive right to perform sound recordings publicly by means of digital transmissions, and for other purposes.

S. 268. An act to authorize the collection of fees for expenses for triploid grass carp certification inspections, and for other purposes.

S. 1111. An act to amend title 35, United States Code, with respect to patents on biotechnological processes.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. STEVENS, from the Committee on Governmental Affairs, with an amendment in the nature of a substitute:

S. 929. A bill to abolish the Department of Commerce (Rept. No. 104–164).

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. ABRAHAM (for himself, Mr. HEFLIN, Mr. LOTT, Mr. NICKLES, Mrs. HUTCHISON, Mr. CRAIG, and Mr. KYL):

S. 1346. A bill to require the periodic review of Federal regulations; to the Committee on Governmental Affairs.

By Mr. COATS:

S. 1347. A bill to authorize the Secretary of Transportation to issue a certificate of documentation with appropriate endorsement for the vessel *Captain Daryl*, and for other purposes; to the Committee on Commerce, Science, and Transportation.

S. 1348. A bill to authorize the Secretary of Transportation to issue a certificate of documentation with appropriate endorsement for the vessel *Alpha Tango*, and for other purposes; to the Committee on Commerce, Science, and Transportation.

S. 1349. A bill to authorize the Secretary of Transportation to issue a certificate of documentation with appropriate endorsement for the vessel *Old Hat*, and for other purposes; to the Committee on Commerce, Science, and Transportation.

By Mr. FEINGOLD:

S. 1350. A bill to promote increased understanding of Federal regulations and increased voluntary compliance with such regulations by small entities, and for other purposes; to the Committee on Governmental Affairs.

By Ms. MOSELEY-BRAUN:

S. 1351. A bill to encourage the furnishing of health care services to low-income individuals by exempting health care professionals from liability for negligence for certain health care services provided without charge except in cases of gross negligence or willful misconduct, and for other purposes; to the Committee on the Judiciary.

By Mr. D'AMATO (for himself and Mr. MOYNIHAN):

S. 1352. A bill to direct the Secretary of the Interior to make technical corrections in maps relating to the Coastal Barrier Resources System; to the Committee on Environment and Public Works.

By Mr. DORGAN (for himself, Mr. BUMPERS, Mr. DEWINE, and Mr. LAUTENBERG):

S. 1353. A bill to amend title 23, United States Code, to require the transfer of certain Federal highway funds to a State highway safety program if a State fails to prohibit open containers of alcoholic beverages and consumption of alcoholic beverages in the passenger area of motor vehicles, and for other purposes; to the Committee on Environment and Public Works.

SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

The following concurrent resolutions and Senate resolutions were read, and referred (or acted upon), as indicated:

By Mr. FEINGOLD:

S. Res. 187. A resolution to express the sense of the Senate that Congress should vote on the deployment of U.S. Armed Forces in the Republic of Bosnia and Herzegovina; to the Committee on Foreign Relations.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. ABRAHAM (for himself, Mr. HEFLIN, Mr. LOTT, Mr. NICKLES, Mrs. HUTCHISON, Mr. CRAIG, and Mr. KYL):

S. 1346. A bill to require the periodic review of Federal regulations; to the Committee on Governmental Affairs.

THE REGULATORY REVIEW ACT OF 1995

● Mr. ABRAHAM. Mr. President, I rise in support of the Regulatory Review Act of 1995, which I introduce today on behalf of myself and Senators HEFLIN, LOTT, NICKLES, HUTCHISON, CRAIG, and KYL.

It is only common sense that the utility of a rule may change as circumstances change. Under current law, however, a rule enjoys eternal life unless the agency that promulgated it takes affirmative steps to terminate it. And in fact agencies rarely choose to burden themselves with the task of reexamining the rules they have promulgated. As a result, our rulebooks are littered with rules that are obsolete, inconsistent with other rules, or just plain unnecessary.

The weight of this heap of outdated rules rests most heavily on the small businesses of this country. Unlike larger firms, small businesses cannot spread the costs of regulation over a large quantity of output. Nor can they pass their regulatory headaches on to an accounting department, legal counsel, or human resources division. Instead, in case after case the entrepreneur himself must spend innumerable hours attempting to comply with the mandates of Federal regulators. It comes as no surprise, then, that problems relating to regulation and Government paperwork were the fastest growing areas of concern in a recent survey conducted by the National Federation of Independent Businesses.

The Regulatory Review Act would solve the problems caused by unnecessary rules. Under the act, the Administrator of the Office of Information and Regulatory Affairs in the Office of Management and Budget would coordinate and supervise agency reviews of covered rules, which largely would be rules that impose annual costs of $100 million or more. Covered rules not reviewed by the end of their review period would terminate. The duration of review periods under the act would be up to 7 years, plus a possible extension of 6 months. Finally, the act itself would sunset after 10 years.

There are several reasons why OIRA should be given supervisory authority over the regulatory review process. Obviously, the review process will involve determinations as to whether the rules

of one agency conflict with or duplicate those of another agency. Those determinations will require a global, interagency perspective that comes much more naturally to OIRA than to the individual agencies themselves. Additionally, vesting this authority in OIRA, rather than scattering it among the various agencies, will provide a timely reaffirmation of what Alexander Hamilton called the unity of the executive in Federalist No. 70.

It is also worth noting that the act avoids two areas of contention that arose during debate on S. 343, the regulatory reform bill. First, the act contains no decisional criteria; instead, rules would be reviewed according to whatever criteria already exist under current law. Second, the act would not affect the availability of, or standards for, judicial review of final agency action. Thus, at bottom, the act stands for the commonsense principle that agencies should be required to review their rules periodically.

Mr. President, I urge the Senate to address this issue without delay. The small businesses represented by the National Federation of Independent Businesses, which strongly supports the Regulatory Review Act, demand no less.●

By Mr. COATS:

S. 1347. A bill to authorize the Secretary of Transportation to issue a certificate of documentation with appropriate endorsement for the vessel *Captain Daryl,* and for other purposes; to the Committee on Commerce, Science, and Transportation.

CERTIFICATION OF DOCUMENTATION LEGISLATION

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

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

S. 1347

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

SECTION 1. CERTIFICATE OF DOCUMENTATION.

Notwithstanding section 27 of the Merchant Marine Act, 1920 (46 U.S.C. App. 883), section 8 of the Act of June 19, 1886 (24 Stat. 81, chapter 421; 46 U.S.C. App. 289), and sections 12105 through 12108 of title 46, United States Code, the Secretary of Transportation may issue a certificate of documentation with appropriate endorsement for the vessel CAPTAIN DARYL, United States official number 64320.●

By Mr. COATS:

S. 1348. A bill to authorize the Secretary of Transportation to issue a certificate of documentation with appropriate endorsement for the vessel *Alpha Tango,* and for other purposes; to the Committee on Commerce, Science, and Transportation.

CERTIFICATION OF DOCUMENTATION LEGISLATION

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

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

S. 1348

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

SECTION 1. CERTIFICATE OF DOCUMENTATION.

Notwithstanding section 27 of the Merchant Marine Act, 1920 (46 U.S.C. App. 883), section 8 of the Act of June 19, 1886 (24 Stat. 81, chapter 421; 46 U.S.C. App. 289), and sections 12106 through 12108 of title 46, United States Code, the Secretary of Transportation may issue a certificate of documentation with appropriate endorsement for the vessel ALPHA TANGO, United States official number 723340.●

By Mr. COATS:

S. 1349. A bill to authorize the Secretary of Transportation to issue a certificate of documentation with appropriate endorsement for the vessel *Old Hat,* and for other purposes; to the Committee on Commerce, Science, and Transportation.

CERTIFICATION OF DOCUMENTATION LEGISLATION

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

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

S. 1349

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

SECTION 1. CERTIFICATE OF DOCUMENTATION.

Notwithstanding section 27 of the Merchant Marine Act, 1920 (46 U.S.C. App. 883), section 8 of the Act of June 19, 1886 (24 Stat. 81, chapter 421; 46 U.S.C. App. 289), and sections 12106 through 12108 of title 46, United States Code, the Secretary of Transportation may issue a certificate of documentation with appropriate endorsement for the vessel OLD HAT, United States official number 508299.●

By Mr. FEINGOLD:

S. 1350. A bill to promote increased understanding of Federal regulations and increased voluntary compliance with such regulations by small entities, and for other purposes; to the Committee on Governmental Affairs.

THE SMALL BUSINESS FAIR TREATMENT ACT OF 1995

● Mr. FEINGOLD. Mr. President, I am pleased to introduce the Small Business Fair Treatment Act of 1995, a measure designed not only to afford regularly relief to our Nation's small businesses, but also to begin to change the attitude of Government regulators who are often viewed by small business as adversaries rather than as sources of help and guidance.

Mr. President, the regulatory structure that has developed over the years performs important safety, health, and consumer protection functions.

Just 2 years ago, a cryptosporidium outbreak in the city of Milwaukee's water supply left 104 people dead and over 400,000 people seriously ill.

That was a tragic reminder of how just one small crack in the regulatory process can have devastating consequences for a community that until then had never experienced any such problems.

The need for strong, effective regulations is undeniable.

At the same time, few would dispute that the current regulatory system needs meaningful reform.

Mr. President, I have held over 175 listening sessions in my home State of Wisconsin during the 2½ years that I have been a Member of this body.

Countless times I have had constituents stand up at these meetings and express their tremendous frustration and anger with a regulatory process that too often is impractical, impersonal, and needlessly burdensome.

This body debated a regulatory reform proposal earlier this summer that sought to respond to this widespread frustration and anger.

But many of the proposals that were offered on the floor of the Senate during that regulatory relief debate earlier this summer focused more on changes in the actual rulemaking process and featured solutions that if not entirely Washington-based at least took a Washington perspective in addressing the issue.

The central devices that evolved in that debate as the tools by which the regulatory process would be improved, such as judicial review and the petition process, were approaches to regulatory relief that reflected a large corporation, Washington lobbyist, Washington law firm based approach to solutions.

Mr. President, there certainly is a role for our Nation's larger corporate citizens to play in the regulatory climate of this country, but those interests do not always represent the interests of all businesses, and the solutions to the regulatory problems of large businesses are not always appropriate or effective for smaller businesses.

While a multinational corporation with substantial resources might find it reasonable to devote funds to an enhanced petition process, that kind of solution might mean little for a small, family owned business with a fraction of the resources of a large firm, and little working knowledge of the rulemaking process.

As well, Mr. President, solutions proposed during the regulatory relief debate did little to focus on the day-to-day, practical problems of regulation with which small businesses must contend.

By contrast, this legislation focuses on small business, and on the practical problems of dealing with Government agencies and regulations.

It contains a number of provisions that make it easier for small businesses to comply with Government regulations, including several that are similar to some excellent ideas offered as part of legislation sponsored by the chair of the Senate Small Business Committee, Mr. BOND, as well as others that have been implemented at the direction of President Clinton.

The bill requires agencies to publish compliance guides that provide a straightforward, plain language description of a rule or regulation with which a small business must comply.

These guides would be required to be published and disseminated by the agency before any enforcement action was brought.

Beyond the obvious help these guides could be for businesses affected by a Government regulation, requiring an agency to think out and describe a new regulation in a clear and understandable way will only enhance the ability of that agency to administer the regulation.

The bill also requires agencies to establish procedures for the use of so-called no action letters. These are letters issued by an agency in response to a specific request of clarification from a small business trying to comply with that agency's regulations.

The bill requires agencies to make a timely determination whether or not to issue such a no action letter, and if such a letter is issued, the bill establishes that the business could rely on it in an enforcement action related to matters laid out in the letter.

In addition to providing specific direction to a small business in dealing with subjective interpretations of agency regulations, a no action letter also establishes a record to which other businesses can turn in seeking guidance on how a particular regulation should be interpreted.

A body of no action letters also ensures consistency in the interpretation of regulations by an agency, something that can only further enhance compliance.

Mr. President, the bill also allows small businesses to request an audit from a regulator without the fear that the findings of such an audit would be used in any enforcement action.

The findings from such an audit would not be used in any enforcement action, if correction of any identified problem were made within 180 days, except if the basis of the enforcement action were a violation of criminal law, or if the voluntary audit was requested for the purpose of avoiding disclosure of information required for an investigative, administrative, or judicial proceeding that, at the time of the audit, was imminent or in progress.

In listening to small businessmen and women in Wisconsin, one of the most troubling complaints that is raised with respect to Government regulation is the feeling that Government agencies too often take a confrontational or adversarial approach in dealing with the business.

Whether or not this feeling is justified in every instance, in many instances, or in only a few, it is honestly felt and reveals a problem that needs fixing.

When the relationship between those who oversee and enforce regulations and those who must observe them deteriorates in this manner, it only hinders compliance.

By allowing businesses to request a review of their operations, without fear that the results would be used against them, we can begin to improve that relationship, and change the way business perceives regulators from adversaries to sources of help.

Mr. President, another provision in the bill allows small business a 6-month grace period to correct violations of Environmental Protection Agency regulations after they have been identified, unless there is imminent risk to public health or worker safety.

This proposal has already been implemented at the direction of President Clinton, and in my own State of Wisconsin, small businesses have informed me that this extra time has allowed them to work with EPA to develop a plan of action to deal with an identified problem.

We should codify this directive, and this bill does just that.

Another Presidential directive that we should codify is allowing regulators to waive up to 100 percent of the punitive fines on small businesses for first-time violations where the firm acts quickly and sincerely to correct the problem.

While as a general rule, we should ensure that rules and regulations are enforced uniformly, it makes sense to provide regulators some flexibility in addressing the first-time regulatory infractions of a small business.

Small businesses trying to comply with regulations should be allowed to devote scarce resources to correcting problems instead of paying fines.

Here again the target of this measure is not only to provide regulatory relief to small business, it is to improve and enhance the relationship between small businesses and Government agencies.

Though these last two provisions have been implemented by executive order, enacting them into law will give them permanence, and will prevent future Presidents from simply rescinding them through subsequent Executive order.

An additional directive of the President's that merits the full force of Federal law is a prohibition against using personnel practices that reward agency employees, directly or indirectly, based on the number of contacts made with small entities in pursuit of enforcement actions, or on the amount of fines levied against small entities to enforce agency regulations.

The section responds to comments made to my office by small business people who have reported that agency personnel have felt compelled to find something wrong, even if it is small, in order to justify their visit to the firm.

This goes to the heart of what the role of a regular is. Personnel practices based on these kinds of performance incentives may quite naturally provoke adversarial relationships. Regulators need to remain independent from the entities they oversee, but unnecessary antagonism can actually hinder efforts to ensure compliance with the rules.

Mr. President, I want to reiterate my sincere and spirited support for reforming the regulatory process that is currently in place.

The current system is not acceptable; the need for reform is clear and imperative.

And though the larger regulatory reform legislation has bogged down, I very much hope a compromise can be worked out and a meaningful reform package can be enacted into law.

But, Mr. President, even if a compromise can be hammered out, it is likely that it will still reflect a process-oriented approach that may provide large corporate interests with avenues for relief, but does little to address the day-to-day problems facing small business.

Nor does such legislation address the very real feeling of small businesses that Government regulators too often act as adversaries rather than to provide guidance in helping firms to comply with the law.

Mr. President, the provisions of this bill are designed to help do just that.

The provisions outlined in this measure both provide some practical regulatory relief and can improve the relationship between businesses and agencies. The process reforms of other regulatory reform measures merit our consideration, but I urge my colleagues not to allow that approach to dominate a debate which should rightly be focused on that portion of the business world that is most severely burdened by Government regulation—small business.

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

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

S. 1350

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 Fair Treatment Act of 1995''.

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—REGULATORY SIMPLIFICATION AND VOLUNTARY COMPLIANCE
Sec. 101. Definitions.
Sec. 102. Compliance guides.
Sec. 103. No action letter.
Sec. 104. Voluntary self-audits.
TITLE II—MISCELLANEOUS PROVISIONS
Sec. 201. Performance measures.
Sec. 202. Grace period for correction of violations of Environmental Protection Agency regulations.
Sec. 203. Waiver of punitive fines for small entities.

TITLE I—REGULATORY SIMPLIFICATION AND VOLUNTARY COMPLIANCE

SEC. 101. DEFINITIONS.

For purposes of this Act, the following definitions shall apply:

(1) COMPLIANCE GUIDE.—The term ''compliance guide'' means a publication made by a covered agency under section 102(a).

(2) COVERED AGENCY.—The term ''covered agency'' means any agency that, on the date of enactment of this Act, has promulgated any rule for which a regulatory flexibility analysis was required under section 605 of title 5, United States Code, and any other agency that promulgates any such rule, as of the date of enactment of this Act.

(3) NO ACTION LETTER.—The term ''no action letter'' means a written determination from a covered agency stating that, based on a no action request submitted to the agency by a small entity, the agency will not take enforcement action against the small entity under the rules of the covered agency.

(4) NO ACTION REQUEST.—The term ''no action request'' means a written correspondence submitted by a small entity to a covered agency—

(A) stating a set of facts; and

(B) requesting a determination by the agency of whether the agency would take an enforcement action against the small entity based on such facts and the application of any rule of the agency.

(5) RULE.—The term ''rule'' has the same meaning as in section 601(2) of title 5, United States Code.

(6) SMALL ENTITY.—The term ''small entity'' has the same meaning as in section 601(6) of title 5, United States Code.

(7) SMALL BUSINESS CONCERN.—The term ''small business concern'' has the same meaning as in section 3 of the Small Business Act.

(8) VOLUNTARY SELF-AUDIT.—The term ''voluntary self-audit'' means an audit, assessment, or review of any operation, practice, or condition of a small entity that—

(A) is initiated by an officer, employee, or agent of the small entity; and

(B) is not required by law.

SEC. 102. COMPLIANCE GUIDES.

(a) COMPLIANCE GUIDE.—

(1) PUBLICATION.—If a covered agency is required to prepare a regulatory flexibility analysis for a rule or group of related rules under section 603 of title 5, United States Code, the agency shall publish a compliance guide for such rule or group of related rules.

(2) REQUIREMENTS.—Each compliance guide published under paragraph (1) shall—

(A) contain a summary description of the rule or group of related rules;

(B) contain a citation to the location of the complete rule or group of related rules in the Federal Register;

(C) provide notice to small entities of the requirements under the rule or group of related rules and explain the actions that a small entity is required to take to comply with the rule or group of related rules;

(D) be written in a manner to be understood by the average owner or manager of a small entity; and

(E) be updated as required to reflect changes in the rule.

(b) DISSEMINATION.—

(1) IN GENERAL.—Each covered agency shall establish a system to ensure that compliance guides required under this section are published, disseminated, and made easily available to small entities.

(2) SMALL BUSINESS DEVELOPMENT CENTERS.—In carrying out this subsection, each covered agency shall provide sufficient numbers of compliance guides to small business development centers for distribution to small businesses concerns.

(c) LIMITATION ON ENFORCEMENT.—

(1) IN GENERAL.—No covered agency may bring an enforcement action in any Federal court or in any Federal administrative proceeding against a small entity to enforce a rule for which a compliance guide is not published and disseminated by the covered agency as required under this section.

(2) EFFECTIVE DATES.—This subsection shall take effect—

(A) 1 year after the date of the enactment of this Act with regard to a final regulation in effect on the date of the enactment of this Act; and

(B) on the date of the enactment of this Act with regard to a regulation that takes effect as a final regulation after such date of enactment.

SEC. 103. NO ACTION LETTER.

(a) APPLICATION.—This section applies to all covered agencies, except—

(1) the Federal Trade Commission;

(2) the Equal Employment Opportunity Commission; and

(3) the Consumer Product Safety Commission.

(b) ISSUANCE OF NO ACTION LETTER.—Not later than 90 days after the date on which a covered agency receives a no action request, the agency shall—

(1) make a determination regarding whether to grant the no action request, deny the no action request, or seek further information regarding the no action request; and

(2) if the agency makes a determination under paragraph (1) to grant the no action request, issue a no action letter and transmit the letter to the requesting small entity.

(c) RELIANCE ON NO ACTION LETTER OR COMPLIANCE GUIDE.—In any enforcement action brought by a covered agency in any Federal court or Federal administrative proceeding against a small entity, the small entity shall have a complete defense to any allegation of noncompliance or violation of a rule if the small entity affirmatively pleads and proves by a preponderance of the evidence that the act or omission constituting the alleged noncompliance or violation was taken in good faith with and in reliance on—

(1) a no action letter from that agency; or

(2) a compliance guide of the applicable rule published by the agency under section 102(a).

SEC. 104. VOLUNTARY SELF-AUDITS.

(a) PROCEDURES.—Each agency shall establish voluntary self-audit procedures for small entities regulated by the agency.

(b) INADMISSIBILITY OF EVIDENCE AND LIMITATION ON DISCOVERY.—If action to address a violation is taken not later than 180 days after the date on which a voluntary self-audit is concluded, the evidence described in subsection (c)—

(1) shall not be admissible, unless agreed to by the small entity, in any enforcement action brought against a small entity by a Federal agency in any Federal—

(A) court; or

(B) administrative proceeding; and

(2) may not be the subject of discovery in any enforcement action brought against a small entity by a Federal agency in any Federal—

(A) court; or

(B) administrative proceeding.

(c) APPLICATION.—For purposes of subsection (b), the evidence described in this subsection is—

(1) a voluntary self-audit made in good faith; and

(2) any report, finding, opinion, or any other oral or written communication made in good faith relating to such voluntary self-audit.

(d) EXCEPTIONS.—Subsection (b) shall not apply if—

(1) the act or omission that forms the basis of the enforcement action is a violation of criminal law; or

(2) the voluntary self-audit or the report, finding, opinion, or other oral or written communication was prepared for the purpose of avoiding disclosure of information required for an investigative, administrative, or judicial proceeding that, at the time of preparation, was imminent or in progress.

TITLE II—MISCELLANEOUS PROVISIONS

SEC. 201. PERFORMANCE MEASURES.

No covered agency shall establish or enforce agency personnel practices that reward agency employees, directly or indirectly, based on the number of contacts made with small entities in pursuit of enforcement actions or on the amount of fines levied against small entities to enforce agency regulations.

SEC. 202. GRACE PERIOD FOR CORRECTION OF VIOLATIONS OF ENVIRONMENTAL PROTECTION AGENCY REGULATIONS.

(a) IN GENERAL.—Subject to subsection (b), for violations of regulations identified on or after the date of enactment of this Act, the Administrator of the Environmental Protection Agency shall afford small entities 180 days after the date on which the violation is identified to correct such violation.

(b) EXCEPTION.—Subsection (a) shall not apply—

(1) if the Administrator of the Environmental Protection Agency determines that there is an imminent risk to public health or worker safety; or

(2) to a violation of a regulation for which criminal liability may be imposed.

SEC. 203. WAIVER OF PUNITIVE FINES FOR SMALL ENTITIES.

Notwithstanding any other law, policy, or practice, a covered agency may waive all or part of a punitive fine that would otherwise be imposed on a small entity if—

(1) the fine is for a first time violation of a law or regulation; and

(2) the small entity acts quickly and in good faith to correct the violation.●

By Ms. MOSELEY-BRAUN:

S. 1351. A bill to encourage the furnishing of health care services to low-income individuals by exempting health care professionals from liability for negligence for certain health care services provided without charge except in cases of gross negligence or willful misconduct, and for other purposes; to the Committee on the Judiciary.

THE CHARITABLE MEDICAL CARE ACT OF 1995

● Ms. MOSELEY-BRAUN. Mr. President, I am pleased to introduce the Charitable Medical Care Act of 1995. This legislation is designed to ensure that licensed providers, who, in good faith, provide medical treatment without compensation, are not sued. Currently, because of malpractice concerns, health care professionals have a disincentive to volunteer their services. This act does not apply in situations of gross negligence or willful misconduct.

Protection from liability for voluntarily providing uncompensated care is not a new idea. Currently, eight States, including my home State of Illinois, have laws in place that free doctors, who practice voluntarily and in good faith, from at least some part of malpractice liability. These States include: Virginia, Utah, North Carolina, Florida, Kentucky, South Carolina, Iowa, and Washington, DC.

My legislation builds upon existing Good Samaritan laws. Good Samaritan laws prevent an individual who acted

in good faith from liability in the event a mishap occurs. In 1959, California enacted the Nation's first Good Samaritan statute. Today, all 50 States, and Washington, DC, have adopted some form of a Good Samaritan statute. These statutes exempt the volunteers from tort liability for ordinary negligence in rendering emergency aid to an individual. The rationale for these laws is to encourage health professionals to aid persons in need of assistance.

The need for free clinics and voluntarism by health professionals has never been more striking. There were 41 million uninsured Americans in this country last year. Voluntarism by health care professionals has been instrumental in providing health care to the uninsured. Free clinics have a preventative and primary care focus. They offer an alternative to emergency rooms, which have become family doctors to far too many. They also represent an enormous savings to the entire health care system. In the tradition of family doctors, these clinics offer a primary care continuum.

Free clinics supplement community clinics that provide care to those without insurance as well as those on Medicaid. Together these clinics provide the majority of care in underserved communities. More than 1,500 free and community clinics serve over 10 million individuals each year in this country. In my State of Illinois last year, 17,350 people were served and over $600,000 worth of care was provided. The potential impact of charitable care is not insignificant. It is estimated that charitable medical care provides care to 30 percent of the currently uninsured population.

Free clinics have served a valuable service and will continue to provide vital access to health care to the poor. While I am a firm supporter of universal coverage, it appears that, at least for a while, millions of Americans will remain uncovered. The number of uninsured Americans increased from 37.4 million in 1993 to 41 million in 1994, an increase of nearly 4 million individuals. Proposed changes in Medicaid and Medicare will most certainly increase this number.

The role of free clinics and voluntarism by professionals is, and will remain, an important part of the health care delivery system. This is particularly true in urban and rural underserved areas. Thus far, free clinics have been very successful in serving the community. Their success is due to their broad-based community support and the voluntarism of the medical community. Medical liability suits are very rare.

Doctors and other medical personnel who voluntarily provide quality medical care to the poor are an essential component of free/community clinics. Free clinics can not provide services, however, if barriers to voluntarism remain. One of the best ways to increase voluntarism is through some protection from liability. It is critical that we encourage doctors to volunteer their services to those who cannot afford such care. I believe the legislation I am introducing today will go a long way toward achieving this goal.

I urge my colleagues to join me in support of this important legislation.●

By Mr. D'AMATO (for himself and Mr. MOYNIHAN):

S. 1352. A bill to direct the Secretary of the Interior to make technical corrections in maps relating to the Coastal Barrier Resources System; to the Committee on Environment and Public Works.

COASTAL BARRIER RESOURCES SYSTEM LEGISLATION

● Mr. D'AMATO. Mr. President, I introduce legislation with my friend and colleague, Senator MOYNIHAN, which would correct a technical error that has prevented certain residents of my State from participating in the National Flood Insurance Program. Specifically, this bill would direct the Secretary of the Interior to make technical corrections in the current maps of the Coastal Barrier Resources System [COBRA]. A companion to this bill, H.R. 2005, was introduced in the House of Representatives by Congressman MICHAEL FORBES on July 11, 1995 and was approved by the House Committee on Resources on September 27, 1995. This necessary legislation is supported by the administration.

In 1990, the Department of the Interior's Fish and Wildlife Service made a technical error when it designated part of the Point O'Woods community on Fire Island in New York as part of an otherwise protected area [OPA]. As a result of this technical error, homeowners in this part of the country are restricted from protecting their properties through the purchase of Federal flood insurance.

Mr. President, the Fish and Wildlife Service concedes that the designation of these residences as part of an OPA was erroneous. The administration testified in support of the House version of this legislation before the Oceans, Fisheries, and Wildlife Subcommittee of the House Committee on Resources. The inadvertent error in the COBRA map has greatly complicated community efforts to relocate houses away from high erosion zones and otherwise practice effective coastal barrier management. This legislation would allow the Point O'Woods community the opportunity, which other American homeowners in similar areas currently have, to participate in the Federal Flood Insurance Program. The Federal Government actively encourages participation in this important program in order to minimize taxpayer costs in the event of a natural disaster.

Mr. President, I ask unanimous consent that a copy of a letter written to me by the U.S. Fish and Wildlife Service in support of this correction and the text of the bill be printed in the RECORD.

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

S. 1352

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

SECTION 1. CORRECTION TO MAP.

(a) IN GENERAL.—The Secretary of the Interior shall, before the end of the 30-day period beginning on the date of the enactment of this Act, make such corrections to the map described in subsection (b) as are necessary—

(1) to move on that map the eastern boundary of the excluded area covering Ocean Beach, Seaview, Ocean Bay Park, and part of Point O'Woods to the western boundary of the Sunken Forest Preserve; and

(2) to ensure that on that map the depiction of areas as ''otherwise protected areas'' does not include any area that is owned by the Point O'Woods Association (a privately held corporation under the laws of the State of New York).

(b) MAP DESCRIBED.—The map described in this subsection is the map that is included in a set of maps entitled ''Coastal Barrier Resources System'', dated October 24, 1990, that relates to the unit of the Coastal Barrier Resources System entitled Fire Island Unit NY–59P.

DEPARTMENT OF THE INTERIOR,
FISH AND WILDLIFE SERVICE,
Washington, DC, October 20, 1995.

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

DEAR SENATOR D'AMATO, At the request of staff on the Senate Committee on Environment and Public Works and the Committee on Banking, Housing, and Urban Affairs, I am writing to inform you of the position of the Department of the Interior on legislation to modify unit NY59P of the Coastal Barrier Resources System. This letter is consistent with testimony before the House Committee on Resources, which I have enclosed.

The House Resources Committee is in the process of reviewing H.R. 2005, a bill introduced by Congressman Forbes making technical corrections to maps relating to the Coastal Barrier Resources System. The U.S. Fish & Wildlife Service supports passage of H.R. 2005 in its current form and agrees with the removal of a portion of unit NY59P from the Coastal Barrier System to correct a technical error. However, we would oppose the addition of other provisions dealing with any other units to this bill without full opportunity for Service review.

H.R. 2005 seeks to remove a portion of unit NY59P, Fire Island, New York, from the Coastal Barrier System. This unit is part of the Fire Island National seashore and is mapped as an otherwise protected area. Otherwise protected areas are defined by the CBRA as coastal barriers which are ''included within the boundaries of an area established under Federal, State, or local law, or held by a qualified organization as defined in Section 170(h)(3) of the Internal Revenue Code of 1954, primarily for wildlife refuge, sanctuary, recreational, or natural resource conservation purposes.'' The Department of the Interior recommended to Congress that otherwise protected areas not be included in the System and therefore no further refinement of the mapped boundaries were made. However, with the passage of the 1990 legislation, Congress prohibited the sale of Federal flood insurance within otherwise protected areas thus retaining these units in the System. The property owned by the Point O'Woods Association in unit NY59P is not part of this otherwise protected area and therefore, was mistakenly included in the System.

The Service recommends that the boundary of NY59P be modified to remove the Point O'Woods property from within the boundary of NY59P, and we support H.R. 2005 in its current form. Please feel free to contact me or our Office of Congressional and Legislative Services if you have questions or require further information.

Sincerely,

——— ——— ———,

Assistant Director, External Affairs.●

By Mr. DORGAN (for himself, Mr. BUMPERS, Mr. DEWINE, and Mr. LAUTENBERG):

S. 1353. A bill to amend title 23, United States Code, to require the transfer of certain Federal highway funds to a State highway safety program if a State fails to prohibit open containers of alcoholic beverages and consumption of alcoholic beverages in the passenger area of motor vehicles, and for other purposes; to the Committee on Environment and Public Works.

THE NATIONAL DRUNK DRIVING PREVENTION ACT

● Mr. DORGAN. Mr. President, I rise today to offer the National Drunk Driving Prevention Act which will put an end to our Nation' s policy of tolerating open alcoholic containers in vehicles. I am pleased that a strong bipartisan group of my colleagues are joining me in this effort as original cosponsors: Senator BOXER, Senator BUMPERS, Senator CHAFEE, Senator DEWINE, Senator LAUTENBERG, and Senator MURRAY.

According to the National Highway Traffic Safety Administration, it is still legal in 26 States in this country for passengers in a vehicle to have open containers of alcoholic beverages in vehicles while the vehicle is in operation. In six States it is perfectly legal for a driver of a car to put one hand on the steering wheel and with the other, grab a bottle of whisky and drive off drinking. In my judgment, this is unacceptable.

It seems to me that we should make it a matter of national policy that there ought to be a strict separation between drinking and driving. By tolerating drinking of alcoholic beverages in cars we are ignoring one of the most deadly causes of traffic deaths in this country—people drinking while they drive.

During the period 1982 through 1993, approximately 266,000 persons lost their lives in alcohol-related traffic accidents. In 1993, over 17,000 people died on our Nation's roads in alcohol-related accidents—that's an average of 1 every 30 minutes. That figure is about 40 percent of the total number of traffic fatalities in the United States in 1993. The National Highway Transportation Safety Administration [NHTSA], estimates that over 1 million persons a year are injured in alcohol-related crashes—an average of 1 person every 26 seconds.

Especially disturbing is the fact that drunk driving is a major killer of youths. According to the National Commission Against Drunk Driving, alcohol-related traffic fatalities hit the youth more than any other group. In 1993, youths were killed at a rate of 11 alcohol-related traffic fatalities per 100,000 license drivers compared to 8 per 100,000 for adult drivers. Traffic crashes are the greatest single cause of death for every age between the ages of 6 and 32—almost half of these crashes are alcohol-related.

This legislation would make the roads throughout the Nation safer by requiring all States to enact open container laws. If a State does not comply within 4 years, 1.5 percent of its Federal highway construction funds would be transferred to its Federal allocation of highway safety funds.

The 1991 ISTEA legislation—Intermodal Surface Transportation and Efficiency Act—authorized incentive grants to States which would allow States a 5-percent increase in highway traffic safety allocations if that State has enacted legislation prohibiting open containers. The fact is that incentive grants have not worked—over half of the States continue to permit open containers in vehicles. I think the results speak for themselves.

It seems to me that stronger efforts must be made. Since half the States have not enacted open container laws, the Congress must do something at the Federal level to urge States to take action. Incentive grants have been available for some time and we seem to have not made much progress under that approach.

Earlier this year, I offered an amendment to S. 440, the National Highways Systems Designation Act, which was very similar to this legislation. This bill differs in that it provides States with 2 more years to comply. Under this legislation, States would have until 1999 to enact laws prohibiting open containers in vehicles.

Drinking and driving cannot be seen as a personal moral decision. When someone decides to drink and drive, that person is not simply putting himself and others in danger. That person is a threat to innocent drivers, passengers, and pedestrians. The odds are that 2 out of every 5 Americans will be involved in an alcohol-related traffic accident, regardless of their drinking habits.

The fact is that every third drunk driving fatality is an innocent victim—a nondrinking driver, passenger, or pedestrian. Under the Intermodal Surface Transportation Efficiency Act of 1991, the Federal Government is requiring States to enact laws requiring the use of seat belts and helmets, which are matters of personal safety, in the interest of traffic safety. Allowing individuals to mix drinking and driving is not just a matter of personal safety—it is a matter of public safety with serious public concerns. All the more reason, I believe, for the Congress to require States to address this concern.

This legislation takes a positive step and makes good public policy. This bill provides a strong incentive for States to enact laws prohibiting the insane behavior of drinking in a moving vehicle. If States fail to comply, States would not lose any Federal funds. Rather, States would have 1.5 percent—in fiscal year 1999—or 3 percent—in any fiscal years thereafter—transferred to its Federal allocation of highway safety funds.

I urge my colleagues to support this legislation and I ask unanimous consent that the full text of the bill be printed in the RECORD.

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

S. 1353

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

SECTION 1. SHORT TITLE.

This Act may be cited as the ''National Drunk Driving Prevention Act of 1995''.

SEC. 2. OPEN CONTAINER LAWS.

(a) ESTABLISHMENT.—Chapter 1 of title 23, United States Code, is amended by adding at the end the following:

§ 161. Open container requirements

''(a) PENALTY.—

''(1) GENERAL RULE.—

''(A) FISCAL YEAR 2000.—If, at any time in fiscal year 2000, a State does not have in effect a law described in subsection (b), the Secretary shall transfer 1.5 percent of the funds apportioned to the State for fiscal year 2001 under each of paragraphs (1), (2), and (3) of section 104(b) to the apportionment of the State under section 402.

''(B) FISCAL YEARS THEREAFTER.—If, at any time in a fiscal year beginning after September 30, 2000, a State does not have in effect a law described in subsection (b), the Secretary shall transfer 3 percent of the funds apportioned to the State for the succeeding fiscal year under each of paragraphs (1), (2), and (3) of section 104(b) to the apportionment of the State under section 402.

''(b) OPEN CONTAINER LAWS.—For the purposes of this section, each State shall have in effect a law that prohibits the possession of any open alcoholic beverage container, or the consumption of any alcoholic beverage, in the passenger area of any motor vehicle (including possession or consumption by the driver of the vehicle) located on a public highway, or the right-of-way of a public highway, in the State. If a State has in effect a law that makes the possession of any open alcoholic beverage container unlawful in the passenger area by the driver (but not by a passenger) of a motor vehicle designed to transport more than 10 passengers (including the driver) while being used to provide charter transportation of passengers, the State shall be deemed in compliance with subsection (a) with respect to the motor vehicle for each fiscal year during which the law is in effect.

''(c) FEDERAL SHARE.—The Federal share of the cost of any project carried out under section 402 with funds transferred under subsection (a) to the apportionment of a State under section 402 shall be 100 percent.

''(d) TRANSFER OF OBLIGATION AUTHORITY.—If the Secretary transfers under subsection (a) any funds to the apportionment of a State under section 402 for a fiscal year, the Secretary shall allocate an amount of obligation authority distributed for the fiscal year to the State for Federal-aid highways and highway safety construction programs for carrying out only projects under section 402 that is determined by multiplying—

''(1) the amount of funds transferred under subsection (a) to the apportionment of the

State under section 402 for the fiscal year; and

''(2) the ratio of the amount of obligation authority distributed for the fiscal year to the State for Federal-aid highways and highway safety construction programs to the total of the sums apportioned to the State for Federal-aid highways and highway safety construction (excluding sums not subject to any obligation limitation) for the fiscal year.

''(e) LIMITATION ON APPLICABILITY OF HIGHWAY SAFETY OBLIGATIONS.—Notwithstanding any other law, no limitation on the total of obligations for highway safety programs carried out by the Secretary under section 402 shall apply to funds transferred under subsection (a) to the apportionment of a State under section 402.

''(f) DEFINITIONS.—In this section:

''(1) ALOCOHOLIC BEVERAGE.—The term 'alcoholic beverage' has the meaning provided in section 158(c).

''(2) MOTOR VEHICLE.—The term 'motor vehicle' has the meaning provided in section 154(b).

''(3) OPEN ALCOHOLIC BEVERAGE CONTAINER.—The term 'open alcoholic beverage container' has the meaning provided in section 410.

''(4) PASSENGER AREA.—The term 'passenger area' shall have the meaning provided by the Secretary by regulation.''.

''(b) CONFORMING AMENDMENT.—The analysis for chapter 1 of title 23, United States Code, is amended by adding at the end the following.

''161. Open container requirements''.●

ADDITIONAL COSPONSORS

S. 295

At the request of Mrs. KASSEBAUM, the names of the Senator from Indiana [Mr. COATS] and the Senator from Tennessee [Mr. FRIST] were added as cosponsors of S. 295, a bill to permit labor management cooperative efforts that improve America's economic competitiveness to continue to thrive, and for other purposes.

S. 309

At the request of Mr. BENNETT, the name of the Senator from Massachusetts [Mr. KERRY] was added as a cosponsor of S. 309, a bill to reform the concession policies of the National Park Service, and for other purposes.

S. 490

At the request of Mr. GRASSLEY, the name of the Senator from Missouri [Mr. ASHCROFT] was added as a cosponsor of S. 490, a bill to amend the Clean Air Act to exempt agriculture-related facilities from certain permitting requirements, and for other purposes.

S. 939

At the request of Mr. SMITH, the name of the Senator from Kentucky [Mr. MCCONNELL] was added as a cosponsor of S. 939, a bill to amend title 18, United States Code, to ban partial-birth abortions.

S. 953

At the request of Mr. CHAFEE, the names of the Senator from West Virginia [Mr. ROCKEFELLER], the Senator from Hawaii [Mr. INOUYE], the Senator from New Jersey [Mr. BRADLEY], and the Senator from Connecticut [Mr. DODD] were added as cosponsors of S. 953, a bill to require the Secretary of the Treasury to mint coins in commemoration of black revolutionary war patriots.

S. 1091

At the request of Mr. CRAIG, the names of the Senator from Montana [Mr. BURNS], the Senator from Idaho [Mr. KEMPTHORNE], and the Senator from Montana [Mr. BAUCUS] were added as cosponsors of S. 1091, a bill to finance and implement a program of research, promotion, market development, and industry and consumer information to enhance demand for and increase the profitability of canola and rapeseed products in the United States, and for other purposes.

S. 1095

At the request of Mr. MOYNIHAN, the name of the Senator from Massachusetts [Mr. KENNEDY] was added as a cosponsor of S. 1095, a bill to amend the Internal Revenue Code of 1986 to extend permanently the exclusion for educational assistance provided by employers to employees.

S. 1135

At the request of Mr. CRAIG, the name of the Senator from Minnesota [Mr. WELLSTONE] was added as a cosponsor of S. 1135, a bill to amend the Federal Crop Insurance Act to include seed crops among the list of crops specifically covered under the noninsured crop disaster assistance program, and for other purposes.

S. 1322

At the request of Mr. DORGAN, his name was added as a cosponsor of S. 1322, a bill to provide for the relocation of the United States Embassy in Israel to Jerusalem, and for other purposes.

SENATE RESOLUTION 85

At the request of Mr. CHAFEE, the names of the Senator from Minnesota [Mr. WELLSTONE] and the Senator from North Dakota [Mr. CONRAD] were added as cosponsors of Senate Resolution 85, a resolution to express the sense of the Senate that obstetrician-gynecologists should be included in Federal laws relating to the provision of health care.

SENATE RESOLUTION 187—RELATIVE TO A DEPLOYMENT OF TROOPS

Mr. FEINGOLD submitted the following resolution; which was referred to the Committee on Foreign Relations:

S. RES. 187

Resolved: It is the sense of the Senate that Congress should vote on a measure regarding the deployment of U.S. Armed Forces in the Republic of Bosnia and Herzegovina as part of the Implementation Force of the North Atlantic Treaty Organization, prior to the United States entering into a commitment to carry out such deployment.

NOTICE OF HEARING

COMMITTEE ON ENERGY AND NATURAL RESOURCES, SUBCOMMITTEE ON PARKS, HISTORIC PRESERVATION, AND RECREATION

Mr. CAMPBELL. Mr. President, I would like to announce for the information of the Senate and the public that the October 26, 1995, hearing which had been scheduled before the Subcommittee on Parks, Historic Preservation, and Recreation of the Committee on Energy and Natural Resources to receive testimony on S. 231, a bill to modify the boundaries of Walnut Canyon National Monument in the State of Arizona; H.R. 562, a bill to modify the boundaries of Walnut Canyon National Monument in the State of Arizona; S. 342, a bill to establish the Cache La Poudre River National Water Heritage area in the State of Colorado; S. 364, a bill to authorize the Secretary of the Interior to participate in the operation of certain visitor facilities associated with, but outside the boundaries of, Rocky Mountain National Park in the State of Colorado; S. 489, a bill to authorize the Secretary of the Interior to enter into an appropriate form of agreement with the town of Grand Lake, CO, authorizing the town to maintain permanently a cemetery in the Rocky Mountain National Park; and S. 608, a bill to establish the New Bedford Whaling National Historic Park in New Bedford, MA, has been postponed.

The hearing will now take place on Thursday, November 9, 1995, at 2 p.m. in room SD–366 of the Dirksen Senate Office Building in Washington, DC.

H.R. 629, a bill to authorize the Secretary of the Interior to participate in the operation of certain visitor facilities associated with, but outside the boundaries of, Rocky Mountain National Park in the State of Colorado has been added to the hearing agenda.

Because of the limited time available for the hearing, witnesses may testify by invitation only. However, those wishing to submit written testimony for the hearing record should send two copies of their testimony to the Subcommittee on Parks, Historic Preservation, and Recreation, Committee on Energy and Natural Resources, U.S. Senate, 364 Dirksen Senate Office Building, Washington, DC 20510–6150.

For further information, please contact Jim O'Toole of the subcommittee staff at (202) 224–5161.

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON THE JUDICIARY

Mr. GRAMS. Mr. President, I ask unanimous consent that the Committee on the Judiciary be authorized to meet during the session of the Senate on Friday, October 20, 1995, at 10 a.m. to hold a hearing on religious liberty.

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

ADDITIONAL STATEMENTS

THE SECRETARY OF ENERGY

● Mr. BROWN. Mr. President, with the rise of democracy all over the world,

U.S. companies are facing greater competition than ever before in international markets. Over the next several decades, Asia will represent one-half of the world's new electric capacity. As India and Pakistan move to free market economies they will quadruple their electricity supply over the next 20 years.

As emerging nations design energy policy and negotiate global security, they look to the United States for counsel. Secretary O'Leary's expertise has been sought to lead energy discussions in international forums by world leaders such as Indian Prime Minister Rao, Pakistan Prime Minister Bhutto, and South African President Nelson Mandela. As the United States competes aggressively for market share against European companies, Secretary O'Leary's personal visits to these distant markets have given American business a competitive advantage.

Past trade missions to India led to $10 billion in trade agreements between the United States and India, as well as opened the channels of communication for an ongoing discussion on nuclear safety and developing a sustainable energy future for India.

During her 1994 visit to Pakistan, Secretary O'Leary advanced $4 billion in United States business and signed three agreements designed to encourage the global exchange of ideas. Her involvement also helped create the United States-Pakistan Energy Committee which looks to expand commercial activities in the environmental sector in both countries.

Secretary O'Leary's 1995 visit to China culminated in $4.6 billion worth of trade agreements, averaging nearly 20,000 jobs in the United States. During this trip, the Secretary signed five agreements between the DOE and the Government of China to encourage energy efficiency and rural electrification.

Secretary O'Leary has brought together the best of American energy companies and government specialists to expand U.S. influence in the growing global market. Her visits have created thousands of jobs here in the United States, as well as promoted sustainable energy development in emerging nations. We should applaud Secretary O'Leary's outstanding efforts on behalf of U.S. energy interests in international markets. Her past achievements and future accomplishments are worthy of bipartisan support.●

TRIBUTE TO KICKAPOO HIGH SCHOOL

● Mr. BOND. Mr. President, I rise today to pay special tribute to Kickapoo High School in Springfield, MO. On October 25, Kickapoo High School will celebrate its 25th anniversary. Since opening its doors in 1971, over 8,000 students have graduated from Kickapoo High School, and about 75 percent of those graduates have gone on to attend college.

These graduating students have attained many honors and excelled in many areas ranging from earning exceptional scholastic achievements to participating in community service programs for credit. Students have also benefited from independent study programs in advanced and specialized fields, foreign language programs, and the Career Center and the Learning Resource Center designed for students with special needs.

Kickapoo High School was designated by the U.S. Department of Education as a secondary school that represents educational excellence. It has received a AAA classification by the Missouri State Department of Elementary and Secondary Education. I commend Kickapoo High School for its dedication to providing the highest quality education to our young people. I also congratulate the men and women educators for 25 years of service and wish them only success in the next 25 years.●

TRIBUTE TO REV. JOE VICKERS

● Mr. FRIST. Mr. President, I rise today to recognize a Tennessean who has played an important role in the community of Goodlettsville for nearly 35 years. Since 1961, Rev. Joe Vickers has been the pastor of Goodlettsville Cumberland Presbyterian Church. On Sunday, October 29, Reverend Vickers is retiring as pastor and beginning a new stage of his life. Today, I would like to thank Joe Vickers for his long-standing commitment to his church, his family, and his community, and wish him well as he begins his retirement.

Originally from Memphis, TN, Reverend Vickers graduated from the University of Mississippi on a football scholarship. After serving in the Army, Vickers entered the 4-year seminary program at Bethel College and became a Presbyterian minister.

Mr. President, when Joe Vickers came to Goodlettsville, his church had 70 members. During his tenure as pastor, the Goodlettsville Cumberland Presbyterian membership has grown dramatically. Now, that church is 1,000 members strong, and should continue to thrive in the years to come.

As a minister, Reverend Vickers nurtured his congregation well, but he also nurtured his community. For 35 years, Vickers was a neighbor, an adviser, a leader, and a friend to the people of Goodlettsville. His service to the community and church was an example of strong faith for many children and youth. He joined couples in marriage, consoled those who experienced a physical, emotional or spiritual loss, and taught the lessons of life alongside of the lessons of Christ. Those who know Joe Vickers know that even in retirement, he will remain a friend, an adviser and a leader to many people in the area.

Mr. President, after he retires, Joe Vickers will continue to live in Goodlettsville with his wife Mary Catherine, and will remain active in the church as its minister emeritus. He will also remain a vital part of the community. And on Sunday, October 29, members of Reverend Vickers' family, his church family, and his friends in the community will gather to honor this man and his accomplishments. And as he retires, they will look at the foundation Reverend Vickers has laid for his family, his church, and the city of Goodlettsville, and they will see that it is strong and solid.●

ORDERS FOR MONDAY, OCTOBER 23, 1995

Mr. DOLE. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in adjournment until the hour of 10 a.m. on Monday, October 23; that, following the prayer, the Journal of proceedings be deemed approved to date, no resolutions come over under the rule, the call of the calendar be dispensed with, morning hour be deemed to have expired, the time for the two leaders be reserved for their use later in the day, and then there be a period for morning business until the hour of 12 noon with Senators to speak for up to 5 minutes each with the exception of the following: Senator DASCHLE for 60 minutes, Senator SHELBY for 10 minutes, and Senator COCHRAN for 50 minutes.

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

ORDER OF PROCEDURE

Mr. DOLE. Mr. President, we are waiting for one response from the other side of the Senate, but it will be my intention to ask for consent that at 12 noon the Senate proceed to S. 1322 regarding the Embassy in Israel. Therefore, votes can be expected to occur in relation to that bill, but not to occur prior to the hour of 5 p.m. Monday. I will not make that request at this time because we are waiting for one call.

But in addition to that bill, the Senate could be asked to turn to any of the following items on Monday and Tuesday of next week: S. 1328, regarding Federal judgeships; S. 1004, Coast Guard authorization; S. 325, technical corrections in laws relating to Native Americans.

By Wednesday of next week it will be the leader's intention to begin the reconciliation bill, which all Members know has a statutory limitation of 20 hours. Therefore, late nights can be expected next week.

Mr. President, let me state that it was our intention to bring up S. 1322 today. But we have been in negotiations most of the morning in my office and part of this afternoon, and there are negotiations going on now with interested parties, parties interested in S. 1322, with representatives at the White House, representatives of the

President, and we believe that by Monday we will be in a position to indicate to our colleagues on both sides that we have reached some agreement. But, if not, we will proceed with S. 1322 in its present form. The reason for asking consent—which we are still waiting for—is that otherwise I would need to file cloture today on a motion to proceed. So, if consent is not obtained, then we will proceed on that. I think we will have consent here momentarily.

So if we can obtain that consent, there would be no further business to come before the Senate except brief remarks by the Senator from South Dakota, the Democratic leader, Senator DASCHLE.

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

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

The Chair advises the Senator from North Dakota that we have been operating in morning business on a Senator-by-Senator basis, so if he can ask unanimous consent for the time he will need.

Mr. CONRAD. Mr. President, I ask unanimous consent to proceed for 15 minutes.

Mrs. BOXER. Will the Senator yield? Will he ask in his request that the Senator from California be allowed 15 minutes following the Senator?

Mr. CONRAD. And I ask unanimous consent that the Senator from California be granted 15 minutes after I conclude.

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

BUDGET RECONCILIATION

Mr. CONRAD. Mr. President, we have just had a rather extraordinary experience in the Senate Budget Committee with the chairman putting that committee into adjournment after a very short discussion of the reconciliation measure that was before the Committee.

We had hoped that there would be an opportunity to discuss this afternoon and Monday what is in this budget reconciliation package that has been put forward by our colleagues on the other side of the aisle. We believe that the American people deserve a chance to hear precisely what this package will mean. We believe it has severe consequences for the people in this country. We believe there are very sharp cuts in Medicare and Medicaid that are going to mean increased burdens for our senior citizens, are going to mean hospital closures all across America, and especially in rural America, that there are going to be many people who are elderly, who are ill, who are not going to have the kind of care that they deserve.

Much of that is being done in order to provide a tax reduction that will go disproportionately to the wealthiest among us. Many on our side of the aisle, I believe everyone on our side of the aisle, believes that is an inappropriate set of priorities.

One thing our colleagues on the other side of the aisle have said, and said repeatedly, is that they are balancing the budget by the year 2002. Mr. President, that is not accurate. Senator DORGAN and I, 2 days ago asked the head of the Congressional Budget Office for an analysis, if the law of the United States is followed, will the reconciliation plan put forward by the Republicans balance the budget in the year 2002 or not?

The head of the Congressional Budget Office reported to us in a letter yesterday, with a revised letter today, that if the law of the United States is followed—that is, if Social Security surpluses are not included in the calculation, which under our law is specifically excluded; that is, we are not to count Social Security surpluses in determining whether or not the budget of the United States is in balance—when that calculation is made, the head of the budget office told us in a letter dated today, ''excluding an estimated off-budget surplus of $115 billion in 2002.''

Again, let me read that phrase, ''excluding an estimated off-budget surplus of $115 billion in 2002,'' that is primarily Social Security surpluses, if those are excluded ''from the calculation, CBO would project an on-budget deficit of $105 billion in the year 2002.'' Not a surplus, not a balanced budget, a $105 billion deficit in 2002.

Let me just say, I think anybody who knows anything about accounting would understand you do not count Social Security surpluses in calculating whether you have balanced the budget or not. Why is that? That is because the Social Security trust fund has been set up to run surpluses in preparation for the time the baby boom generation retires.

Unfortunately, all those surpluses are being spent, and what is happening is we are using that money today instead of saving it or paying down the existing debt to better prepare ourselves to meet that demographic time bomb. That is a profound mistake.

Let me just make clear, if any company in the United States tried to take the retirement funds of its employees and put them into the pot to balance the budget, they would be in violation of Federal law. Indeed, that is precisely what has been happening in the United States. It has been going on since 1983. It should not be permitted to continue. We have already run up almost $500 billion of IOU's, but that is going to grow geometrically over the next 18 years.

We have a chance to get our house in order. We have a narrow window of opportunity, and we ought to take advantage of it. We should not be looting and raiding the Social Security trust funds in order to assert that we are balancing the budget. That is not truthful. And I am pleased to say the Congressional Budget Office has now acknowledged that the budget will not be in balance by 2002 but, in fact, will have a $105 billion deficit in that year.

I think there are other reasons the Republicans in the Budget Committee at least were not eager to have a further discussion of the reconciliation bill. I think there are a lot of things they would prefer the American people not hear before votes are held and cast on that measure.

One of the things they may not be eager for the American people to hear is that there is going to be a $1.3 trillion increase in the national debt under the Republican plan. That is the cumulative increase in the debt that is being added to the $4.9 trillion in debt we already have in this country. They are going to add, under their plan, another $1.3 trillion of debt. Yet, they insist on a tax reduction, a tax cut, primarily going to the wealthiest among us, which will add to this debt.

What sense does that make? I can say to my colleagues that when I queried the people of my State, they made it clear to me to balance the budget first before there is any tax cut. We can have tax cuts after we balance the budget. We are not balancing the budget, No. 1; No. 2, we are adding $1.3 trillion to the national debt, and $245 billion of that is tax cuts which, again, primarily go to the wealthiest among us.

Let me just go a little further so that people have a chance to hear what is in this tax package that has just passed, because we have heard on the other side of the aisle the assertion that this is a significant tax cut that would go to American families. I wish that were true. I wish it were true that it was really directed at the middle class, because while I believe it is not the time for tax cuts, when you are adding $1.3 trillion to the national debt and you have not really balanced the budget in 7 years, and even with that I think we could look more kindly upon a tax cut if it were really directed at the middle class. That is not where this tax cut is directed.

In fact, what we learned yesterday is that the Senate Republican plan would mean tax increases for everyone earning under $30,000 a year. Those earning under $30,000 a year, which are 51 percent of the American people, get a tax hike. They get their taxes increased. I will demonstrate that point by asking unanimous consent that the tables be printed in the RECORD.

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

TAX PROVISIONS IN THE SENATE FINANCE COMMITTEE, CHAIRMAN'S MARK FOR REVENUE RECONCILIATION AND THE EITC PROVISIONS PREVIOUSLY ADOPTED BY THE COMMITTEE[1]

[1996 INCOME LEVELS]

Family economic income class[4] (thousands)	Federal taxes under current law[2]			Change in Federal taxes[3]			Total Federal taxes after change		
	Amount (billion)	As a percent of pre-tax income	As a percent of after-tax income	Amount (billion)	As a percent of pre-tax income	As a percent of aFter-tax income	Amount (billion)	As a percent of pre-tax income	As a percent of after-tax income
0 to 10	$5.7	8.0	8.7	$0.2	0.3	0.4	$5.9	8.4	9.1
10 to 20	21.5	8.8	9.7	0.8	0.3	0.3	22.2	9.1	10.0
20 to 30	50.1	13.3	15.4	1.3	0.4	0.4	51.4	13.7	15.8
30 to 50	156.3	17.5	21.2	−5.7	(0.6)	(0.8)	150.6	16.8	20.4
50 to 75	224.0	19.9	24.8	−10.4	(0.9)	(1.1)	213.6	19.0	23.7
75 to 100	196.1	21.1	26.7	−10.0	(1.1)	(1.4)	186.1	20.0	25.3
100 to 200	303.0	22.0	28.1	−12.5	(0.9)	(1.2)	290.5	21.1	27.0
200 and over	316.6	23.7	31.1	−9.5	(0.7)	(0.9)	307.1	23.0	30.1
Total[5]	1.275.1	20.1	25.2	−45.8	(0.7)	(0.9)	1,229.3	19.4	24.3

Source: Department of the Treasury Office of Tax Analysis, October 18, 1995.

[1] This table distributes the estimated change in tax burdens due to the tax provisions in the Senate Finance Committee Chairman's Mark (JCX–44–95, September 16 1995); and the EITC provisions adopted by the Committee on September 30, 1995.

[2] The taxes included are individual and corporate income, payroll (Social Security and unemployment) and excises. Estate and gift taxes and customs duties are excluded. The individual income tax is assumed to be borne by payors, the corporate income tax by capital income generally, payroll taxes (employer and employee shares) by labor (wages and self-employment income) excises on purchases by individuals by the purchaser, and excises on purchases by business in proportion to total consumption expenditures. Taxes due to provisions that expire prior to the end of the Budget period are excluded.

[3] The change in Federal taxes is estimated at 1996 income levels but assuming fully phased in law and long-run behavior. The effect of the IRA proposal is measured as the present value of tax savings on one year's contributions. The effect on tax burdens of the proposed capital gains exclusion is based on the level of capital gains realizations under current law. Provisions which expire before the end of the budget period and provisions which affect the timing of tax payments but not liabilities are not distributed. The incidence assumptions for tax changes the same as for current law taxes (see footnote 2).

[4] Family Economic Income (FEI) is a broad-based income concept. FEI's constructed by adding to AGI unreported and underreported income. IRA and Keogh deductions; nontaxable transfer payments, such as Social Security and AFDC empower-provided fringe benefits, inside build-up on pensions, IRAs, Keoghs, and life insurance tax-exempt interest, and imputed rent on owner occupied housing. Capital gains are computed on an accrual basis, adjusted for inflation to the extent reliable data allow, inflationary losses of lenders are subtracted and of borrowers are added. There is also an adjustment for accelerated depreciation of noncorporate businesses. FEI is spent on a family rather than on a tax return basis. The economic incomes of all members of a family unit are added to arrive at the family's economic income used in the distribution.

[5] Families with negative incomes are included in the total line but not shown separately.

DISTRIBUTIONAL EFFECTS OF REVENUE RECONCILIATION PROVISIONS OF THE CHAIRMAN'S MARK SCHEDULED FOR MARKUP IN THE FINANCE COMMITTEE ON OCTOBER 18, 1995 AND PREVIOUSLY ADOPTED CHANGES IN THE EITC[1]

[Calendar year 2000]

Income category[2]	Change in Federal taxes[3]		Federal taxes[3] under present law		Federal taxes[3] under proposal		Effective tax rate[4]	
	Millions	Percent	Billions	Percent	Billions	Percent	Present law (percent)	Proposal (percent)
Less than $10,000	$879	9.6	$9	0.7	$10	0.7	8.6	9.4
$10,000 to $20,000	922	2.2	42	3.0	43	3.1	9.0	9.2
$20,000 to $30,000	417	0.5	86	6.1	87	6.3	13.6	13.6
$30,000 to $40,000	−4,221	−3.4	125	8.9	121	8.8	16.7	16.2
$40,000 to $50,000	−5,347	−4.0	132	9.4	127	9.2	18.4	17.6
$50,000 to $75,000	−11,740	−4.2	280	19.9	269	19.5	20.5	19.5
$75,000 to $100,000	−5,814	−2.8	209	14.8	203	14.8	22.9	22.1
$100,000 to $200,000	−3,850	−1.6	246	17.5	242	17.6	24.1	23.4
$200,000 and over	−2,792	−1.0	277	19.7	274	19.9	29.8	28.8
Total, all taxpayers	−31,546	−2.2	1,407	100.0	1,375	100.0	20.4	19.7

[1] Includes the tax credit for children under age 18, student loan interest credit, marriage penalty relief, IRA changes, long term care, capital gains deduction, treatment of adoption expense, aviation fuel exemption, and repeal of the wine and flavors credit as well as EITC changes previously adopted by the Senate Finance Committee.

[2] The income concept used to place tax returns into income categories is adjusted gross income (AGI) plus: [1] tax-exempt interest, [2] employer contributions for health plans and life insurance, [3] employer share of FICA tax, [4] worker's compensation, [5] nontaxable social security benefits, [6] insurance value of Medicare benefits, [7] alternative minimum tax preference items, and [8] excluded income of U.S. citizens living abroad. Categories are measured at 1995 levels.

[3] Federal taxes are equal to individual income tax (including the outlay portion of the EITC), employment tax (attributed to employees), and excise taxes (attributed to consumers). Corporate income tax is not included due to uncertainty concerning the incidence of the tax. Individuals who are dependents of other taxpayers and taxpayers with negative income are excluded from the analysis.

[4] The effective tax rate is equal to Federal taxes described in footnote (3) divided by: income described in footnote (2) plus additional income attributable to the proposal.

Source: Joint Committee on Taxation. Detail may not add to total due to rounding.

Mr. CONRAD. Mr. President, when we look at where the breaks go, because there are $245 billion of tax cuts in this package. Where do they go? They go, disproportionately, to the wealthiest among of us; 48 percent goes to people earning over $100,000 a year. We can see on this chart that the top 5 percent of the people, 2.8 million families making over $200,000, get, on average, a $3,400 tax break. People earning over $200,000 a year get a $3,400 tax break. The richest 1 million families in America, those making over $350,000, get a $5,600 tax break.

Mr. President, I say to you, I do not think that is fair. I do not think it is fair to increase the taxes of those earning less than $30,000 a year in order to concentrate tax breaks on those who are the wealthiest among us, to give a $3,400 tax break to the top 5 percent, those earning over $200,000, and a $5,600 tax break to the top 1 percent, those earning over $350,000 a year.

Mr. President, this is the chart that was provided for us yesterday that shows the distributional effect of tax provisions in the Senate Finance Committee chairman's mark for revenue reconciliation and the earned income tax provisions previously adopted by the committee. When you take into consideration previous changes in the earned income tax credit and the changes in this package, one finds that people earning up to $30,000 all experience a slight tax increase under this plan. But those who are earning above that amount experience a tax reduction. But let us see who gets what. Those earning from $30,000 to $50,000 a year get less than $250 of tax reduction a year, while those earning over $200,000 a year, get $3,400 in tax reduction. That does not strike me as fair. It does not strike me as balanced. It does not strike me as the kind of targeted tax relief that is seriously intended to help hard-pressed middle income families in this country.

Mr. President, this redistributional effect, taking from those who are of more modest income, those earning up to $30,000 a year, and giving them a tax increase and reducing taxes for the wealthiest among us, giving 48 percent of the benefit to those who are earning over $100,000 a year, continues a trend that I think ought to concern us all, and that is the concentration of wealth in this country in the hands of fewer and fewer people.

This chart shows the share of wealth of the top 1 percent of the households in America. In 1969, 20 percent of the wealth in this country was in the hands of the top 1 percent. By 1979, 30 percent of the wealth of this country was controlled by the top 1 percent. But by 1989, 39 percent of the wealth of America was held in the top 1 percent of this country.

Mr. President, anybody who has studied history knows what this trend means. When wealth is increasingly concentrated in the hands of a few, it leads to political instability, it leads to, I think, a threat to all of our institutions. It is no wonder that people are angry across America, as they see the wealth of the Nation concentrated in fewer and fewer hands. Our colleagues on the other side of the aisle have been quick to accuse the Democrats of being for redistribution of income. Let me say that our friends on the other side of the aisle have been the champions of income and wealth redistribution.

Over and over and over, in committee after committee, our friends on the other side of the aisle have pursued

policies that concentrate wealth in the hands of those who are already the wealthiest among us. I ask the simple question, how much wealth do the top 1 percent want to have in their hands? They have nearly 40 percent now. Do they want 60 percent of the wealth of America in the hands of just 1 percent of the people? Do they insist on 80 percent of the wealth in the hands of just 1 percent of the people? I do not think this is good social policy. I do not think it is good economic policy. I think it threatens the future of the country.

Mr. President, 73 percent of the American people pay more taxes in payroll taxes than they pay in income taxes. Yet, what is happening under the Republican plan is to take payroll taxes—the only way to justify payroll taxes at their current levels is if you are building surpluses to prepare for the day when the baby boom generation retires. But all of those moneys are being spent, not saved. They are being taken and spent in other areas of the budget. And so what is really happening is an enormous redistribution of wealth. Make no mistake about it. We are taking payroll tax money, generating surpluses and not saving them, but spending them. And we are spending part of them to give a big tax reduction to the wealthiest among us, so we are taking payroll taxes that are regressive. That simply means lower income people pay a higher percentage of their income in payroll taxes, taking money from them and flushing it back out in a tax cut to the wealthiest among us. Forty-eight percent of the benefit goes to the top 1 percent.

That is what is going on here. It is an enormous redistribution of wealth, going from middle-income people, because under the Republican plan, 51 percent of the people, those earning less than $30,000 a year, are going to experience a tax increase. The money is being taken from them in payroll taxes and other taxes, and part of it is then being used to give a big tax cut to the wealthiest among us. I do not think that is fair or right. I do not think it represents American values.

Mr. President, I think that is the reason the chairman of the Budget Committee was so swift to gavel the Budget Committee into adjournment, because they did not want to see and hear these facts being provided to the American people.

They want to pass this in the dead of night without a chance for the American people to see and hear what these plans will mean for the people of this country.

I yield the floor.

Mrs. BOXER. Thank you, Mr. President.

Mr. CRAIG. Would the Senator from California yield to me for a few moments to put the final words in the RECORD?

Mrs. BOXER. Of course, as long as I do not lose my right to 15 minutes.

The PRESIDING OFFICER (Mr. HELMS). The Senator's rights will be preserved.

Mrs. BOXER. Reserving the right to object, I want to make sure Senator MURRAY has 15 minutes.

The PRESIDING OFFICER. The Senator's rights will be preserved.

ORDERS FOR MONDAY, OCTOBER 23, 1995

Mr. CRAIG. Mr. President, I ask unanimous consent that when the Senate completes its business today it stand in adjournment until the hour of 11 a.m. on Monday, October 23; that following the prayer, the Journal of proceedings be deemed approved to date, no resolutions come over under the rule, the call of the calendar be dispensed with, the morning hour be deemed to have expired, the time for the two leaders be reserved for their use later in the day, and that there then be a period for morning business until the hour of 2 p.m., with Senators to speak for up to 5 minutes each with the exception of the following: Senator DASCHLE for 60 minutes, Senator SHELBY for 10, and Senator COCHRAN for 50 minutes.

Mr. CONRAD. Would the Senator yield, and add Senator CONRAD for 15 minutes, as well?

Mr. CRAIG. And Senator CONRAD for 15 minutes.

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

Mr. CRAIG. Mr. President, I ask unanimous consent that at 2 p.m. the Senate proceed to S. 1322, regarding the Embassy in Israel. Therefore, votes can be expected to occur in relation to that bill but will not occur prior to the hour of 5 p.m. on Monday.

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

PROGRAM

Mr. CRAIG. For the information of all Senators, in addition to the Jerusalem bill, the Senate could be asked to turn to any of the following items for the next week: S. 1328, regarding Federal judgeships; S. 1004, Coast Guard authorization; S. 325, technical corrections in laws relating to native Americans.

By Wednesday of next week it will be the leader's intention to begin the reconciliation bill, which all Members know has a statutory limitation of 20 hours. Therefore, late nights can be expected.

I yield the floor.

BUDGET RECONCILIATION

Mrs. BOXER. Thank you, Mr. President. It is unusual for Senators to take to the floor on a Friday afternoon long after the Senate has concluded most of its business when there are no votes.

Today is an unusual day for members of the Budget Committee. We have heard from the Senator from North Dakota who has worked so long and hard to present a truly balanced budget—not only to the committee but to the Senate and to the American people. It was my privilege to support him.

He showed, as did Senator BRADLEY from New Jersey, that it is, in fact, possible to balance the budget in America over 7 years, do it truthfully, not relying on Social Security surplus, and do it with a heart and with compassion, with common sense, with caring, with pride, that really reflects the values of America.

What are those values? You reward hard work, as in the earned-income tax credit. You make sure that your children have a chance to get the proper immunizations as in Medicaid. We make sure that when our kids are students they could get college loans. We make sure that if our people run into trouble and they have to collect child support, that the Government does not penalize them for it.

We make sure that large corporations pay a tax, as in the alternative minimum tax, which is repealed by the Republicans. We make sure large corporations are good citizens and do not raid pension funds. Republicans do that, too.

And we make sure that when our people reach the age of 65, they can count on Medicare. If they are having to go into a nursing home, that there are decent standards for those nursing homes, which are repealed by the Republicans. I will talk more about that.

Today, the Democrats and the Republicans came around a long table in the Budget Committee. When we walked in, we saw a bill that was so tall—of course, I am not very tall, that is true—but this bill was so tall that I could barely see my next door neighbor on the committee, Senator MURRAY. I kind of used it as a chin rest.

That is the size of this Republican revolution. That is the number of things they are doing in this budget reconciliation bill. That is why we Democrats felt it was important to hear from some of the people who represent those in America, our great country, who will be impacted by this 1992 revolution, if you will.

So our ranking member, Senator EXON, a Senator who has served here with great distinction—and I might add, is in his senior years—asked in a very nice way if, in fact, four people could be heard before we start to vote on this package.

Who are those four people? One was an honor student who happens to be in a wheelchair, a quadriplegic, who counts on Medicaid for his very breath. We found out that in the Republican plan—and I ask my friend to correct me if I am incorrect in this—the Medicaid cuts are so deep that no longer will people like that who are trying so hard to build the American dream—an honor student—will not be able to count on their oxygen supply.

I found that out today. I did not know it when I walked into the room.

We needed more time. I told my friend in North Dakota, and I am sure he would help me, along with my friend from Washington State, that we ought to have an amendment, take away 5 cents a year from the people over $350,000, from the tax break they are getting, and pay for oxygen for people like this.

Who else wanted to speak? Two elderly women who live on Medicare. By the way, in my home State of California, the average woman of 65 earns $8,500 a year. In California, that is brutally hard. She already spends a third of her income on health care. Think about that. Do the math on that.

How could she possibly be asked to spend another $1,000 to $2,000 a year? That is what the Republican plan calls for. We in the Budget Committee, Democrats, wanted to hear from a person who could give us the truth.

Then there was a woman who had served 20 years in the military. Her child is very ill. On a military salary she needs to count on Medicaid for her child. We wanted her to be here. Well, no. It was interesting, because it was the first time in my life—I have been in the Congress for 13 years—that a chairman of a committee adjourned us without allowing us to vote on whether to hear these people. He ruled that they had no right to be heard, and when we appealed the ruling of the Chair he refused to honor that and gavelled us down. He said he was very disappointed we did not just vote on that budget.

Well I am glad we have the weekend for Americans to look at what is in it.

I am going to go to a couple of charts to give the big picture on this. This is the basic bill that already passed the House of Representatives, a $58 billion increase in the military. We are talking here between 1996 and 2002, 7 years—that is $30 billion more than the Pentagon asked for.

All the admirals and generals said ''Yes, we need some more,'' but Republicans gave them $58 billion. The nondefense money that we spend on education and transportation, environmental protection, food safety, highways, airport safety, those kind of things, on a cut of $499 billion, how is that for symmetry?

Now we move to what we call entitlements, things we do to help people because this is America and we want everyone to get a chance. So, $270 billion cut in Medicare, $182 billion cut in Medicaid, $13 billion cut in ag, $10 billion cut in student loans, welfare, earned income tax credits. Food stamps, that is another $100 billion. That is the budget that they are so proud of.

Now, what happened was that NEWT GINGRICH promised the crown jewel of the Republican contract would be a tax break for the wealthiest people in America. And he had to figure out a way to get the money for it, because it was going to cost a lot of money. He wanted the people over $350,000 to get back about $20,000 a year. By the way, he settled for about $5,500 a year.

Let me repeat that. NEWT GINGRICH wanted the people who earn over $350,000 a year to get back $20,000 a year, and he had to find the money. So he thought, how can I find the money? Aha, where is there money? Medicare and Medicaid. So let us try and scare the people into thinking we have to cut that much out of it, and then we will turn around and just give all that money to the wealthiest among us.

What I have here is the trustees' reports on the Medicare trust fund, going back to 1970. I want to point out that, from 1970 to the present, it was only twice that the trustees reported we did not have to do something to save Medicare. In other words, this is a routine thing that happens with the trust fund. But people do not know this. So the Republicans said, ''Let's make a big hoopla out of this year's trustees' report.''

So, clearly, we know we have to act to save Medicare. We know how much we have to cut. In order to save Medicare we need to cut $89 billion. We need to cut $89 billion out of Medicare. And, by the way, it is not that easy to do it, but we can find the savings. We can make the adjustments. My goodness, there is enough fraud there we can go after, so we think we can do that without pain. So, remember that number, $89 billion is what we need to save Medicare.

But, remember what I told you, they need a lot of money for a tax cut. So they decided to cut $270 billion from Medicare. Keep it in mind. We needed $89 billion; they are cutting $270 billion. And why? Not because the trustees' report says to do that. We know the trustees' report indicates where we need to cut $89 billion. Here is why, the next chart will show it.

They need $245 billion for their tax cut. For their tax cut. But, guess what, in their zeal they made a big mistake, as the Senator from North Dakota has said. They did not really do their homework, because in the end they are producing a tax increase for 51 percent of the people, according to the Wall Street Journal. The Wall Street Journal is, in fact, a party that is not known to stand up and fight for Democrats. On the contrary. And the Wall Street Journal says those earning $30,000 and below, in our country, will see a tax increase as a result of NEWT GINGRICH's revolution. And who will benefit the most? The people who earn over $350,000 a year. And let me tell you, they are chilling the champagne bottles tonight in those board rooms and those penthouses.

Now, we set them back a little because we stopped it in the Budget Committee. We said the American people have to see the truth. We took the light and we shined it on this budget, and we are telling the American people, in dollars and cents, what it means.

I want to show you a chart that reflects what has happened in America with our tax policy since the 1940's. It is very interesting. I got this chart out of a story in the New Yorker that basically asked the question, ''What has happened to the middle class?'' The middle class is going away.

It is fascinating to see this chart. From 1947 to 1973, taxpayers in every single quintile—and each quintile represents an income bracket. So from the very lowest income bracket, No. 1, to the highest, No. 5, every one went up at about the same rate, from 1947 to 1973. What does that mean? We all prospered together. We all are in this together and we all did well together.

I always thought there was an agreement among Republicans and Democrats that that was best for our country. Yes, when the poor do well and the middle class do well and the wealthy do well, we are all benefiting from this great Nation. That is the way it should be.

Look what happened, starting in 1973, to 1993. We turned this picket fence into a staircase. But look at it. It is Robin Hood in reverse. The ones who were doing the worst are poorest, the first two quintiles. And by far, this little cat—some might say fat cat—sitting on the last quintile, that is the one that goes up to millions and billions, that did by far the best.

What America is better for our people? One in which we all prosper, or one in which only the very wealthy prosper? That is the question I want the American people and the people of California to ponder over this weekend. Since we were able to get a little bit of time, we are taking the floor of the U.S. Senate to bring these issues home.

Let me tell you, buried in this budget are some awful things for folks. I have heard from hospitals in my State of California who are desperate, desperate about the cuts that will come to them, from seniors who are frightened about the cuts that will come to them, from people who have moms and dads in nursing homes who are frightened to death what will happen to their parents.

By the way, we call them the sandwich generation. They are caught in the middle. Their teenage kids have to go to college. How can they experience a day in peace, worrying about their kids on the one hand and all the challenges we have, economic and otherwise, raising our kids, and our parents on the other.

I ask unanimous consent for 2 additional minutes.

The PRESIDING OFFICER (Mrs. HUTCHISON). Without objection, it is so ordered. The Senator is granted 2 additional minutes.

Mrs. BOXER. Thank you very much, Madam President.

So, this budget is a slam at American values. It is a slam at family values. It repeals nursing home standards. Why do we have them? Because we learned in the 1980's what happens to old people who are helpless. And we needed to put national standards in place so they would not get bed sores, so they would

not be scalded, so they would not be abused physically, sexually, so they could have a little dignity in a very difficult time, after they raised their kids.

Family values? This is the opposite of family values. This is turning our backs on our people whom we are here to fight for. Nursing homeowners? Or the people? I do not know what is popular today or what is unpopular. But I know where I stand. I stand with my colleague for the people, for the people of my State and the people of my Nation. I am a first-generation American. I was taught by my parents hard work, play by the rules, stand up and fight for what you believe in, honor the children, honor the elderly, and have love in your heart for those who may not be as fortunate as you.

So this budget debate is very important. And when the budget chairman slammed down that gavel and said ''adjourned, we are not listening anymore, we do not want to hear it, we do not want to hear it,'' it sent a chill up and down my spine. But I believe that my Democratic colleagues on that committee are more resolved than ever to show that we can balance the budget and do it in a smart way.

I yield the floor.

Mr. CONRAD. Madam President, might I have 30 seconds?

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. CONRAD. Thank you, Madam President.

I just want to thank my colleague from California. I hope the people from California know what a fighter they have in the Senator from California, Senator BOXER. I am so proud to be a member of the Budget Committee with her because over and over during these discussions and debates, she has stood up and fought for the middle class and the working families, and said, ''Now, wait a minute. Let us understand what the implications are of these policies that are being pursued. Who wins? Who loses? Who is helped? Who is hurt?''

I just want to say once again that I appreciate the strong stance she has taken to say we ought to have a policy that is fair. That is an American standard; that is an American value; that we stand up and fight for something that is fair in this country, that asks everybody to contribute in this budget battle, not just to say to the working class and middle-income people get in the front lines of this budget battle, but to say to those who are the wealthiest among us as well that you ought to participate, too. That is the American way.

Mrs. MURRAY addressed the Chair.

The PRESIDING OFFICER. The Senator from Washington.

Mrs. MURRAY. Thank you, Madam President. I ask unanimous consent to speak in morning business for 5 minutes.

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

Mrs. MURRAY. Thank you.

Madam President, I am here today to join my colleague from North Dakota and my colleague from California to express my surprise and outrage at the actions of the Budget Committee today. To have citizens of this country come before us to tell us their personal stories about how this budget would impact their lives, their very fragile lives, and not allow them the opportunity to speak for 5 minutes each to me was very un-American and a very sad moment in this Senate's history.

These people represent literally thousands of people across this country who are as concerned as we are about the real life impacts of this budget. We did not hear from the senior citizen. We did not hear from a young man in a wheelchair who uses Medicaid dollars to continue breathing. We did not hear from a young man who is trying to get his education who is fearful that his student loan is going to go away and he will not be given that American dream, that American opportunity to finish his college education. We, in fact, have not heard from that welfare mother, that single mother who is off welfare with two little children in this country. She does not have the time to fly out here. She does not have the ability to pay. We have not heard from them. And this budget is going to impact them throughout America.

Madam President, I ran for the Senate in 1992. I moved from my home State 3,000 miles away and brought my family with me to do this terrifically difficult job because I sat at home one day not that long ago, 3 years ago, and I looked across this country, and I said, ''Is anybody on that floor addressing the real issues that affect people like me?'' I am that sandwich generation. I have two kids at home. I have two parents who are seriously ill who rely on Medicare to continue living. And I know what it is like to worry about whether or not my kids will have the ability to go to college because of money. I know what it is like to get that phone call from a parent who says, ''I do not have enough money to go to the doctor.'' I know what it is like for my husband and I to both work every single day to pay our mortgage, to put food on the table, and who do not have time, like thousands of American citizens, to know what is in this budget.

Yet, we are to know what is in that budget when it came before us before the Budget Committee in a stack this high, and we were told we had to vote on it in that minute. This budget will impact the lives of every single American working family in a dramatic and difficult way. It will mean that our kids will not have preschool education and Head Start. It will mean that there will be kids without immunization. It will mean kids who cannot go to college. It will mean Medicaid recipients—one out of five children in my State—who will not have health care coverage. It means senior citizens who will not have health care in this country anymore. And it means that those of us who will have to make a difficult decision about whether or not our parents need to go into a nursing home will not be able to know what the standard of care is there for them when they need it.

This budget is what I came back here to fight for. As a U.S. Senator, we deserve the time, both as citizens in this country who come here to testify and as citizens on the floor of this Senate and as U.S. Senators, to have the opportunity to tell the American people what is in this budget.

Mrs. BOXER. Will the Senator yield? I just want to say to the Senator before I leave the floor how much I appreciate her contribution to this U.S. Senate. She ran as a mom in tennis shoes. She stayed true to the reason she came to this Senate. The fact that she was sitting on the committee that will make these decisions is a great tribute to this Nation. And she and I know if we were not here tonight, if we were not speaking out against this budget, we would not be true to ourselves. I just want to thank her for adding a voice in this debate.

Mrs. MURRAY. I thank the Senator from California.

I just want to point out, because I think this is the family who has been forgotten—we talked about them in the welfare debate. We said their mother has to go to work in this country. We passed that bill out of the Senate. It is passed out of the House. This is the single mother with two children who earns $12,000 a year. This is how this budget will impact this mother. She is going to lose her earned income tax credit. She is going to lose $373 a year under this budget. This mother is going to lose $300 a year on food stamps. This mother is going to lose $2,400 a year that pays for Medicaid and health care coverage for her children. And she is going to have to pay $480 to her State in order to collect child support from her missing husband.

This budget will cost this single mother with two young children $3,553. As my colleagues have pointed out, she is going to lose. And who is going to win? The richest 1 percent of Americans will get a tax break every single year.

I ask my colleagues. Who do we value in this country? Do we value a young mother who is working and trying to raise her kids? Are we going to ignore her in this budget process? I think it is critical that we take the time to evaluate it, and it is critical that we listen to the people across this country about the priorities that we are going to set in the future.

I join my colleagues on the Budget Committee in expressing our outrage at what is occurring. I thank my colleague.

I yield the floor.

Mr. CONRAD addressed the Chair.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. CONRAD. Madam President, I would like to thank my colleague from

Washington for the great work she has done on the Budget Committee.

At its root, at its bottom, a budget is the priorities of America. This represents the choices we make about the priorities for the money that we are going to spend over the next 7 years.

These are critically important choices, and the Senator from Washington has been loud and clear with respect to what those priorities ought to be—priorities that favor the middle class and working families in this country who are struggling to get by, saying to the students who want to further their education there ought to be an opportunity for a student loan. We should not, as the Republican plan calls for, increase the cost of that student loan $3,100 over the next 7 years.

It says to that struggling senior, yes, there have to be savings out of Medicare; we understand that, but not these kinds of draconian cuts that mean a further burden on seniors and that will threaten the closing of hospitals throughout the rural parts of America.

To say to others who count on Federal programs in order to survive, as that young man who was in the wheelchair this afternoon who relies on Medicaid for his very breath, that is an American priority, that is someone we care about in the American family.

Senator MURRAY has been right there making these points and carrying this fight. I thank her very much for the effort she makes every day to make certain that the budget reflects the priorities of the American people.

I thank the Chair and yield the floor.

ADJOURNMENT UNTIL 11 A.M. MONDAY, OCTOBER 23, 1995

Mrs. MURRAY. Madam President, if there is no further business to come before the Senate, I now ask unanimous consent that the Senate stand in adjournment under the previous order.

There being no objection, the Senate, at 3:30 p.m., adjourned until Monday, October 23, 1995, at 11 a.m.

NOMINATIONS

Executive nominations received by the Senate October 20, 1995:

THE JUDICIARY

NANETTE K. LAUGHREY, OF MISSOURI, TO BE U.S. DISTRICT JUDGE FOR THE EASTERN AND WESTERN DISTRICTS OF MISSOURI, VICE JOSEPH E. STEVENS, JR., RETIRED.

U.S. INTERNATIONAL DEVELOPMENT COOPERATION AGENCY

LOTTIE LEE SHACKELFORD, OF ARKANSAS, TO BE A MEMBER OF THE BOARD OF DIRECTORS OF THE OVERSEAS PRIVATE INVESTMENT CORPORATION FOR A TERM EXPIRING DECEMBER 17, 1998. (REAPPOINTMENT)

EXTENSIONS OF REMARKS

TRIBUTE TO GEOFFREY SACKETT

HON. LYNN C. WOOLSEY

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 19, 1995

Ms. WOOLSEY. Mr. Speaker, I rise today to pay tribute to Mr. Geoffrey Sackett, a man who lived a remarkable life in Marin County, CA before he tragically passed away at the age of 48.

As a young child, Geofffrey Sackett was motivated to reach inside himself, to find and foster a courage that cruel necessities demanded. He spent 2 years of his childhood fighting polio, only to recover and face yet another disease, diabetes. Geoffrey celebrated his entry into adulthood with a quadruple heart bypass operation. Again, he was struck, only this time with an illness he couldn't beat—AIDS. And, again, Geoffrey found the strength to endure a long, long struggle with a terrible disease.

Last summer, Geoffrey's battles with his own body ended as his glorious spirit finally flickered out. Marin County, the State of California, and indeed our entire country, lost a treasure with Geoffrey Sackett's death.

Geoffrey's family and friends marveled at his ability, even as a child, to endure through debilitating diseases with little complaint. Geoffrey was always too busy helping others, and too busy working to make the world more humane.

As part of his commitment to making the world a better place, Geoffrey strove to keep others free from AIDS through the Needle Exchange Program in Marin County. He worked with the Marin County Board of Supervisors to have a state of emergency declared in Marin County, thus allowing for a legal needle exchange program. He spent countless hours, in the cold, in the rain, in the streets and in the parks, exchanging clean needles nonjudgmentally to humans in need. There are many who will never know his name, but who will live because of his efforts.

Mr. Speaker, it is in those people, and in our hearts, that Geoffrey's great giving spirit lives on. The kindness and generosity Geoffrey demonstrated in his community is an example for us all.

THE LEGACIES OF J. GRAHAM BROWN AND THOMAS C. SIMONS

HON. MIKE WARD

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 19, 1995

Mr. WARD. Mr. Speaker, at a public ceremony on October 25, 1995, in my district of Louisville, KY, the memories of two remarkable Louisvillians, J. Graham Brown and Thomas C. Simons, will be honored. This special ceremony will include the unveiling of bronze statues of the two gentlemen.

J. Graham Brown and Thomas Simons, each successful in business in their own right, were both deeply committed to assuring the strength and vibrancy of our community. Their contributions are many and it is most appropriate to recognize them.

The corner of 4th and Broadway in Louisville, home to the grand Brown Hotel, serves as a connection between the lives of J. Graham Brown and Thomas Simons. J. Graham Brown opened his magnificent building for guests in 1923, and over the years the hotel has provided lodging for many, many visitors to our city.

In 1982, Thomas Simons spearheaded a drive to renovate the Brown Hotel. After 2 years of dedicated work, it opened once more in all its glory.

Mr. Speaker, I am proud to join in paying tribute to J. Graham Brown and Thomas C. Simons. The residents of visitors to Louisville will forever be the beneficiaries of their foresight.

DR. CHARLES A. BRADY—THE NAME BURNS BRIGHTLY

HON. JOHN J. LaFALCE

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 19, 1995

Mr. LaFALCE. Mr. Speaker,

Gold passes.
Kinsmen die.
Die we, too, in the end.
One thing only dies never—
The bright name one wins for oneself.

Thorvald Erikson, brother of Leif Erikson, sings this verse as he dies following an epic battle in ''This Land Fulfilled.''

Mr. Speaker, this past spring I included in the CONGRESSIONAL RECORD the obituary and a related article on the passing of Dr. Charles Brady, a native western New Yorker and one of this country's brightest intellectual beacons.

Today I submit the following eulogy of Dr. Brady which was delivered by his son Erik. Dr. Brady left us with volumes of his writings, which include novels, short stories, poems, children's stories, critical essays, and reviews. This eulogy, however, helps us better understand why he left too a name that continues to burn so brightly.

CHARLES A. BRADY—APRIL 15, 1912–MAY 5, 1995

Charles A. Brady died May 5, 1995, at 12:58 p.m at Sisters Hospital in Buffalo. He was 83. This eulogy was delivered by his son Erik on May 8 at a Mass of Christian Burial at Christ the King Chapel on the campus of Canisius College.

Mark Twain said biographies are the clothes and buttons of a man—they tell you something about him, but not nearly enough. Charles Brady felt much the same about eulogies. He said they too often told too much about what a man did and not often enough about who he was.

I'll try not to make that mistake today. We all know the wonderful things Dad did—the books he wrote, the students he taught, the literary criticism he crafted. So let's talk instead about who he was.

He was a man who loved books, to be sure. But he also loved family, friends, tennis and cats—if not not always in that order.

He loved Christmas, too. Not the Christmas of colored lights and shopping malls, but the real thing. The World Made Flesh. Take his homemade Christmas cards from a lifetime and his Christmas poems from America, the Jesuit magazine which has run them since 1948, and you have a wide-ranging look not at the Ghost of Christmas Past but at the essence of the Christmas story—its mystery, its beauty, its strangeness.

That he was attracted to stories of the Incarnation more than of the Resurrection tells you something about him, I think. Maybe it is as simple as the difference between birth and death.

He did not dwell on death, though it often seemed not far off. He'd been in precarious health for more than 35 years. The temptation is to say he was living on borrowed time, except that would not be correct. Here is a man who hated to borrow anything maybe money most of all. If you picked up a quart of milk for him he wanted you to have back the $1.67 before you sat down. So, no, there was nothing borrowed about these last decades and years. The time was all his, for which we are all most grateful.

His last first cousin on the Brady side died in 1990, leaving him as an unlikely patriarch, the last of his generation of 60-some Brady first cousins. The last of his five beloved brothers, Joe, died in 1988. We all grieve in different ways. Dad added some lines to a poem he had written about Joe and himself some 40 years earlier. Among the appended lines were these:

Remember how we used to clip our scores
Out of the sporting pages the next day?
Today I clip your ultimate score, my brother,
From the page they call the Irish sporting page
In Buffalo bars—we're Irish enough for that.
They grouse, those drinkers, if their friends' obituaries
Run too short; the same if they run too long.
Yours is exactly right, I think, my brother.
It's all down here: the things that really counted. . . .
Only one thing wrong about all this, O my brother.
On the day they post new pairings, you'll not be around
To clip my final score as I clip yours.

Well, we are all around to clip Dad's final score, and his is exactly right, too, for which we can thank Karen: It's all there, the things that really counted, the tennis victories and poetry awards, the books and book reviews.

Take all he wrote and read across a lifetime of writing and reading then consider this preposterous fact: He was allergic to printer's ink! Michaelangelo may as well have been allergic to paint.

Because he wrote like an angel. And his ability to dissect the writing of other literary angels was so widely known some scholars consider his criticism of C.S. Lewis and Sigrid Undset the definitive studies in this country. He corresponded with both. Letters he received from Lewis are in Oxford's Bodleian Library. And just last fall, an

Undset scholar from the University of Massachusetts came to visit with him—a pilgrimmage, she called it, as he later recalled with a pleased grin.

In his 80s, when most folks have long since put away their professional tools, scholars came calling; his name turned up in the footnotes of books he was sent for review; and his literary caricatures were sometimes requested by their subjects. One was from author Louis Auchinchloss, half-brother of Jacqueline Kennedy Onassis, who wrote offering to pay for a caricature of him that accompanied Dad's review of his book last May. Dad was delighted and sent back the original as a gift. Not bad for a self-taught artist who, so far as is known, was the only book critic in the country who illustrated his own reviews.

Some of the originals are held by the Burchfield Art Center at Buffalo State College. Most were given to the library at Canisius College, as were the manuscripts for his novels, hundreds of books from his personal collection and dozens of his scrapbooks containing, among many other things, 50 years of his book reviews in The Buffalo News. All of which makes him one of the most generous benefactors in the history of the library at the college named for Peter Canisius, the saint who said better a college without a chapel than a college without a library.

Charles Brady loved Canisius. But if you had looked at his Bene Morenti plaque—the one he got for 40 years of distinguished service that hung for many years in his panelled study on Deerhurst Park—you would have seen a curious thing. He taped a small scrap of paper over the part that said: ''Well done, oh good and faithful servant.'' He complained the tone was patronizing. ''That is a judgment best left to Jehovah,'' he said. And so, on that scotchtaped scrap he wrote these words, in French: ''I am not good, I am not faithful, I am no man's servant.''

And yet there are few who served Canisius better or more faithfully in its history than Charles Brady. He graduated from Canisius High School with highest honors in 1929 and from Canisius College with highest honors in 1933. He returned from graduate work at Harvard to teach for 42 years at the college, retiring from the classroom at the same time Kevin, his youngest, graduated in 1977. He relished that symmetry, though he retired in name only. For Dad never actually gave up that vital connection with the school whose history was so intertwined with his. Even from his deathbed he could see the college's Golden Dome, as well as the rooftop of the Humboldt Avenue home where he grew up and the Mediterranean-blue Delaware Avenue apartment building which was his last address.

So why the scotchtaped dissent on that plaque? Well, here was a good man who saw himself as not completely good—a man of high morals who fancied himself a rogue. And here was a faithful man who was also fiercely independent—unflinchingly loyal and yet always his own man.

His relationship with the church was little like that, too. He dissented respectfully in certain matters. I can remember as a child, when we were required to stand and repeat an oath from the Legion of Decency about attending movies, he stooped and whispered that we should repeat nothing. More recently, when he made out his church envelope each Year's Day, he crossed out the designation 'Feast of the Solemnity of Mary' and filled in the former name, 'Feast of the Circumcision.' Then in his familiar, compact handwriting it would say: ''There is no point in substituting a redundant piece of Mariolatry for a meaningful feast attesting Christ's Jewishnesss, his maleness and the beginning of His Passion.'' No one ever called to wonder about the altered envelopes.

You could say all this made him a man of contradictions, but you would not be right. These things may sound like contradictions, but they're not. They're who he was. like the mythic griffin, who is eagle and lion in the same beast, Dad was rebel and loyalist in the same man.

He was an early critic of the Vietnam war, long before it became fashionable, yet when asked years later to shut down his class on a day of war protest, he refused. Some who asked were students, some were colleagues. He was in sympathy with their cause and held it against no one who stayed away, but he was paid to teach and so, for those who wanted to come, teach he did.

And he was a most marvelous teacher. As his children, none of us ever tire of hearing, as we often do, what a great teacher he was. We run across his former students so often it is sometimes hard to believe. But their testimony is not: always we hear of his greatness in the classroom. Everyone thinks his or her father is the greatest man who ever lived. The six of us have had the distinct pleasure of frequently running into strangers who agree with us about ours.

It was Dad's distinct pleasure that Kristin has taken up that greatness in her own classroom and in her own books. He took great pleasure in all of us. Karen. Moira. Sheila. Kristin. Myself. Kevin. His beloved wife of nearly 58 years, Eileen. And their 17 grandchildren. It's odd, but children nearby always made him both joyful and nervous—that apparent contradictory nature again. He took his post as patriarch joyfully, too. ''Who would have bet on that?'' he would ask, shaking his head with a bemused look.

Then again, who would have bet the lad whose first published poem came at the age of 16 would still be publishing 68 years later? And save for his time at Harvard, all of his writing years were spent in his native Buffalo. He said he had for Buffalo—and the Niagara Frontier, including the Canadian shore—what the Romans called genius loci: That is, love for a locality and true sense for a region's spirit of place. When he won the Poetry Society of America's first prize in 1968, it was for ''Keeper of the Western Gate'', a poem that was a paean to this region's Seneca past.

His love of place was exceeded only by his love of family; the poem was also a tribute to the Seneca blood of the family of John Roberts, Moira's late husband. In Dad's final days, he thought of John—and of many of our family's other Absent Friends. His voice cut off by a tracheotomy, he penned his thoughts in a kind of poetic shorthand. Of beloved brother Fran: ''Unique.'' Of Joe: ''War hero.'' Of Jack: ''Our best.'' Of his parents: ''I can see them.'' His images of long-gone loved ones grew clearer as his own end drew nearer.

Seven years ago, my wife Carol's grandmother died while we were on a visit to Buffalo. My son Steven was three at the time. Carol tried to explain to Steve what death was. She told him it's when you go to live with God. Steve thought about that a bit and announced somberly: ''Well, I don't want to go to live with God.''

''A very sensible reaction,'' Dad said. ''I don't want to go to live with God either. Who does?'' He said all this with that mischievous grin most of you remember so well, the one that flashed across his face when he was saying something mildly naughty, which was often.

Though he didn't talk much about death until these recent weeks, the theme figured prominently in his writing. As Thorvald Erikson, brother of Leif Erikson, dies after an epic battle in ''This Land Fulfilled,'' he sings this verse (for Thorvald was a skaid, the name for a viking poet):

Gold passes.
Kinsmen die.
Die we, too, in the end.
One thing only dies never—
The bright name one wins for oneself.

The name Charles Andrew Brady burns bright. Karen often called him The Great Man; when she wrote a Buffalo News Sunday magazine piece last summer on soul searching, the internal world of belief, she asked The Great Man about his beliefs.

''Belief is a gift,'' he said. ''It comes from the Anglo Saxon gelefan. A cognate word from the same root, lief, means dear or beloved. Another cognate is love—and the simplest thought about God is 'God is love.'''

And what of the Afterlife. ''A mystery,'' he said. What did he think it will be? His answer. ''I don't think about it.''

But he did write about it. In ''Viking Summer,'' he cast himself as Professor John C. Desmond. And in one passage, inspired by the death of his mother, he wrote about his own doubts about eternal life:

''Death, thought Professor Desmond, wasn't a very progressive idea. It was the most stubbornly reactionary fact man ever came up against. He often wondered if, in the end, one didn't just go down into a great darkness. To gain salvation, they said, one had to believe as a child. The trouble was that, even as a child, he had not been able to believe as a child. The difference between him and most who disbelieved was that, as a Catholic, he was committed to belief. As a result, he simultaneously believed and disbelieved. He believed with the top of his mind. He doubted with his blood. . . .

''The idea of God was by no means dead in the 20th century. In some ways, it was actually more alive than it had been in the preceding 100 years. But the idea of personal immortality, of survival of the individual human personality after death, was definitely less vivid. It has never actually been as strong as the idea of God. Intimations of deity pressed one about on every side. One did not have the same imaginative conviction about the resurrection of the body. One believed, perhaps. If one was lucky. One never felt sure in one's bones. Not even the ancient Hebrews. Not even the old Egyptians, really. Not even the people of the high Christian ages. Only that strange people, the Irish, the people of the dead. The people to whom his mother had belonged. Even in Druidic days, the Irish had been confident that they should live again.''

Charles Brady was Irish, and in the end he put all doubt aside. He was utterly sure he would live again. he underwent a terrible ordeal in his final weeks at Sisters Hospital. At one point early in this last hospitalization he came back from a painful bronchoscopy and nurses told us he was muttering gibberish. Jeanne d'Arc, Jeanne d'Arc, he said over and over. A nurse asked if it meant anything. Shella explained it meant everything: He was saying Joan of Arc. And the rest of it was not gibberish. He was praying—in French.

Moments later he said goodbye, without ever using the word, in a most remarkable death bed scene. He expressed his love for each of us in a moving soliloquy that was equal parts instruction, benediction and farewell. Most moving was his salute to our Mom, his Norwegian wife. He called her his soulmate. Most of what he said is private. But this much I can add. He said he felt no fear.

That ought to be a consolation for those of us here—to know he had no fear to know of his final confidence in the Afterlife. It ought to be, but of course it's not. Because we will

all miss him here so terribly much—his knowledge, his wit, his writing, his counsel, his love.

We will have him always, in our hearts, and on our shelves, as he ambles the catlines byways of heaven with his brothers—holding aloft the black-thorn cane their father brought from Ireland much more than a century ago.

It that really what heaven will be like? Remember, Dad called it a mystery. It is a concept beyond our mortal grasp. But I know how I'd like to think of it. I imagine that as Charles Andrew Brady entered the Light, he heard the sweet baritone of Jehovah say, ''Well done, oh good and faithful servant.''

CROW CREEK SIOUX TRIBE INFRASTRUCTURE TRUST FUND ACT OF 1995

HON. TIM JOHNSON

OF SOUTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 19, 1995

Mr. JOHNSON of South Dakota. Mr. Speaker, today, I am introducing legislation to establish a trust fund within the Department of Treasury for the development of certain tribal infrastructure projects for the Crow Creek Tribe. These projects were outlined in previous legislation but were never completed due to limited funding sources. The Crow Creek Development trust fund would be capitalized from a percentage of hydropower revenues and would be capped at $27.5 million. The tribe would then receive the interest from the fund to be used according to a development plan based on legislation previously passed by Congress, and prepared in conjunction with the Bureau of Indian Affairs and the Indian Health Service.

The Flood Control Act of 1944 created five massive earthen dams along the Missouri River. This public works project, known as the Pick-Sloan Plan, has since provided flood control, irrigation, and hydropower for communities along the Missouri. Four of the Pick-Sloan dams are located in South Dakota.

The Impact of the Pick-Sloan plan on the Crow Creek Sioux Tribe has been devastating. Construction of the Big Bend and Fort Randall dams was severely detrimental to economic and agricultural development for the Crow Creek Tribe. Over 15,000 acres of the tribe's most fertile and productive land, the Missouri River wooded bottom lands, were inundated as a direct result of the Fort Randall and Big Ben dam construction. The tribal community has still not yet been adequately compensated for the economic deprivation brought about with Pick-Sloan.

Through the Big Bend Act of 1962, Congress directed the U.S. Army Corps of Engineers and the Department of the Interior to take certain actions to alleviate the problems caused by the destruction of tribal resources and displacement of entire communities. These directives were either carried out inadequately or not at all. The legislation I am introducing is the first step toward keeping the promises Congress made to the Crow Creek Sioux Tribe.

Congress established precedent for this legislation with the Three Affiliated Tribes and Standing Rock Sioux Tribe Equitable Compensation Act of 1992. At that time, Congress determined that the U.S. Army Corps of Engineers failed to provide adequate compensation to the tribes when their lands were acquired for the Pick-Sloan projects. There is little controversy on finding that the tribes bore an inordinate share of the cost of implementing the Pick-Sloan program. The Secretary of the Interior established the Joint Tribal Advisory Committee to resolve the inequities and find ways to finance the compensation of tribal claims. As a result, the Three Affiliated Tribes and Standing Rock Sioux Tribe Equitable Compensation Act set up a recovery fund financed entirely from a percentage of Pick-Sloan power revenues.

The Crow Creek Sioux Tribe Infrastructure Development Fund Act of 1995 will enable the Crow Creek Tribe to address and improve their infrastructure and will provide the needed resources for further economic development at the Crow Creek Indian reservation.

This legislation has broad support in South Dakota. South Dakota Governor Bill Janklow strongly endorses this funding mechanism to develop infrastructure at the Crow Creek Sioux reservation. I am including a letter of support from Governor Janklow to be printed in the RECORD.

I urge my colleagues to strongly support this important legislation and correct this historic injustice against the Crow Creek Sioux Tribe.

STATE OF SOUTH DAKOTA,
June 22, 1995.

HON DUANE BIG EAGLE,
Chairman of the Crow Creek Sioux Tribe, Post Office Box 50, Fort Thompson, South Dakota 57501

DEAR CHAIRMAN BIG EAGLE: Thank you for giving me a copy of the proposed federal legislation that requires the federal government to fulfill the commitments made to the Crow Creek Sioux Tribe in the Big Bend Act of 1962.

I wholeheartedly support this legislation and your efforts to develop Fort Thompson with the infrastructure and community facilities that the Crow Creek community should have received long ago. The method for funding in the bill is fair and I hope a majority of both houses of Congress and the President will realize the importance of passing this bill and signing it into law.

In several different ways, all of the various groups of people who live in South Dakota have not received the benefits promised when the great dams were built in the 1950s. The persistence of the members of the Crow Creek Sioux Tribe to right this wrong is worthy of high praise. Congratulations on creating an excellent proposal.

If there is anything I can do to help you, please let me know.

Sincerely,

WILLIAM J. JANKLOW,
Governor.

COALITION MEDICARE PROPOSAL

HON. BILL ORTON

OF UTAH

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 19, 1995

Mr. ORTON. Mr. Speaker, I rise today in support of the coalition Medicare reform alternative. In doing so, I will be voting against both the Democratic and Republican Medicare reform proposals considered today. I would like to explain why.

Today, we are considering only the Medicare portion of the Republican budget reconciliation package. This separation of Medicare from the rest of the Republican budget proposal is an effort to convince the American people that reduced spending in Medicare is not related to the rest of the budget. It is an effort to convince the American people that a $270 billion reduction in Medicare spending is necessary to address the impending insolvency of the Medicare HI trust fund in the year 2002. It is nonsense.

The bipartisan Concord Coalition perhaps said it best: It all began with the irreconcilable goals announced in the GOP's Contract With America: Balance the budget while at the same time enacting large tax cuts and pushing many large programs, most notably Social Security, off the table. Inevitably, a disproportionate share of the budget-cutting burden fell on Medicare.

The coalition Medicare reform proposal, of which I am a cosponsor, proves that the solvency of the Medicare HI trust fund can be restored, within the context of a 7-year balanced budget, while cutting $100 billion less in Medicare spending than the Republican proposal. I am disappointed that the Rules Committee did not make in order consideration of the coalition proposal on the House floor, because I believe it is closer to the priorities of the vast majority of Americans than either of the two proposals that we will be debating today.

The American people deserve a complete debate of the choices we face as a nation as we begin to balance the budget. Today, we will debate two options regarding Medicare: reducing Medicare spending by $270 billion in the context of a budget than contains a $245 billion tax cut, and reducing Medicare spending by $90 billion in order to restore solvency to the Medicare trust fund without balancing the budget.

There is a responsible alternative that sadly will not receive consideration: restoring the solvency of the Medicare program within the context of a balance budget without providing an immediate tax cut. I believe that this option represents the preferences of the majority of Americans.

The coalition alternative includes many of the same proposals contained in the Republican proposal: it allows the formation of provider sponsored networks, it means-tests part B premiums, and it expands the choice of seniors within the Medicare system.

However, there are many distinctions. The Republican plan raises premiums on all senior citizens. The coalition only raises premiums for wealthier seniors who are better able to afford an increase. The coalition plan also protects reimbursement rates in rural areas where hospitals are more likely to close, continues minimal standards for nursing homes, and maintains eligibility for health care at military facilities.

Finally, unlike the Republican plan, we do not include $35 billion in unspecified cuts, which the Republican Senate Finance Committee chairman labeled ''blue smoke and mirrors.''

We need to keep in mind two things when considering these proposals today: First, we cannot continue to borrow from future generations in order to have things we are not willing to pay for now, and second, we cannot overlook the needs of current generations as we set national fiscal priorities. I believe that the coalition alternative does the best job of balancing these two concerns.

Further, let it be clear that while the impending trust fund insolvency is an extremely serious and real concern, it is not a new finding. For many years, the trustees' report has indicated the insolvency problem in the Medicare HI trust fund. In fact, recent estimates had actually extended the insolvency date, and the trustees report itself stated that the long-range status of the HI Program had improved.

What is new is that Congress has decided to balance the budget and must address this insolvency in doing so. In addition, it is new to enact a $245 billion tax cut at the same time that the budget is being balanced—this means Congress must cut more spending in order to compensate for reduced tax revenue.

The coalition Medicare proposal represents the most sensible approach to achieving Medicare solvency because it does not lose sight of the larger health care picture in a rush to balance the budget. It extends solvency over a 10-year period, creates a bipartisan Commission to address long-term solvency, protects beneficiaries, and eases the burden on rural hospitals which provide critical services to rural communities but often rely on Medicare and Medicaid for a majority of their funds.

Therefore, the coalition Medicare proposal achieves and exceeds the goals of the Republican proposal while containing spending reductions to a level that can be absorbed by the health care market without reducing seniors' access to health care—particularly those seniors with low incomes—or quality of health care.

I know that the Utah Association of Healthcare Providers and others share my concern about the magnitude of spending reductions contained in the House Republican proposal. They estimate that some hospitals in Utah will close as a result of these cuts, particularly hospitals in rural areas where over 60 percent of funding can be received from Medicare and Medicaid.

The $170 billion reduction contained in the coalition budget is almost identical to the amount that organizations like the American Hospital Association have said they can achieve without severely reducing the quality of, or access to, health care received by beneficiaries.

Let me make clear that I consider the need to balance the Federal budget the highest priority we face in Congress, and have worked hard for policies and specific spending cuts to reverse the spiraling deficit. But having agreed to balance the budget in a 7-year period, it is now crucial to have a thorough debate regarding the Nation's fiscal priorities. Tough spending cuts are necessary to achieve such a balance and seniors will have to share in these cuts. However, since the spending cuts contained in any balanced budget will be difficult, it is even more imperative that we cut spending first before cutting taxes.

Recent polls show that insistence on tax cuts in light of the tough decisions necessary to achieve a balanced budget does not reflect the priorities of the American people. Over 80 percent of Americans oppose cutting future costs of Medicare to pay for a tax cut. Higher income Americans are even less supportive of making Medicare cuts in order to finance tax cuts than other Americans.

In conclusion, containing health care costs is an essential part of the balanced budget equation. Health care is the fastest growing portion of the Federal budget, and if we do nothing, by the year 2030, all that our Federal tax dollar will pay for is health and retirement programs.

However, there is also more than one way to achieve a balanced budget and contain health care spending. There are important questions to discuss regarding how we can contain health care costs without decreasing quality or denying beneficiaries access to health care.

The Medicare reforms we are considering raise issues beyond simply balancing the budget and restoring solvency to the Medicare trust fund—reforms must include the impact of the costs of health care being shifted as the Federal Government pays proportionately less of health care spending.

I believe that it is critical for Congress to work with, and listen to, the American people as we attempt to determine which proposals are most appropriate and cost-effective.

The fact that the coalition Medicare proposal will not be considered in the debate today denies a voice to the moderate mainstream majority of Americans. I regret that the full details of this proposal will not receive a fair hearing.

PERSONAL EXPLANATION

HON. NEIL ABERCROMBIE

OF HAWAII

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 19, 1995

Mr. ABERCROMBIE. Mr. Speaker, on October 17, I was unavoidably delayed on my return to Washington, DC, from Hawaii because of a plane delay. Had I been present I would have voted ''nay'' on rollcall vote No. 714 and ''yea'' on rollcall votes Nos. 715 and 716.

LEGISLATION MAKING FGM ILLEGAL

HON. PATRICIA SCHROEDER

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 19, 1995

Mrs. SCHROEDER. Mr. Speaker, I was glad to hear that the Senate has approved legislation making female genital mutilation illegal and implementing education and outreach efforts to stop its practice in this country. I commend Senator REID for attaching his bill, which is a companion to mine, to the foreign operations appropriations bill that the Senate passed on September 21. The House passed its foreign operations bill on July 11 without a similar provision and now it is up to the conference committee to preserve the Senate language of FGM.

I have spoken on this floor many times regarding FGM, and some States are now passing or considering their own legislation to ban it. The problem in this Congress seems to be that Members still do not believe that such a brutal procedure happens in this country, something my bill and Senator REID's would seek to correct. Lest there be any doubt that it does happen here, I refer Members to the October Atlantic Monthly, which features an article by Linda Burstyn about the efforts of activist Mimi Ramsey to end FGM in this country.

TRIBUTE TO MILKEN FAMILY FOUNDATION NATIONAL EDUCATOR AWARD WINNERS

HON. MIKE WARD

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 19, 1995

Mr. WARD. Mr. Speaker, I would like to take this opportunity to congratulate the Milken Family Foundation National Educator Award winners. A recognition luncheon to honor these five exemplary individuals will be held Wednesday, October 25, at noon at the Marriott Hotel in Louisville. At the luncheon Dr. Wilmer S. Cody, Commissioner of Education; Foundation officials; leaders from business, government, and education, and the awardees' families will assemble to honor this year's recipients.

In 1981, the members of the Milken families conceived an educator wards programs based on their belief that the most effective way to address the crisis in K–12 education was to focus on the needs and the resources of educators and to encourage bright young men and women to enter the profession. I applaud the Foundation's efforts to improve our Nation's educational system.

Mr. Speaker, I ask that a copy of the distinguished award winners which I am submitting be placed in the CONGRESSIONAL RECORD. I hope that the teachers will continue their invaluable service to the cause of education.

The recipients are: Barbara Byrd Fendley, a teacher from Dupont Manual High School in Louisville; Jerry L. Hodges, a principal from Williamsburg High School in Williamsburg; David E. Jordan, a principal from South Junior High School in Henderson; Susan Bernstein Stucker, a teacher from Blazer High School in Ashland; and Joyce Ann Mason Winburn, a teacher from Eminence High School in Eminence.

THE BILINGUAL EDUCATION TRAP

HON. TOBY ROTH

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 19, 1995

Mr. ROTH. Mr. Speaker, I rise today to call the attention of my colleagues to a column that appeared yesterday in the Wall Street Journal. The author, Michael Gonzalez, makes a compelling case against bilingual education and for preserving our common bond, the English language.

Mr. Gonzalez' article shares his personal experience with bilingual education programs as a new American growing up in New York City. His story is a cautionary tale of bureaucratic excess and educational ineffectiveness. Rather than helping children learn English, the bilingual education programs he describes actually hold them back.

A recent surveys showed that in just 5 years, there will be 40 million Americans who can't speak English. Those Americans will be isolated, cut off from realizing the American dream, if they don't have the one skill that is required for success in America: fluency in English.

We should heed the warnings of people like Michael Gonzalez, who have experienced the

negative effects of bilingual education first hand. I have introduced legislation that would end these misguided Government programs and shift our educational focus back to teaching new Americans English quickly and effectively. I hope you will join me in this effort by cosponsoring H.R. 739, the Declaration of Official Language Act.

I ask that the full text of Mr. Gonzalez' article appear in the RECORD at this point.

[From the Wall Street Journal, Oct. 18, 1995]

THE BILINGUAL ED TRAP

(By Michael Gonzalez)

The push to make English the official language of the U.S. misses the point. If proponents of such a constitutional amendment aim to prevent Balkanization and preserve the ideal of the melting pot, they would do far better to channel their efforts into radically changing bilingual education programs. Immigrants will learn English if the social engineers will only let them.

I know about bilingual education firsthand. When my family came to this country from Cuba via Spain more than 20 years ago, the New York City public school system, in its infinite wisdom, put me in a bilingual program, despite my family's doubts. The program delayed my immersion into English, created an added wedge between new immigrants and other students, and was sometimes used as a dumping ground for troubled Spanish-speakers more fluent in English.

When I tried to transfer to a regular class, the system threw roadblocks in my way. Administrators finally relented, though it took a lot to convince them. The process was an education in itself, but it wasn't one a 14-year-old should be asked to go through.

One year later, the students who had stayed in the bilingual class were still there, and their English-language skills were little improved. They were every bit as bright as I; it was the system that held them back. Sadly, this picture has not improved in the past two decades.

While a bilingual program of short duration that truly aims at quick immersion in the English-speaking culture would be of value, the lobbying groups that support bilingual education appear to have other aims in mind: chiefly, pushing the Spanish language as something in need of protection and creating a multicultural, multilingual nation.

Spanish is my native tongue, and it is the native tongue of every member of my family. I work hard at not losing it and speak it as often as I can, especially in the street. It is beautiful, melodious tongue, especially suitable for poetry and other forms of literature. It is not a waif that needs the help of some concerned administrator. The language is alive and duly celebrated in Spain and 18 countries in Latin America, as well as in any other country where individuals have chosen to add it to the particular inventory of the foreign languages they know.

Paul Hill, research professor at the University of Washington's graduate school of public policy, says one hidden agenda of bilingualism's proponents may be to create demand for teachers who speak a foreign language. He also suggest a more Machiavellian agenda: Instilling in a child a self-consciousness as a member of a separate group virtually ensures that he or she will never fully feel a member of the larger society and will be more vulnerable to claims of ethnic pride, or resentment, by politicians and marketers alike. I fear Prof. Hill may be right on target.

As a correspondent, I have witnessed countries such as South Korea and Japan use unity of purpose to compete globally. I have also witnessed strife in countries that are multilingual and multicultural, such as Afghanistan and Cyprus. We should think twice before we toss out the corny goal of having a melting pot.

Yes, Americans, an English-speaking people, had better start learning foreign languages, such as Spanish, in order to better compete in the world. Yes, our diversity is a real strength: Americans of Eastern European, Asian and Latin American background are leading the charge in opening markets in those regions. But we cannot afford to become dissipated at the center—we have to understand one another, linguistically and culturally, back at the head office.

But if the liberals on one side confuse matters, the conservatives on the other side also send the wrong message with English-only drives. The first law that established English as the official language of a state, in Nebraska in the 1920s, restricted the learning of any other foreign language until secondary education. Any law that risks encouraging isolationism should be opposed. Globalism is real—anyone who doubts it should visit our business schools and see students grappling with how to overcome America's natural seclusion. In addition, if it's fair to speculate about the motives of bilingual-ed supporters, it is also legitimate to hypothesize that supporters of English-only may be animated by nativism, racism and ignorance.

Far from working toward union, making English an official language risks creating further divisions. It goes against the grain of how things have traditionally been done in this country, where there is no official religion nor family that represents the state. Reforming bilingual ed and restricting government literature to English does not require an official language. We've done without one for 219 years. We don't need one now.

TRIBUTE TO RABBI ARTHUR SCHNEIER

HON. TOM LANTOS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 19, 1995

Mr. LANTOS. Mr. Speaker, I invite my colleagues to join me in paying tribute and expressing deep appreciation to a truly outstanding American, my good friend, the courageous and inspirational Rabbi Arthur Schneier.

Rabbi Schneier has earned his place among the great leaders in human rights of this century with his tireless efforts on behalf of the world's victims of ultranationalism, religious persecution, ethnic cleansing and intolerance. He has risen above religious differences to establish the Appeal of Conscience Foundation, which has, for 30 years, brought together Roman Catholic, Protestant, Greek Orthodox, Jewish, and Islamic religious and lay leaders to solve the problems that face our globe.

As a young man, Rabbi Schneier led a highly successful campaign to recruit young people at a time of religious disaffection in the 1960's to a program at the Park East Synagogue which eventually became a seven-story day school cultural center that continues to attract young people and currently educates 250 children.

This effort, begun in 1965, was the beginning of an extraordinary career in religious leadership for Rabbi Schneier. That year, he recruited and led a group of political and religious leaders for an Appeal of Conscience rally protesting religious repression in the Soviet Union.

Rabbi Schneier then established the Appeal of Conscience Foundation, which continues to this day to provide effective and increasingly influential leadership on behalf of religious freedom and human rights throughout the world.

Just a few weeks ago, Rabbi Schneier met with Pope John Paul II to discuss the problem of radical nationalism around the world and its inevitably negative effects on human rights and religious freedom, particularly the prevalence of anti-semitism and xenophobia in troubled countries.

The Appeal of Conscience Foundation and Rabbi Schneier have been involved in a wide range of the world's most intractable problems and most egregious human rights violations. From meeting with Foreign Minister Andrei Kozyrev to discuss United States-Russian relations to meetings with the Presidents of Bosnia, Serbia, and Croatia to discuss a lasting peace in that troubled region, Rabbi Schneier has taken it upon himself to provide inspirational and effective leadership that has won him praise around the world.

Mr. Speaker, Rabbi Schneier is an inspiration to all Americans. He has taken his wealth of good will, tenacity and intelligence and brought his message to the forefront of international discussions. He has championed an issue that touches us all—the protection of the most basic human rights and the freedom to practice one's chosen religion. It is with the deepest appreciation and most heartfelt thanks that I invite my colleagues to join me in paying tribute to Rabbi Arthur Schneier.

IN HONOR OF REVEREND DANIEL CORREA, JR., SENIOR PASTOR OF THE GOSPEL TABERNACLE

HON. ROBERT MENENDEZ

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 19, 1995

Mr. MENENDEZ. Mr. Speaker, I rise today before the House of Representatives to pay tribute to Rev. Daniel Correa, Jr., for his dedication, spiritual leadership, and tireless commitment to the communities of North Bergen, Union City, west New York. He will be honored by the Gospel Tabernacle on October 22, 1995, at their annual Clergy Appreciation Day. This day seeks to acknowledge the contributions of American religious leaders in the 1990's.

Rev. Correa, born in Mayaquez, PR, moved to the south Bronx in New York when he was 6 months of age. He received his first call to ministry at the age of 10, when he preached his first sermon. In adulthood, he became an associate pastor at the Glad Tidings Assembly of God in the north east Bronx for 7 years.

Two years ago, heeding to the call of God, he came to the Gospel Tabernacle in North Bergen where he currently serves as senior Pastor. At the beginning of his ministry, the congregation numbered 40 members. Under his leadership, the congregation has increased to more than 300 members.

Pastor Correa, about to receive his Masters in Theology, instituted several programs of great benefit to his congregation and the community. He established a full accredited Christian Training Academy, which provides a free

GED program to the community and to members of the church. Through his conviction that ''children are the church of today'', he started one of the most successful Royal Ranger and Missionette programs. Other programs started by Pastor Correa include the AIDS Ministry to Broadway House in Newark and Jersey City Medical Center which gives guidance and counseling to patients and families.

Rev. Daniel Correa, Jr. deserves our highest praise for his dedication to his God and his community. I am proud to have him serving the residents of my congressional district and I salute him for his endless giving and years of service.

NATIVE AMERICAN POW WOW

HON. GEORGE E. BROWN, JR.

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 19, 1995

Mr. BROWN of California. Mr. Speaker, today, I would like to draw the attention of the Congress to an event which I am very proud of that happened this past weekend in my region of California.

At the Jerry L. Pettis Memorial Veterans' Medical Center in Loma Linda, CA, a pow wow was held on October 14 and 15 to honor native Americans who have served in defense of our Nation. The pow wow was entitled ''A Celebration of Northern and Southern Traditional Values: In Harmony With the Land.''

Over 180,000 native American men and women have served in the U.S. Armed Forces since World War I, defending our Nation with honor. Some of these men and women were in Loma Linda this past weekend.

Mr. Speaker, 2 weeks ago in Washington, a special joint session of the House and Senate was held to commemorate the 50th anniversary of the end of World War II. I am particularly honored to mention that in Loma Linda were several of the famous Navajo Code Talkers who are widely credited with helping to win the war in the Pacific during World War II. I feel strongly that theirs is a story that needs to be told more broadly so that all Americans—young and old—are thoroughly familiar with one of the many important contributions that native Americans have made to the continuing freedom and evolution of our Nation. I, for one, am very proud to know that these honored veterans and other native Americans gathered and celebrated in the inland empire region of California this past weekend.

I hope all Members of Congress will join me in congratulating all participants in the October 14 and 15 Loma Linda, CA, native American Pow Wow.

WILLIAM J. HAWKINS—A MAN OF GREAT PURPOSE AND INTEGRITY

HON. JACK REED

OF RHODE ISLAND

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 19, 1995

Mr. REED. Mr. Speaker, it gives me great pleasure to pay tribute to a distinguished Rhode Islander who is being honored for his outstanding contributions as the Chief of the Division of Parks and Recreation in the State Department of Environmental Management.

Throughout his long and distinguished career, William J. Hawkins, Jr., has contributed greatly to the quality of life in our State. Rhode Island is proud to boast of many natural resources and public facilities which afford residents and visitors wonderful recreational opportunities. Bill Hawkins has been with the division for more than two decades. Under his leadership and vision, those resources have been protected, promoted, and enhanced for the benefit of all.

Bill Hawkins is a Marine Corps veteran and has been a volunteer fireman in his hometown of Smithfield for over 25 years. In addition to his professional contributions, Bill and his wife, Anne, are the proud parents of six children, and their lives have been blessed with six wonderful grandchildren. He is a man whose family is truly his pride and joy.

He is a man of great purpose and integrity who has earned the admiration, affection, and respect of many. I would ask my colleagues in the U.S. House of Representatives to join me in recognizing an individual who has made a significant difference to the enhancement of out Nation's recreational resources.

TRIBUTE TO ST. MICHAEL'S CHURCH

HON. NYDIA M. VELÁZQUEZ

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 19, 1995

Ms. VELÁZQUEZ. Mr. Speaker, I rise today to pay tribute to St. Michael's Church as it celebrates its 125th anniversary.

Throughout its existence, St. Michael's Church has continuously demonstrated its commitment to its parishioners and its surrounding community. Under the stewardship of Father Michael Brennan and the distinguished leaders before him, the church has not only been a place of worship, but it has also been a place of comfort for the weary, a place of guidance for the lost, and a place of hope for those who despair. In essence, St. Michael's has been a center of inspiration for our community.

Therefore, Mr. Speaker, I salute St. Michael's Church and Father Brennan on this momentous 125th anniversary and offer them my best wishes for the future.

220TH BIRTHDAY OF THE U.S. NAVY

HON. TILLIE K. FOWLER

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 19, 1995

Mrs. FOWLER. Mr. Speaker, Friday, October 13, marked a very special occasion in the history of our Nation. On October 13, 220 years ago, the Continental Congress authorized the two ships which were the foundation of the first U.S. Navy.

In honor of this very special birthday, I would like to say ''Thank You'' to the men and women of the U.S. Navy who work so tirelessly in the service of their country. Like all of our men and women in uniform, they endure a great deal of personal hardship because of their commitment to serve, and it is all too easy for those of us at home to take them for granted.

Right this moment, over 4,500 sailors from Mayport Naval Station in my district are at sea—far from home and months away from seeing their friends and loved ones. Mayport sailors are in the Mediterranean, the Atlantic, the Persian Gulf, the Caribbean and elsewhere. And thousands of other naval personnel are maintaining a forward presence and representing U.S. interests around the globe.

I would like to urge my colleagues to take a moment from their busy schedules to say a little prayer of thanks for the commitment, the patriotism and the devotion to duty shown by the men and women of the U.S. Navy. They deserve our thanks, our prayers and our complete support as they do the difficult and important work they do so well. Happy Birthday, Navy, and many happy returns of the day.

SUPPORT FOR CELEBRATING 3000TH ANNIVERSARY OF JERUSALEM

HON. BENJAMIN A. GILMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 19, 1995

Mr. GILMAN. Mr. Speaker, I rise in strong support of S. Con. Res. 29, sponsored by the majority leader of the other body, which reserves our Capitol Rotunda for a ceremony celebrating the 3000th anniversary of King David's establishment of Jerusalem as the capital of Israel. I wish to thank Representative THOMAS for his assistance in bringing this legislation to the floor.

S. Con. Res. 29 further notes that Jerusalem has been the focal point of Jewish life for millenia, and has held a unique place and exerted a unique influence on the moral development of Western Civilization. No other city on Earth is today the capital of the same country, inhabited by the same people, speaking the same language, and worshipping the same God as it was 3000 years ago. Yet Jerusalem's special character, and its importance to Israel and the Jewish people, knows no bounds.

Mr. Speaker, we look forward to hosting Prime Minister Rabin and Mayor Olmert soon in the Capitol Rotunda for this celebration of eternal Jerusalem. This commemoration is only one component of the thousands of events scheduled to celebrate Jerusalem's 3000 years as the City of David. Yet it will be an especially memorable event, which I am certain will be cherished by all those in attendance.

STATE OF CHIAPAS

HON. BILL RICHARDSON

OF NEW MEXICO

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 19, 1995

Mr. RICHARDSON. Mr. Speaker, at the request of my constituents in Taos, NM, I would like to take this opportunity to express my views to my colleagues about the 22-month-old uprising in the southern State of Chiapas, Mexico.

The state of Chiapas, where a large indigenous population of various tribes of Mayans

lives, is one of the poorest in Mexico. Only 67 percent of the households in Chiapas have electricity, only 41 percent have access to sewers, and only 58 percent have access to running water. The level of illiteracy is also astonishing high. Only 71 percent of children under the age of 14 attend school and only 70 percent of the people over 14 can read. In addition, Chiapas has a history of human rights abuses which includes summary executions and torture.

To bring attention to the precarious situation of the Indians in Chiapas, armed guerrillas of the Zapatista Army of National Liberation [EZLN] seized several towns on January 1, 1994. They killed policeman, ransacked stores, freed prisoners, kidnapped the governor of Chiapas, and stole dynamite. Accompanying the armed uprising in Chiapas was a car bombing in Mexico City and the destruction of electricity pylons in two other Mexican States, the EZLN claimed responsibility for both of these actions as well.

The Zapatistas stated that they were declaring war on the ''illegitimate'' Government of Carlos Salinas de Gortari; denounced human rights abuses, lack of opportunities and discrimination against the Mayan Indians in Mexico, and called for the building of socialism in the country.

The Mexican Government quickly responded to the unrest by sending in the army. They strafed suspected guerrilla strongholds, engaged in house to house combat with the Zapatistas, and seized many Chiapan villages. Violations of human rights, particularly against the indigenous communities, were reported during the fight.

The guerrilla leaders demanded the recognition of the EZLN as a belligerent force; a cease-fire by both parties; the army's withdrawal from all communities; the creation of a national commission to deal with indigenous issues; and the suspension of indiscriminate bombing. They also asked for land distribution, justice for the indigenous population and major democratic and social reforms on a national level.

On January 10, President Salinas agreed to the cease fire and sought a political, negotiated settlement of the crisis. The Mexican authorities created a Commission for Peace and Reconciliation to begin negotiations for a lasting peace. In addition, on January 27, the Government and eight political parties agreed on a Pact for Peace, Justice, and Democracy, which included a far-reaching electoral reform.

During the peace talks that took place from February 21 to March 2, the Government agreed to address the land, health, education and other material needs of the State's poor indigenous communities. Among the tentative agreements announced to the public on March 3, 1994, the Government proposed to give limited autonomy to indigenous communities; legislation forbidding discrimination against Indians; redrawing electoral boundaries to permit more indigenous representation; distribution of land from large ranches; and major public works to construct roads, schools and health clinics.

By this time, EZLN's demands had gained relative support throughout Mexican society and guerrilla's leaders announced that they would consult the local indigenous communities to see if the tentative agreements were acceptable. Tensions mounted after the assassination of the PRI's presidential candidate, Luis Donaldo Colosio on March 23, 1994. On March 26, the Zapatistas suspended peach negotiations, accused the Salinas government of complicity in the murder of Colosio and stated that the murder was being used as a pretext for a military offensive against guerrilla strongholds.

Meanwhile, peasant groups in Chiapas were seizing thousands of acres of land, and landowners started to press for action claiming that they would take matters into their own hands if the Government did not take action to prevent seizures of the land in the area. In April, the EZLN claimed a local leader had been shot by a landowner, and a military roadblock in Chiapas was attacked by an unidentified group.

On June 11, the EZLN leadership announced that they were rejecting the Governments March peach plan. After the election of President Zedillo, the EZLN claimed that the gubernatorial elections were fraudulent, objected to the election of PRI candidate Eduardo Robledo as Governor of Chiapas, and threatened to renew the armed rebellion unless Robledo resigned.

Robledo offered to resign if the guerrillas leaders laid down their arms, and agreed to form a non-partisan State government. He appointed a PRD member as his interior minister and a PAN leader as his health minister to show his good intentions. Robledo also pledged to develop a pluralistic government, to address the serious needs of Chiapas, and to revise the State constitution and electoral law to make future elections more credible.

In February 1995, President Zedillo instructed the Attorney General to arrest the Zapatistas leaders on the basis of evidence that they were preparing for further violence in Chiapas and other States in Mexico. President Zedillo also stressed the importance of full observance of the law and affirmed that channels for the peaceful resolution of the conflict remained open.

Following the results of a national referendum the EZLN called in last August, which suggested that the Mexican people wanted the Zapatistas to lay down its arms and become a political force, President Zedillo called on the rebel army to take part in a national dialog for political reform. In September 1995, the negotiators reached a modest agreement that set an agenda for discussions of social issues that contributed to the conflict.

The United States-Mexico relationship has greatly matured over the last decade. Our mutual interests have expanded from strategic concerns to economic and social matters that are vital to each nation's domestic stability. Our commitment to a strong relationship with Mexico was embodied in the NAFTA agreement which acknowledged Mexico's eligibility to take advantage of free trade and the global economic marketplace. The American commitment to Mexico was reinforced by President Clinton's courageous move to open a $20 billion line of credit to Mexico to rescue the troubled peso.

The financial package designed to hasten the stabilization of Mexico's economy will benefit all Mexicans by lessening the impacts of the crisis. As all Mexicans work to resolve the Chiapas problem, the United States should continue to urge restraint, respect for human rights and full compliance with the legal process. We should encourage Mexico to determine the best way to re-establish law and order, to address social problems, and to work toward a new political order in Chiapas. We should support all efforts underway to provide amnesty for EZLN members who give up their weapons and agree to channel their demands peacefully within the political process.

The promotion of democratic values in Mexico increases stability and legitimacy in our valued southern neighbor. Domestic violence and insurgencies are among Mexico's greatest threats, and the United States should play a constructive role in encouraging peaceful democratic solutions to address these concerns. Despite rumors to the contrary, the State Department insists that the United States did not pressure the Mexican Government to take a harder line in Chiapas as part of the financial assistance package for Mexico. Nor does the United States Government provide military assistance to Mexico beyond some low-level training programs. United States State Department personnel have travelled to Chiapas to assess the situation there, but have never accompanied or advised Mexican military troops stationed there. I am comfortable that the above claims are correct.

I support the willingness of President Zedillo's administration to solve the conflict through dialog and peaceful negotiations and every effort of the Government to solve not only the crisis in Chiapas, but also similar social problems that affect other parts of the country.

BURIAL BENEFITS TO INCLUDE CERTAIN VETERANS

HON. BOB STUMP

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 19, 1995

Mr. STUMP. Mr. Speaker, today I am introducing legislation to expand eligibility for burial benefits to include certain veterans who die in State nursing homes. My distinguished colleagues, SONNY MONTGOMERY, TERRY EVERETT, and LANE EVANS, join me in introducing this bill.

Currently, the Department of Veterans Affairs pays burial benefits for veterans who were either compensation or pension recipients, or who died in a VA medical center. About 2,500 veterans die in State veterans homes in a given year. About 12 percent of those—or 300 veterans—do not qualify for priority care in Veterans Health Administration facilities, are not service connected, or are not pension recipients.

This bill would provide, at an insignificant cost, more equitable and consistent coverage for our Nation's veterans receiving domiciliary, nursing home and hospital care at VA expense in State nursing homes.

Mr. Speaker, I urge my colleagues to join Mr. MONTGOMERY and me as cosponsors of this bill.

THE 25TH ANNIVERSARY OF NCUSIF

HON. MARGE ROUKEMA

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 19, 1995

Mrs. ROUKEMA. Mr. Speaker, I invite my colleagues to join me in congratulating the credit union community in celebrating the 25th anniversary of the creation of the National Credit Union Share Insurance Fund. This fund was established by Congress in 1970 and has provided unparalleled security and stability for America's credit union members since that time. This insurance fund has an impressive history—it has never received any Federal support or any taxpayer dollars in start-up capital or bail-out funding. No credit union member has ever lost money in a credit union protected by the fund.

Senator Wallace Bennett, the father of Utah's current Senator ROBERT F. BENNETT, was the author of the legislation creating the credit union share insurance fund. In his remarks during the debate over the legislation, Wallace Bennett said, ''Since many credit unions deal primarily with individuals having limited incomes, it is particularly important that they enjoy the same insurance protection enjoyed by savers and depositors in other financial deposit accepting institutions.'' This belief endures today.

So on this special occasion, I wish the credit union community continued success and prosperity. Happy 25th Anniversary to the National Credit Union Share Insurance Fund.

CANOLA AND RAPESEED ACT

HON. MICHAEL D. CRAPO

OF IDAHO

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 19, 1995

Mr. CRAPO. Mr. Speaker, I rise today with the support of Representatives POMEROY, CHENOWETH, and BROWN of California, to introduce the Canola and Rapeseed Research, Promotion, and Consumer Information Act.

Canola produces oil that is lower in saturated fat than any other commercially available edible oil. Since its approval by Federal Drug Association [FDA] in 1986 as a food, consumption of canola oil in the United States has grown from virtually zero, to the equivalent of over 333,000 acres in 35 States in 1994.

This act will enable the industry to create a producer-driven and producer-controlled checkoff program. Similar to other successful checkoff programs, the available funds would be used to promote canola oil, meal, and other products; provide consumers with helpful information; and conduct essential research that the Federal Government is unable to fund.

Please join me in cosponsoring this important legislation.

UNFINISHED ARMS CONTROL BUSINESS

HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 19, 1995

Mr. HAMILTON. Mr. Speaker, Mr. Cord Meyer wrote a column entitled ''Unfinished Arms Control Business'' which appeared in the Washington Times on October 13, 1995. I would like to draw the attention of my colleagues to his thoughtful article. The text follows:

[From the Washington Times, Oct. 13, 1995]

UNFINISHED ARMS CONTROL BUSINESS

(By Cord Meyer)

Sen. Jesse Helms, North Carolina Republican, has taken on a heavy responsibility in trying to impose on President Clinton his vision of how the important aspects of foreign affairs should be organized. He has used his role as chairman of the Senate Committee on Foreign Relations to demand that the Arms Control and Disarmament Agency (ACDA), the Agency for International Development (AID), and the U.S. Information Agency (USIA) be brought back under the State Department's jurisdiction and control.

In the case of the ACDA, with its comparatively small budget and specialized staff, the domineering North Carolina senator has run into a solid wall of resistance within the Clinton administration and within the ACDA itself to any attempt to merge it with the State Department and cut off its direct access to the president. To bring pressure to bear, Mr. Helms has delayed in his committee the approval of any action on the START II treaty and on the Chemical Weapons Convention. Both these essential arms control measures are being held hostage to Mr. Helms' demand that the ACDA be integrated into the State Department.

The able director of the ACDA, John D. Holum, has made a persuasive case for maintaining his organization as the lead agency for negotiating, implementing and verifying arms control agreements. He points out that in January of this year, the vice president's National Performance Review reaffirmed ACDA's role as a vital agency ''whose independence is essential to effective work in the area of arms control and nonproliferation.''

Moreover, the State Department's own office of Inspector General conducted a thorough review of ACDA from April 3 to June 9, 1995, including inspection visits to Washington, Geneva, Vienna, and the Hague. It concluded that an independent arms control advocacy role was vital. It cited ACDA's leadership in obtaining the indefinite extension of the Nuclear Non-Proliferation Treaty (NPT). Also, the ACDA was virtually the only agency in the U.S. Government which pushed for a Chemical Weapons Convention. In the face of strong opposition from the State Department, ACDA finally convinced the administration not to certify Pakistan's nuclear program in view of evidence of evasion.

In a speech last month to the American Enterprise Institute, Mr. Holum warned that the delay forced by Mr. Helms in the ratification of START II could have the effect of encouraging Russian nationalists to oppose the treaty, while the delay in acting on the Chemical Weapons Convention increases the danger of proliferation. Warning that this is not the time to bury arms control two levels down in the State Department bureaucracy, Mr. Holum pointed out that ''an assistant secretary of state is not going to tell the president that the secretary of state is wrong.''

Gen. Andrew Goodpastor, who served as staff secretary to Dwight D. Eisenhower from 1954–1961, remembers that Eisenhower was very insistent that the responsibility for overseeing arms control be vested in a separate office under a single, competent individual. He was convinced that if it was assigned to the State Department, it would inevitably be ''submerged'' under a host of other issues. Gen. Goodpastor is convinced that Eisenhower was correct in this judgment, and has strongly supported Mr. Holum.

It is only fair to add that the support for ACDA is not unanimous in the foreign affairs community. There are former officials who believe the State Department could do a better job, but they do not have the support of Mr. Clinton and his principal advisers.

In his speech, Mr. Holum defined some important, unresolved problems. He warned that some critics in the United States have tried to place ''unworkable'' limits on the U.S. financial contribution to the Korean nuclear problem, and he advised against ''lead-footed attempts to make political points at China's expense.'' He has joined Joint Chiefs of Staff Chairman John Shalikashvili in urging the Senate to recognize that unilateral legislation to break the ABM treaty could derail START II ratification in Russia.

Mr. Clinton has correctly described some of the measures proposed by Mr. Helms as ''the most isolationist proposals to come before the U.S. Congress in the last 30 years.'' There are signs that the tide is turning in warnings against isolationism by former President George Bush and by former Secretaries of State James Baker and Lawrence Eagleburger. Arms control is too important to be left half-done.

CHARACTER COUNTS

HON. LAMAR S. SMITH

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 19, 1995

Mr. SMITH of Texas. Mr. Speaker, this week we celebrate the importance of personal responsibility, mutual respect, and good citizenship. This week we salute these important virtues that are essential to the American character. This week we pay tribute to the millions of Americans who contribute billions of hours to help their neighbors achieve their potential and improve their lives.

This week is Character Counts week. So it is appropriate to bring to your attention the work of the Character Counts Coalition. The Character Counts Coalition focuses attention on the six pillars of character: trustworthiness, respect, responsibility, caring, fairness, and citizenship.

These pillars are more than simply words. They are a code by which millions of people have been able to achieve extraordinary dreams for themselves and their neighbors. These are a framework for a self-governing nation. And these six simple pillars have made the United States of America the economic, social, and political lighthouse for the world.

But today, as these pillars of character are being embraced around the globe from Moscow to Managua, they are too easily ignored or forgotten at home. Illegitimacy rates have spiralled 400 percent since 1960. Divorce rates have doubled over the past 30 years. A rising tide of suicide, teenage pregnancy, and violence have often turned our shining cities into gruesome nightmares.

We must work together within our own communities, our churches, our synagogues and mosques, our schools, and our workplaces to reverse these trends. Today the question for every American is not only what can you do for your nation but what can you do for your school, your neighborhood, and your community.

Character Counts week celebrates the work of those Americans who are answering this call. The Character Counts Coalition is answering this call. We salute the message and encourage all Americans to heed the pillars of character.

SUPPORT FOR THE ANIMAL DRUG AVAILABILITY ACT

HON. WAYNE ALLARD

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 19, 1995

Mr. ALLARD. Mr. Speaker, as a veterinarian, I am well aware of the importance of animal health products for maintaining the health and well-being of companion animals and food-producing animals. Unfortunately, during the past two decades, the drug-approval process at the Food and Drug Administration's Center for Veterinary Medicine has become increasingly prolonged and complicated. In fact, the FDA has approved only eight new drugs for food producing animals over the past 5 years.

The drug approval process needs to be streamlined so that useful health products are made readily available on the market while essential safety standards are preserved. Animal drug regulations exist to ensure that our family pets are safe and the integrity of our food supply is maintained. Any part of the regulatory process which does not promote these ends, but merely serves as a needless hurdle that delays the approval of beneficial drugs should be reformed. That is exactly what we aim to do with the Allard-Klug-Stenholm-Ganske Animal Drug Availability Act of 1995. This measure would maintain what is right about the current system while it would modify those portions that serve to lengthen the approval process while providing negligible offsetting benefits for safety.

The Animal Drug Availability Act would expedite the animal drug approval process by expanding the list of studies that FDA can use to prove a new drug's effectiveness and by allowing FDA more flexibility in determining whether a field investigation is necessary to prove drug's efficacy. In addition, the act would provide flexible effectiveness requirements for previously approved animal drugs for use in minor species and for minor uses. In order to ensure more predictability in the approval process for drug applicants, FDA officials would be required to convene a presubmission conference with an applicant for the purpose of outlining what types of studies will be necessary in order to achieve final approval. This agreement would be binding upon both parties unless a subsequent scientific development conclusively demonstrates that an additional study is essential to proving the safety and effectiveness of the drug.

I am pleased that this bill is a bipartisan approach which enjoys the support of over seventy other members of the House. In addition, it has the broad support of producer groups and feed groups and is endorsed by the Animal Health Institute and the American Veterinary Medical Association. I urge my colleagues to join us in improving the health of family pets and food-producing animals by supporting this commonsense reform to the animal drug approval process.

IN HONOR OF NATIONAL DENTAL HYGIENE MONTH

HON. GARY L. ACKERMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 19, 1995

Mr. ACKERMAN. Mr. Speaker, I rise today to share with my colleagues in the House of Representatives the importance of recognizing October as National Dental Hygiene Month.

The Dental Hygienists Association of the State of New York will celebrate its 75th anniversary October 20–22. With the advent of this anniversary, we should take note of this outstanding association.

The Dental Hygienists Association was developed to improve the oral health of the public; advance of the art and science of dental hygiene; maintain the highest standards of dental hygiene education and practice; represent and protest the interests of the dental hygiene profession; improve the professional competence of the dental hygienist; to foster research in oral health and finally, to provide professional communications.

Mr. Speaker, I ask all of my colleagues in the House of Representatives to join me now in saluting the members of the Dental Hygienists Association of the State of new York for their dedication to their profession and to the oral hygiene of the people of this United States of America.

OCTOBER 19 IS PART-TIME PROFESSIONAL DAY

HON. CONSTANCE A. MORELLA

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 19, 1995

Mrs. MORELLA. Mr. Speaker, the Association of Part-Time Professionals [APTP] has designated October 19, 1995 as the first annual Part-Time Professional Day. In honor of this special day, the APTP is hosting an open house at the association's headquarters in Falls Church, VA.

More than 4.5 million professionals work part time. These professionals prefer part-time work to accommodate changing priorities and lifestyles. Many of these individuals are parents seeking a better balance between work and family needs. Many are retirees who are interested in continuing their active participation in the work force.

Many companies, on their own, are moving toward family-flexible policies such as part-time employment because they recognize that companies that help employees balance work and family needs have reduced turnover and absenteeism and increased productivity. Over the past 5 years, the number of part-time employees in the workplace has increased dramatically, and it is estimated that the part-time work force will continue to grow during the next 5 years.

The APTP was founded in 1978 as a national nonprofit organization dedicated to promoting part-time employment on the professional level. APTP holds workshops, seminars and conference, and provides updated information on employment trends and practices. The association publishes a monthly newsletter of interest to part-time professionals and their employers.

Mr. Speaker, I congratulate the Association of Part-Time Professionals for calling attention to the important role part-time professionals play in the workplace and establishing October 19, 1995 as the first annual Part-Time Professional Day. On this important day, it is an honor for me to pay tribute to the millions of men and women who strive to achieve a healthy balance between career and personal goals through flexible work policies.

HONORING AN AMERICAN HERO

HON. GERRY E. STUDDS

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 19, 1995

Mr. STUDDS. Mr. Speaker, I rise to pay tribute to Tom Stoddard, one of our Nation's most eloquent and respected advocates for the civil rights of lesbians and gay men. On Friday, October 27, Mr. Stoddard will be honored by the New York University School of Law, which has established the Tom Stoddard Fellowship under the aegis of the law school's prestigious Arthur Garfield Hays civil liberties program.

Each year, one second-year law student will be selected to spend a year as the Stoddard Fellow, working with leading public interest organizations on gay and lesbian rights cases and other civil liberties matters.

I am told that this is the first fellowship at any law school in the world to be dedicated to securing and advancing the cause of lesbian and gay rights. It is hard to imagine a more fitting tribute to one who has done so much to reshape the law in this area from a sword of persecution into a shield of justice.

Tom served as counsel and, later, as legislative director, of the New York Civil Liberties Union, where he came into contact with most of the major civil rights causes of our time. He left the ACLU to devote his full attention to the rights of lesbians and gay men and the rights of people with HIV as head of the Lambda Legal Defense and Education Fund. Under his stewardship, the organization grew from a staff of 6 and an annual budget of $300,000 to a staff of 22 and a budget of $2.2 million. Although he retired from that position in 1991, he was lured back into public service 2 years later, when he spent 6 months commuting to Washington as director of the Campaign for Military Service.

Since 1980, Tom has served on the adjunct faculty of NYU, where he has been a mentor to a generation of law students searching for a way to use their skills in the service of humanity. He is a vice president of the American Civil Liberties Union and vice chairman of the American Foundation for AIDS Research.

Tom has also shown immense courage in his personal struggle with AIDS. He expresses gratitude—not for the disease, but for the way in which it has deepened his sense of connectedness to those he has represented so

ably for so long. As he said to the New York Times, he has become the client as well as the lawyer: the ''they'' has become ''we.'' His experience has broadened his perspective into what he has described as ''an all-encompassing vista, one that connects the past to the future, one that ties me to all other people who have suffered.''

In a similar way, Mr. Chairman, the Stoddard Foundation connects the aspirations of lesbian and gay Americans with the larger struggle for social justice and human dignity. I join with Tom's spouse, Walter Rieman, and their family, friends, and colleagues, as they inaugurate this fellowship and celebrate the extraordinary man for whom it is named. May this endowment enable a new generation of leaders to further his vision of a society that is ''fairer, more humane and more inclusive'' of every human being.

ANTICOUNTERFEITING CONSUMER PROTECTION ACT

HON. BOB GOODLATTE

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 19, 1995

Mr. GOODLATTE. Mr. Speaker, I am pleased to be joined by my colleagues, Representatives HYDE, CONYERS, MOORHEAD, MCCOLLUM, FRANK, GEKAS, SMITH of Texas, COBLE, CANADY, BONO, HEINEMAN, FLANAGAN, and DAVIS in introducing the Anticounterfeiting Consumer Protection Act of 1995. This legislation, which will provide much-needed additional protections against copyright and trademark counterfeiting, may be the most proconsumer, probusiness bill this Congress will consider. It directly addresses a practice that costs American business more than $200 billion a year, that results in the loss of an estimated 750,000 jobs, and that threatens the health and safety of every American man, woman, and child.

There is a myth that counterfeiting is just a penny ante crime, a $2 watch or handbag. In fact, counterfeiting involves billions of dollars, gangs, highly sophisticated equipment, organized crime and terrorists.

No area of the United States, no product is safe from the modern counterfeiter. We have seen counterfeits ranging from watches and sunglasses to auto and aircraft parts, from shampoo to baby formula, from food products to computer software. Counterfeit videotape copies of the movie, ''Waterworld,'' were available before the real movie was even released in theaters. The simple fact is that if it is a product sold in America, there is probably a counterfeit being made and sold somewhere around the world.

The cost of counterfeiting is staggering. The U.S. Custom Service has estimated that in 1993, counterfeited goods resulted in the loss of 750,000 jobs. Fake auto parts such as brake pads and oil filters cost our domestic auto industry losses of over $12 billion. If the sales of these fake parts alone were eliminated, the industry estimates that it could hire an additional 200,000 workers.

The U.S. software industry has estimated that sales of pirated software account for more than 40 percent of total revenues. The counterfeiters have become so sophisticated in duplicating the label, the packaging, and even the hologram that appears on the software package, that it is almost impossible to distinguish authentic products from the fakes. In fact, the International Anticounterfeiting Coalition estimates that American businesses lose nearly $200 billion a year due to the sale of counterfeit products.

Every day, the intellectual property of American businesses is being stolen. It often costs hundreds of thousands of dollars to ready a product for marketing, to make sure that it is not only effective but safe. But today, with powerful computers and copying equipment, it only costs counterfeiters a few dollars to manufacture a copy. They do not have to worry about safety or quality. They prey on the good name, the research, the talent and the hard work of others.

Because of the lure of enormous profits compared to the relatively low risk of being arrested, prosecuted, and sent to jail, it has not taken long for organized crime to get involved in counterfeiting operations. For example, in three recent raids conducted in Los Angeles, counterfeit Microsoft software and other material with a potential RICO value in excess of over $10.5 million was seized. Implicated in this activity were three Chinese triads: the Wahching, the Big Circle Boys, and the Four Seas. The vast majority of the counterfeit product was produced in southern California. Sheriff deputies seized software, manuals, and holograms. They were surprised when they stumbled upon four pounds of plastic explosives, two pounds of TNT, shotguns, handguns, and silencers.

Last month, U.S. Custom agents led massive raids in several States, including California, New York, New Jersey, and Georgia. They seized $27 million worth of counterfeit merchandise such as clothing, accessories, and sporting goods found in a network of factories, warehouses, and shops. Over 30 U.S. trademark holders were affected. Forty-three Korean nationals were charged for manufacturing, selling, and trafficking counterfeit merchandise. The scale of this operation demonstrates the pervasiveness and level of sophistication that is involved.

Recently, $400,000 worth of counterfeit handbags were seized in New Jersey. During the raid, law enforcement officials using drug sniffing dogs discovered heroin had been stitched into the walls of a number of counterfeit designer Louis Vuitton handbags.

Even more disturbing, however, is the growing threat counterfeits pose to public health and safety. For example, there have been reports of the seizure in 16 States of counterfeit Similac, an infant formula. Such a counterfeit could be deadly to any child who is allergic to the contents of the faked product. In a recent raid in Boston, a bogus butterscotch candy was seized that had been stored unwrapped and in unsanitary conditions. This candy was illegally labeled as a Bordon Eagle brand, however, that company does not even produce such a candy.

Even the sale of fake watches it not a victimless crime. The head of the Born to Kill Gang based in New York City, was making an estimated $13 million a year selling fake Cartier and Rolex watches. This revenue stream financed other criminal activities, from extortion to murder.

Despite these facts, the risk of arrest, prosecution and incarceration for counterfeiting is slight. Counterfeiting operations have become highly sophisticated, well-financed, mobile and international in scope. These criminal networks have distribution systems as diverse as any modern corporation. Counterfeiters know that although criminal penalties exist on the books, because of the inadequacy of the criminal penalties and prosecutors' misperceptions about the gravity of the crime, criminal actions are rarely initiated against counterfeiters. As for private enforcement actions, trademark and copyright owners are consistently frustrated by an inability to recover any meaningful damages.

The Anticounterfeiting Consumer Protection Act of 1995 will help law enforcement officials contend with the sophisticated nature of modern counterfeiting. First, it increases criminal penalties by making trafficking in counterfeit goods or services a RICO offense, consequently providing for increased jail time, criminal fines, and asset forfeiture.

Second, the legislation allows greater involvement by all levels of Federal law enforcement in fighting counterfeiting, including enhanced authority to seize counterfeit goods and the tools of the counterfeiters' trade.

Third, it makes it more difficult for these goods to re-enter the stream of commerce once they have been seized.

Fourth, our bill also adds teeth to existing statutes and provides stronger civil remedies, including civil fines pegged to the value of genuine goods and statutory damage awards of up to $1,000,000 per mark.

The Anticounterfeiting Consumer Protection Act of 1995 will provide law enforcement officials with the tools they need to fight back, and to protect American business and the health and safety of American consumers. The time has come to make sure that our fight against counterfeiting is as sophisticated and modern as the crime itself.

TRIBUTE TO BILL CRIVELLO

HON. GERALD D. KLECZKA

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 19, 1995

Mr. KLECZKA. Mr. Speaker, I rise today to pay tribute to Bill Crivello, of Cudahy, WI, who was recently named 1995 Veteran of the Year by the Allied Veterans Council of Cudahy. Bill will be honored Saturday, November 4, at the Polish Legion of American Veterans Memorial Hall, In Cudahy.

I want to take this opportunity to tell you, and my distinguished colleagues, a little about Bill and his efforts on behalf of America's veterans.

Enlisting in the Air Force when he was just 17 years old, Bill served with distinction in both the Korean and Vietnam wars. His military service obviously had a profound affect on Bill, now an active member of the Polish Legion of American Veterans [PLAV], the Disabled American Veterans [DAV], the Veterans of Foreign Wars [VFW], the American Legion, the American Veterans, and the Air Force Sergeants Association [ASA].

The veterans of southeastern Wisconsin are proud of Bill Crivello as a volunteer for parades and other patriotic events, to ensure that today's generation, and many generations yet unborn, appreciate the sacrifices made by the men and women of the U.S. military over

the years. And, in recognizing these sacrifices, that all Americans today to exercise their democratic rights, including free speech, and the right to vote.

The Allied Veterans Council of Cudahy has made a wise choice naming Bill Crivello Veteran of the Year. Bill, his wife, Gertrude, and their children and grandchildren should all feel a sense of pride in receiving this honor.

Bill, on behalf of our area's veterans, and your friends and neighbors, I encourage you to keep up the great work. As you are proud of our veterans, they, too, are quite proud of you.

ASSEMBLYMAN ARTHUR ALBOHN: PUBLIC SERVANT

HON. RODNEY P. FRELINGHUYSEN

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 19, 1995

Mr. FRELINGHUYSEN. Mr. Speaker, today, I rise to pay tribute to a good friend and former colleague, Assemblyman Arthur Albohn of Hanover Township who is retiring from the New Jersey General Assembly after 16 years of dedicated service.

Having served with Art in the Assembly for 11 of those years as the junior member of the 25th Legislative District, I must say that it was difficult referring to oneself as a fiscal conservative while sitting next to him in the Assembly Chamber. Art has voted ''no'' on so many spending bills during his career that he makes the 104th Congress look like the previous forty. In the process, he earned the respect of his colleagues, the appreciation of his constituents and the admiration of all New Jerseyans.

He was elected to the General Assembly in 1979 after serving on the Hanover Township Committee for 27 years, including 5 terms as Mayor, 18 years as the Director of Finance and 12 on the Sewerage Authority.

However, Art's forte was developed earlier in life during his education in New York. Born in Queens, Art graduated from Columbia University and earned an additional degree in Chemical Engineering. Since that time, Art had worked in chemical engineering and management consulting for Goodyear, Rayonier, Celanese and more recently retired from the Komline-Sanderson Engineering Corporation of Peapack-Gladstone.

Art has utilized his proficiency in this field while serving as Chairman of the Assembly Solid and Hazardous Waste Committee and as a member of the Assembly Local Government Committee and New Jersey Commission on Science and Technology. As former colleagues in the Assembly, Representatives JIM SAXTON, DICK ZIMMER, BOB FRANKS, FRANK LOBIONDO and BOB MENENDEZ can each attest to Art's commitment to legislation based on common sense and sound science.

Anyone who knows Art Albohn knows that he could not have been so successful without the love and support of his wife of 51 years, Regina, who has been at his side and often out in front during his political career. As far as we know, Regina is the only person to whom Art has never said ''no''!

Although they will want to spend time with their three children and two grandchildren, I have no doubt that Art and Regina will remain active in public life and still have much to contribute to the quality of life in Morris County, NJ. I, for one, will still count on his friendship and good counsel. I will miss him as a fellow elected official, his strong, independent views, his dry humor and unfailing dedication to the Jeffersonian proposition ''that government which governs least, governs best.''

HEALTH OF OUR CITIZENS AT RISK

HON. ROBERT T. MATSUI

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 19, 1995

Mr. MATSUI. Mr. Speaker, today, we are not making health care policy. We have taken a number, randomly selected by the Budget Committee, and devised a mechanical computation to reach an arbitrary $270 billion goal. In the process, we have placed the health of our citizens severely at risk.

The United States is renowned for its health care. Our hospitals are considered the finest in the world. This is because we, in America, place a unique value on each, individual life. It doesn't matter who you are, how old you are, or what you have chosen to do with your life—everyone deserves quality health care.

Under the Republican plan, this value will be challenged. Hospitals will no longer have the resources to provide quality care, and ill people of all ages will lack the security of knowing that everything possible is being done for them.

Moreover, the elderly will not be able to live out their final years in comfort. The vast majority of senior citizens in this country are not wealthy, and new costs imposed on necessary medical services will be prohibitively expensive. The question we must answer is whether a civilized society has a role to play in improving the lives and health of its older members. In the past, we have answered this question in the affirmative; today, the Republicans have a different response.

The Medicare system has been subject to careful reform virtually every year since its inception. These changes have been deliberate and grounded in thoughtful policy. Reforms have been made with the health of American citizens in mind.

I am saddened to see that the bill before us is not based on the same honorable values. Instead, it represents a mathematical solution to a cold, mechanical $270 billion challenge. Calculations were made devoid of reason, research, and compassion. Qualify health policy played no role. Our elderly and all American people deserve more.

FIRST ANNUAL PART-TIME PROFESSIONALS' DAY

HON. JAMES P. MORAN

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 19, 1995

Mr. MORAN. Mr. Speaker, it is with great pleasure that I rise today in recognition of the First Annual Part-Time Professionals' Day. This day was brought to my attention by the Association of Part-Time Professionals, a national nonprofit organization that is a leading authority on flexible work options. The First Annual Part-Time Professionals' Day recognizes the nearly 4.6 million men and women who currently work in part-time professional jobs.

Part-time workers comprise a diverse segment of the work force which includes men and women in search of nontraditional employment schedules to accommodate changing high-tech work environments and family priorities. These individuals include parents seeking better balance between work and family needs, retirees interested in continuing employment, students, and others pursuing outside interests such as volunteer opportunities in our communities.

More than 80 percent of the Association of Part-Time Professionals members live in the Washington metropolitan area. These members and others represent a growing segment of the work force which I am honored and delighted to recognize as valuable professionals in the American workplace.

STUDENT LOAN PROPOSAL HURTS MIDDLE CLASS

HON. TIM ROEMER

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 19, 1995

Mr. ROEMER. Mr. Speaker, last month the education committees of both bodies of Congress reported their respective versions of the budget reconciliation bill. Unfortunately, these proposals would harm our investment in education. Although the proposals are slightly different, their impact is the same: They will raise the cost of college and ultimately deny access to higher education to thousands of American families.

Instead of making a college education more accessible and affordable, the budget reconciliation proposals would cut more than $10 billion from student loans over the next 7 years. One proposed change to the student loan program is a new tax on colleges and universities based on the volume of guaranteed loans used by their students. Twenty million students enrolled at more than 7,000 schools would be adversely affected by this proposal each year.

The proposed student loan tax would force schools to increase tuition or cut back in other services to pay for this fee. Such a tax not only penalizes students, but also unfairly impacts schools that admit students who need financial assistance. College students and their families now have more debt than ever before, and it has become increasingly difficult for students and their families to afford college. For many middle-income families college soon will be out of reach financially.

I strongly oppose the proposed changes and other savings taken from the Student Loan Program which would increase the tax burden of the middle class. As written, the student loan changes represent yet another slap at middle-class working Americans who must rely on Federal student loan programs to help finance their children's college education.

For the benefit of my colleagues, I am inserting in the RECORD an editorial written by the president of the University of Notre Dame, Rev. Edward A. Malloy, which appeared recently in the Chicago Tribune. Rev. Malloy

points out that taxing higher education is indeed shortsighted. Such action by Congress will make the American dream of a college education for middle-class families nothing more than a mirage that is completely out of reach for most families.

[From the Chicago Tribune, Oct. 3, 1995]

FINANCIAL BURDEN—TAXING HIGHER EDUCATION IS SHORTSIGHTED

(By Edward A. Malloy)

Hidden away in recent news stories was a report that the Senate's Labor and Human Resources Committee proposes to tax colleges and universities based on the total volume of guaranteed loans used by their students. If such a tax were enacted, many institutions would face yearly assessments running into hundreds of thousands, perhaps millions, of dollars. Not only would colleges and universities be burdened with yet another federally mandated fee, but we would most certainly be required to meet increased federal budget regulation for the ''loan tax'' program. Such an effort by the committee flies in the face of congressional rhetoric championing decreased taxation and less federal intervention in state and private matters.

Federal student loan programs exist to help students and their families afford college educations. Beyond a doubt, post-secondary education is the most significant factor in determining future income. Anything which increases the cost to students, particularly to those middle- and lower-income students who depend on student loans, will have a significant impact on their ability to start, or complete, college programs.

Students already are assessed a fee directly on their federal student loans. An additional fee on institutions of higher education, as proposed by the Senate could have several possible impacts on students—all of them harmful. Many schools simply will pass the fee along in the form of higher tuition. Others will handle the fee by reducing allocations for other priorities, such as undergraduate teaching, financial aid or student services. Students will pay, in fact, they will pay twice—once directly, once indirectly.

The impact of this double tax not only places a financial burden on students, but also in the long run promises to restrict access to higher education and to leave more young people behind as our society enters an increasingly information-based and technology-dependent age.

In developing this fee scheme, the Senate attacks precisely the people it purports to represent, middle-class families who see higher education as the best means of achieving the American dream. In a Congress which is reducing spending for education, particularly higher education, the Labor and Human Resources proposal adds insult to injury by both making loans more expensive and at the same time reducing their buying power. In the end, the student loan fee is nothing more than a tax increase on the middle class, the proceeds of which will find a tax cut for the wealthy.

We know as well that once the federal government begins assessing fees it rarely reduces or eliminates them. In fact, over time the fee most likely will increase. We also will inevitably get more regulatory requirements with the fee. Our institutions already strain under the weight of enormous reporting requirements for programs like the Federal Family Education Loan program. We spend hundreds of man-hours and significant resources meeting federal requirements. Adding a fee structure to this process will only increase this burden. This type of overregulation forces institutions like my own to seriously consider alternatives to the existing federal programs.

The committee is seeking an easy way to meet its budget obligations by imposing a tax on the nation's higher education system. Such a tactic is more than simply misguided, it is wrong, Higher education, including students and parents, already has been targeted for more than our fair share of budget cuts. We face reduced funding for basic research, for the humanities and the arts, a proposed reduction in the interest subsidy for student loans, elimination of the federal portion of Perkins Loans as well as State Student Incentive Grants and consistent underfunding of the Pell Grant program.

I believe I can speak with confidence when I say all of higher education would oppose an institutional fee on student loans. The government simply should not be taxing universities to pay for unwanted B–2 bombers and submarines.

Higher education is one of our nation's most successful enterprises and most valuable commodities. Why would Congress seek to undermine it by placing it out of reach for more and more families? To do so would be egregiously shortsighted. American needs the richness and diversity of its system of education. We must demand that Congress treat higher education as the national resource and national treasure it is, and not as some untapped ''revenue stream'' to subsidize other federal spending.

RECONCILIATION PROVISIONS

HON. MATTHEW G. MARTINEZ

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 19, 1995

Mr. MARTINEZ. Mr. Speaker, as Will Rogers once said ''All I know is what I read in the newspapers'' and over the past few weeks, I have been reading about a provision that is, I am told, being wrapped into the massive reconciliation bill that is coming to the floor shortly.

Last month, after 7 hours of floor debate, this House passed H.R. 1594, the Pension Protection Act of 1995.

The purpose of that bill, we were told, was to protect America's seniors from the alleged dangers in the form of so-called economically targeted investments.

Because I have yet to be convinced that any action of Secretary of Labor Reich might have changed the rules under the Employee Retirement Income Security Act [ERISA] which require pension fund managers and trustees to act in the sole interests of the participants in pension plans, I could not support H.R. 1594.

The crocodile tears shed by the proponents of that legislation were almost legendary on this floor.

Now I read about something that should cause those same Members to shed more than tears, because, hidden in this massive tax bill is a provision that spells doom for the pensions of all Americans.

In the early 1980's, we saw corporations making use of so-called excess pension assets—those not needed to pay immediate pension benefits—for purposes that were certainly not in the interests of retirees.

It took a case like Pacific Lumber, and its cozy relationship with Executive Life, to bring out the significant dangers inherent in these activities.

As you may remember, Pacific Lumber was acquired in a leveraged buyout by another company, and the first thing the purchasing company, Maxxam, did was to terminate the pension plan that Pacific Lumber had provided for its employees.

Because legally they could not just walk away from the current retirees, they purchased insurance from Executive Life to guarantee the retirement benefits.

Of course, Executive Life was chosen because it was the low bidder, but it was also the holder of a significant proportion of the junk bonds issued in connection with the leveraged buyout, as well as other questionable investments. Executive Life failed, as we all know, and the retirees were left holding an empty bag.

Because of abuses like that, in 1990, Congress decided to limit the uses for which any company can put so-called excess pension assets.

And we limited access to those funds solely to allow the company to fund retiree health insurance programs, and imposed an excise tax of 50 percent where the company ended the plan.

Now, I am told, the Republicans, in the name of fiscal responsibility are seeking to expand the uses to which corporations can put these funds—to any purpose they wish to make of the funds.

They can use the funds to pay themselves even more lavish salaries or perks—to acquire other companies and close other factories—putting even more workers out of jobs—or just to have a party.

Of course, they could use this excess accumulation to provide a COLA or adjust benefits for participants, but I don't think that is likely.

To the extent that a withdrawal is made—the company making the withdrawal must pay income taxes on that amount.

And the bean counters over at Ways and Means have translated this into a windfall for the Treasury of $10 billion.

Well, based on what I have read about corporate tax liabilities over the past decade, that would be almost miraculous.

Current corporate tax rates top out at around 34 percent.

Corporations would have to draw down nearly $40 billion to produce that kind of tax, not considering all of the other factors, such as the fact that those taxes would be offset by loss carryovers, credits, and other adjustments.

So we are looking at a potential pension grab of tens of billions of dollars—with absolutely no protection for the pensioners or those workers who continue to expect their retirement to be protected.

And, there is no provision for notice to anyone, especially the participants and beneficiaries.

And another quiet little aspect of the provision is that the amount that can be withdrawn from pensions is based on a valuation date of January 1, 1995 or earlier, while the drawdown will not take place before January 1996.

So a pension fund that was in very healthy condition in December 1994, but which had suffered financial losses, or significantly increased claims for pensions—which happens when you force workers into early retirement—could be reduced significantly overnight.

The economically targeted investments that were the subject of such dire predictions by my friends on the other side of the aisle benefit all America—through job creation, new housing, and rebuilt infrastructure.

These are investments that produce income, which accrues to the benefit of the participants.

They are made from within the plan and the investment stays with the plan.

Mr. Stark's bill would allow funds to be taken from the plan—without notice.

The sole beneficiaries of this pension grab are the corporate moguls who fund the PAC's led by the Republican leadership.

So, retirees and pensioners, hold on to your wallets—the corporate raiders—the Willie Suttons in Gucci loafers—are headed your way and they have Armey's army leading the charge.

This is bad tax and pension policy and should be stopped.

IMPROVING TIES BETWEEN THE UNITED STATES AND BULGARIA

HON. TOM LANTOS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, October 20, 1995

Mr. LANTOS. Mr. Speaker, I rise today to call the attention of my colleagues to the progress and success that has been achieved by Bulgaria in the past 5 years, as the Government of Bulgaria has implemented a number of democratic reforms. Since that transformation, there has been considerable progress, although these times of change and instability have been difficult for many of the Bulgarian people.

The relationship between the United States and Bulgaria has improved steadily since 1990, when the authoritarian Communist government was replaced by a democratically elected government. There have been a number of concrete indications of the growing cooperation between our two countries. In early 1991 our two countries completed a bilateral trade agreement, and as a consequence of that agreement, most-favored-nation trading status was extended to Bulgaria in November 1991. Thanks to Bulgaria's progress, the House passed a bill earlier this year to grant permanent MFN trading status to Bulgaria.

Several decisions have been made recently confirming the commitment of Bulgaria toward strong bilateral cooperation with the United States. These decisions include revoking export licenses from two arms trading companies for irregularities in their trade operations. The Bulgarian Government has taken positive steps to provide restitution of property, both private and communal, to individuals of Jewish descent. In addition, the Bulgarian Parliament has taken steps to strengthen and improve export and visa regulations, and it has reaffirmed support of the United States-supported peace program for Bosnia and the former Yugoslavia.

Mr. Speaker, Bulgaria has been a source of stability in the Balkan region and this steadiness has contributed to preventing potential expansion of the crisis in the former Yugoslavia. Bulgaria has maintained its policy of noninterference in the affairs of other countries of the Balkans. With regard to humanitarian concerns, Bulgaria has been actively involved in providing humanitarian assistance and shelter to refugees from the regions of conflict.

I commend our colleagues in the Bulgarian Parliament for their efforts and their legislative actions to ensure Bulgaria's transition to a democratic government and the full implement of market economic reforms. The dedicated members of the Bulgarian Parliament have played a critically important part in the progress, thus far, and I am sure will continue to play an essential role as this transformation continues and succeeds.

TRIBUTE TO GLORY GRADS, JAMES MADISON HIGH SCHOOL CLASS OF 1935

HON. CHARLES E. SCHUMER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, October 20, 1995

Mr. SCHUMER. Mr. Speaker, I rise today to pay tribute to one of the most distinguished groups of students ever to attend New York City high schools. They are members of the Class of 1935 of James Madison High School in Brooklyn who are coming from all parts of this land to mark the 60th anniversary of their commencement. The celebration will take place at the Stanley Kaplan Penthouse at Lincoln Center on November 12. The members of the class were named the ''Glory Grads'' by their teachers because of their outstanding achievements. The school was named after the fourth President of the United States, whose words are carved in stone above the entrance: ''Education is the true foundation for civil liberty.''

The Glory Grads attained the highest scholastic average in New York State that year and fielded a football team that won the city championship.'' You are the cream and you will rise to the top,'' their grad advisor told them at graduation and they have fulfilled that prediction in a spectacular manner. Over the many years, they have achieved honors and national distinctions in the fields of medicine and surgery, engineering, mathematics, journalism, business and the arts. They were children of the Depression, who came mostly from poor families and had to struggle to get on the first rung of the ladder of achievement. But, they were inspired by family tradition to study and work hard and, therefore, to go on to self-made success.

These Glory Grads never forgot the opportunities they were given by the country to which their parents came as immigrants. They have paid their dues many times over. The great majority of the male class members served in World War II. They then made their way up in professional and business careers, became leaders in community and civic organizations and have been unusually generous in their philanthropies.

I wish to extend special congratulations and felicitations to the chairman of the reunion committee, Stanley H. Kaplan, a friend of long standing and founder of the international chain of test-prep centers that bears his name. I congratulate, too, the members of the reunion committee, including Marty Glickman, famed sportscaster and hero of the Madison gridiron and track oval; Martin Abramson, prize-winning author and war correspondent; businessmen Winn Heimer and Sidney Thomashower; and travel consultant Anita Forin Fine.

I salute ''Mr. Basketball Coach,'' Jammy Moskowitz, a spry 92, who will be making the trip from Florida to New York to attend the reunion. I also salute Principal Wendy Karp and Director of Alumni Relations Sonya Lerner, without whose cooperation, this ''return to James Madison'' would not have been as successful.

I salute the Glory Grads. May they have many years of good health, happiness, and continued friendship.

A CELEBRATION OF NORTHERN AND SOUTHERN TRADITIONAL VALUES

HON. GEORGE E. BROWN, JR.

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, October 20, 1995

Mr. BROWN of California. Mr. Speaker, today, I would like to draw the attention of the Congress to an event which I am very proud of that happened this past weekend in my region of California.

At the Jerry L. Pettis Memorial Veterans' Medical Center in Loma Linda, CA, a Pow Wow was held on October 14 and 15 to honor Native Americans who have served in defense or our Nation. The Pow Wow was entitled ''A Celebration of Northern and Southern Traditional Values: In Harmony with the Land.''

Over 180,000 Native American men and women have served in the U.S. Armed Forces since World War I, defending our Nation with honor. Some of these men and women were in Loma Linda this past weekend.

Mr. Speaker, two weeks ago in Washington, a special joint session of the House and Senate was held to commemorate the 50th anniversary of the end of World War II. I am particularly honored to mention that in Loma Linda were several of the famous Navajo code talkers who are widely credited with helping to win the war in the Pacific during World War II. I feel strongly that theirs is a story that needs to be told more broadly so that all Americans—young and old—are thoroughly familiar with one of the many important contributions that Native Americans have made to the continuing freedom and evolution of our Nation. I, for one, am very proud to know that these honored veterans and other Native Americans gathered and celebrated in the Inland Empire region of California this past weekend.

I hope all Members of Congress will join me in congratulating all participants in the October 14 and 15 Loma Linda, CA, Native American Pow Wow.

IN MEMORIAM: ADITYA VIKRAM BIRLA

HON. GARY L. ACKERMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, October 20, 1995

Mr. ACKERMAN. Mr. Speaker, I call to the attention of my colleagues the obituary of Aditya Birla, which appeared in the October 3 edition of the New York Times. Aditya Birla, the chairman of the Birla Group, one of India's largest industrial conglomerates, died on October 1 in Baltimore. His death at the young age of 51 was a tragedy because it cut short a prolific life of entrepreneurship and leadership.

Mr. Speaker, Aditya Birla was one of the foremost advocates of expanding Indian economic activity abroad and opening India's vast

consumer marketplace to foreign investment and competition. When India began its historic market reforms in 1991 under the leadership of Prime Minister P.V. Narsimha Rao and Finance Minister Manmohan Singh, many observers felt that Mr. Birla, whose company is one of the largest manufacturers of automobiles in India, would resist the entry of foreign companies into the India marketplace. Aditya Birla, however, proved the observers wrong. He became a strong proponent of the reforms and entered into many important joint ventures with American companies. Most recently Aditya Birla signed agreements with AT&T to provide cellular and local telephone service in India.

Mr. Speaker, Aditya Birla was a visionary. His untimely death has left a void in the Indian corporate world that will be difficult to fill. I know my colleagues join me in sending condolences to the Birla family. His wife, son, and daughter should know that our thoughts and prayers are with them at this time.

MEDICARE PRESERVATION ACT OF 1995

SPEECH OF

HON. LOUIS STOKES

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 19, 1995

The House in Committee of the Whole House on the State of the Union had under consideration the bill (H.R. 2425) to amend title XVIII of the Social Security Act to preserve and reform the Medicare Program:

Mr. STOKES. Mr. Chairman, I rise in recognition of the Gibbons-Dingell-McDermott substitute to H.R. 2425, the Medicare Preservation Act of 1995. The substitute is consistent with the $90 billion figure which the Medicare actuaries and trustees have determined is needed for Medicare's solvency. The measure is a vivid statement in support of the fact that Medicare can be fixed with three times less than the amount called for by the Republicans. The measure also confirms that fact that our Republican colleagues' measure, H.R. 2425, is truly designed for reconciliation purposes and, in this case, to give a tax cut to the rich, the people who need it the least.

Mr. Chairman, Medicare is critical to the solvency of the American families' budget. Neither seniors nor their families will be able to absorb the increased cost of health care that would result from the Republicans' $270 billion cut in Medicare.

My colleagues, I wish that each of you could have heard our seniors at this morning's ''speak out'' telling their personal story of what living without Medicare would mean to the quality of their life. Bishop Marvin Johnson, a constituent of mine, told his story. He is a disabled senior suffering from diabetes. The medications which he requires already consume a large portion of his Social Security check. Without Medicare, he would be 1 of the over 41 million uninsured. Bishop Johnson also spoke about how the pain that his fellow seniors suffer just brings tears to his eyes.

Mr. Chairman, it's a sad day when the Republicans pull out all the stops in a concentrated, mean spirited, effort to take away health care coverage from the Nation's seniors.

It is just not right to force seniors on fixed income to pay more for less.

It is not right to deny seniors their choice of provider.

It is just not right to force seniors to have to choose between going to the doctors and buying food; or medicine and housing; or medical equipment and heat.

It is just not right to destroy the quality of life for the Nation's elderly in order to pay for a tax cut for the wealthy.

Mr. Chairman, the Republicans sneak attack on seniors is just wrong. Seniors have not even been allowed the opportunity to examine the Republicans' proposal or to present their concerns with respect to this massive life threatening legislative measure.

In fact, we meet here today against a backdrop of no hearings at all, having been held on the over 400 page Republican proposal, H.R. 2425. The Republican proposal more than doubled in size just since last night—over 500 pages of provisions were added. Yet, we are voting on the measure here today.

The size of the Republican document itself is an indication of the magnitude of the health care coverage that H.R. 2425 would take away from seniors. Citizens who have worked long and hard for the betterment of their country, to provide for their families, and to be able to put a little something away for a secure retirement, should not be used as the Republicans' pawn.

The American people must not tolerate the Republicans blatant disregard for the health care needs of the elderly. Their assault on the elderly is unconscionable and inhumane.

Mr. Chairman, when President Johnson signed the Medicare Program into law, he stated: ''No longer will older Americans be denied the healing miracle of modern medicine; no longer will illness crush and destroy the savings that they have so carefully put away over a lifetime so that they might enjoy dignity in their later years; and, no longer will this Nation refuse the hand of justice to those who have given a lifetime of service and wisdom and labor to the progress of this progressive country.''

Mr. Chairman, I ask my colleagues to join me in ensuring the stability of America's families. Vote ''no'' to H.R. 2425, the Republicans raid on Medicare.

Daily Digest

Senate

Chamber Action

Routine Proceedings, pages S15371–S15414

Measures Introduced: Eight bills and one resolution were introduced, as follows: S. 1346–1353, and S. Res. 187. **Page S15401**

Measures Reported: Reports were made as follows:

S. 929, to abolish the Department of Commerce, with an amendment in the nature of a substitute. (S. Rept. No. 104–164) **Page S15401**

Nominations Received: Senate received the following nominations:

Nanette K. Laughrey, of Missouri, to be United States District Judge for the Eastern and Western Districts of Missouri.

Lottie Lee Shackelford, of Arkansas, to be a Member of the Board of Directors of the Overseas Private Investment Corporation for a term expiring December 17, 1998. (Reappointment) **Page S15414**

Messages From the House: **Page S15401**

Measures Referred: **Page S15401**

Statements on Introduced Bills: **Pages S15401–07**

Additional Cosponsors: **Page S15407**

Notices of Hearings: **Page S15407**

Authority for Committees: **Page S15407**

Additional Statements: **Pages S15407–08**

Adjournment: Senate convened at 9:30 a.m., and adjourned at 3:30 p.m., until 11 a.m., on Monday, October 23, 1995. (For Senate's program, see the remarks of the Acting Majority Leader in today's RECORD on page S15411.)

Committee Meetings

(Committees not listed did not meet)

SUBCOMMITTEE MEMBERSHIP

Committee on Appropriations: Committee approved the following subcommittee membership assignments:

Subcommittee on Agriculture, Rural Development, and Related Agencies: Senators Cochran (Chairman), Specter, Bond, Gorton, McConnell, Burns, Bumpers, Harkin, Kerrey, Johnston, and Kohl.

Subcommittee on Commerce, Justice, State, and the Judiciary: Senators Gregg (Chairman), Stevens, Hatfield, Domenici, McConnell, Jeffords, Hollings, Inouye, Bumpers, Lautenberg, and Kerrey.

Subcommittee on Defense: Senators Stevens (Chairman), Cochran, Specter, Domenici, Bond, McConnell, Mack, Shelby, Gregg, Inouye, Hollings, Johnston, Byrd, Leahy, Bumpers, Lautenberg, and Harkin.

Subcommittee on the District of Columbia: Senators Jeffords (Chairman), Campbell, and Kohl.

Subcommittee on Energy and Water Development: Senators Domenici (Chairman), Hatfield, Cochran, Gorton, McConnell, Bennett, Burns, Johnston, Byrd, Hollings, Reid, Kerrey, and Murray.

Subcommittee on Foreign Operations: Senators McConnell (Chairman), Specter, Mack, Jeffords, Gregg, Shelby, Bennett, Leahy, Inouye, Lautenberg, Harkin, Mikulski, and Murray.

Subcommittee on the Interior: Senators Gorton (Chairman), Stevens, Cochran, Domenici, Hatfield, Burns, Bennett, Mack, Byrd, Johnston, Leahy, Bumpers, Hollings, Reid, and Murray.

Subcommittee on Labor, Health and Human Services, and Education: Senators Specter (Chairman), Hatfield, Cochran, Gorton, Mack, Bond, Jeffords, Gregg, Harkin, Byrd, Hollings, Inouye, Bumpers, Reid, and Kohl.

Subcommittee on the Legislative Branch: Senators Mack (Chairman), Bennett, Campbell, Murray, and Mikulski.

Subcommittee on Military Construction: Senators Burns (Chairman), Stevens, Gregg, Campbell, Reid, Inouye, and Kohl.

Subcommittee on Transportation: Senators Hatfield (Chairman), Domenici, Specter, Bond, Gorton, Shelby, Lautenberg, Byrd, Harkin, Mikulski, and Reid.

Subcommittee on Treasury, Postal Service, and General Government: Senators Shelby (Chairman), Jeffords, Campbell, Kerrey, and Mikulski.

Subcommittee on VA–HUD and Independent Agencies: Senators Bond (Chairman), Burns, Stevens, Shelby, Bennett, Campbell, Mikulski, Leahy, Johnston, Lautenberg, and Kerrey.

OMNIBUS BUDGET RECONCILIATION

Committee on the Budget: Committee began markup of proposed legislation to provide for reconciliation pursuant to H. Con. Res. 67, setting forth the congressional budget for the United States Government for fiscal years 1996, 1997, 1998, 1999, 2000, 2001, and 2002, but did not complete action thereon, and will meet again on Monday, October 23.

RELIGIOUS LIBERTY

Committee on the Judiciary: Committee resumed hearings to examine the status of religious liberty in the United States and whether there is a need for further legal protection, receiving testimony from Steven T. McFarland, Christian Legal Society's Center for Law and Religious Freedom, Annandale, Virginia; Douglas Laycock, University of Texas Law School, Austin; Oliver S. Thomas, Maryville, Tennessee, on behalf of the National Council of the Churches of Christ in the USA; Michael W. McConnell, University of Chicago, Chicago, Illinois; and Forest D. Montgomery, National Association of Evangelicals, Washington, D.C.

Hearings will continue on Wednesday, October 25.

House of Representatives

Chamber Action

Bills Introduced: 2 public bills, H.R. 2517–2518 were introduced. **Page H10520**

Reports Filed: Reports were filed as follows:

H.R. 2371, to provide trade agreements authority to the President, amended (H. Rept. 104–285, Part 1);

Conference report on H.R. 2002, making appropriations for the Department of Transportation and related agencies for the fiscal year ending September 30, 1996 (H. Rept. 104–286);

H.R. 1358, to require the Secretary of Commerce to convey the Commonwealth of Massachusetts the National Marine Fisheries Service laboratory located on Emerson Avenue in Gloucester, Massachusetts, amended (H. Rept. 104–287); and

H.R. 2005, to direct the Secretary of the Interior to make technical corrections in maps relating to the Coastal Barrier Resources System (H. Rept. 104–288). **Pages H10488–H10520**

Speaker Pro Tempore: Read a message from the Speaker wherein he designates Representative Upton to act as Speaker pro tempore for today. **Page H10487**

Recess: House recessed at 10:02 a.m. and reconvened at 6:35 p.m. **Page H10487**

Senate Messages: Messages received from the Senate today appear on page H10487.

Quorum Calls—Votes: No quorum calls or votes developed during the proceedings of the House today.

Adjournment: Met at 10 a.m. and adjourned at 6:36 p.m.

Committee Meetings

No Committee meetings were held.

CONGRESSIONAL PROGRAM AHEAD

Week of October 23 through 28, 1995

Senate Chamber

On *Monday and Tuesday,* Senate will consider S. 1322, regarding the relocation of the Embassy in Israel, and may consider S. 1328, to amend the commencement dates of certain temporary Federal judgeships, S. 1004, to authorize appropriations for the U.S. Coast Guard, and S. 325, to make certain technical corrections in laws relating to Native Americans.

On *Wednesday,* Senate may consider the Omnibus Reconciliation Act.

During the balance of the week, Senate may also consider S. 908, State Department Authorizations/Reorganization, H.R. 2127, Labor, HHS, Education Appropriations, 1996, conference reports (when available, and any cleared legislative and executive business.

(Senate will recess on Tuesday, October 24, 1995, from 12:30 until 2:15 p.m. for respective party conferences.)

Senate Committees

(Committee meetings are open unless otherwise indicated)

Committee on the Budget, business meeting, to continue to mark up proposed legislation to provide for reconciliation pursuant to H. Con. Res. 67, setting forth the congressional budget for the United States Government for fiscal years 1996, 1997, 1998, 1999, 2000, 2001, and 2002, time to be announced, SD–608.

Committee on Energy and Natural Resources: October 25, business meeting, to consider pending calendar business, 9:30 a.m., SD–366.

October 26, Subcommittee on Forests and Public Land Management, to hold hearings to examine alternatives to Federal forest land management and to compare land management cost and benefits on Federal and State lands, 9 a.m., SD–366.

Committee on Environment and Public Works: October 24, business meeting, to mark up S. 1316, to revise and authorize funds for programs of the Safe Drinking Water Act, and to consider other pending calendar business, 2:30 p.m., SD–406.

Committee on the Judiciary: October 23, Subcommittee on Constitution, Federalism, and Property Rights, to resume hearings to examine the status and future of affirmative action, 10 a.m., SD–226.

October 24, Subcommittee on Administrative Oversight and the Courts, to hold hearings on S. 1101, to make improvements in the operation and administration of the Federal courts, 10 a.m., SD–226.

October 24, Full Committee, to hold hearings on pending nominations, 2 p.m., SD–226.

October 25, Full Committee, to resume hearings to examine the status of religious liberty in the United States and whether there is a need for further legal protection, 10 a.m., SD–226.

Committee on Small Business: October 24, to hold joint hearings with the House Committee on Small Business to examine a report on the cost of regulation on small business, 10 a.m., SD–G50.

Committee on Veterans' Affairs: October 25, to hold hearings on S. 293, to authorize the payment to States of per diem for veterans receiving adult day health care, S. 403, to provide for the organization and administration of the Readjustment Counseling Service, to improve eligibility for readjustment counseling and related counseling, S. 425, to require the establishment in the Department of Veterans Affairs of mental illness research, education, and clinical centers, S. 548, to provide quality standards for mammograms performed by the Department of Veterans Affairs, S. 612, to provide for a hospice care pilot program for the Department of Veterans Affairs, and S. 644, to reauthorize the establishment of research corporations in the Veterans Health Administration, 10 a.m., SR–418.

Committee on Indian Affairs: October 26, to hold hearings on S. 1341, to provide for the transfer of certain lands to the Salt River Pima-Maricopa Indian Community and the city of Scottsdale, Arizona, 9:30 a.m., SR–485.

Select Committee on Intelligence: October 25, to hold hearings to examine intelligence's support to law enforcement, 2 p.m., SD–G50.

Special Committee on Aging: October 26, to hold hearings to examine the quality of care in nursing homes, 9:30 a.m., SD–628.

House Chamber

Monday, House is not in session.

Tuesday, Call of the Corrections Calendar:

1. H.R. 782, Federal Employee Representative Improvement Act;

2. H.R. 117, Senior Citizens Housing Safety Act of 1995; and

3. H.R. 1114, Paper Balers Act;

Consideration of the following two Suspensions:

1. H.R. 716, Fisherman's Protection Act; and

2. H.R. 1595, Jerusalem Embassy Relocation Implementation Act of 1995; and

Motion to go to conference on H.R. 1058, Securities Litigation Reform Act.

Wednesday and Thursday, Consideration of H.R. 2492, Legislative Branch Appropriations Act for fiscal year 1996 subject to a rule being granted;

Conference report on H.R. 2002, Transportation Appropriations Act for fiscal year 1996 (subject to a rule being granted);

Motion to go to conference on H.R. 2099, VA–HUD Appropriations Act of fiscal year 1996; and

H.R. 2491, Budget Reconciliation Act for fiscal year 1996 (subject to a rule being granted).

Friday, No legislation business is scheduled.

NOTE.—Conference reports may be brought up at any time. Any further legislative program will be announced.

House Committees

Committee on Agriculture, October 25, Subcommittee on Resource Conservation, Research, and Forestry, hearing to consider rural development reforms and the Agricultural Relief and Trade Act of 1995, 3 p.m., 1300 Longworth.

Committee on Appropriations, October 24, to consider a measure making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said District for the fiscal year ending September 30, 1996, 1 p.m., 2360 Rayburn.

Committee on Banking and Financial Services, October 25, Subcommittee on Capital Markets, Securities and Government Sponsored Enterprises, hearing on H.R. 718, Markets and Trading Reorganization and Reform Act, 10 a.m. 2128 Rayburn.

Committee on Commerce, October 24, Subcommittee on Telecommunications and Finance, hearing on H.R. 2131, Capital Markets Deregulation and Liberalization Act of 1995, 10 a.m., 2123 Rayburn.

October 26, Subcommittee on Commerce, Trade, and Hazardous Materials, to continue hearings on the Reform of Superfund Act of 1995, 10 a.m., 2123 Rayburn.

October 26, Subcommittee on Energy and Power, hearing on H.R. 1514, Propane Education and Research Act of 1995, 10 a.m., 2322 Rayburn.

Committee on Economic and Educational Opportunities, October 25, Subcommittee on Workforce Protections, hearing on the Fair Labor Standards Act, 9:30 a.m., 2175 Rayburn.

Committee on Government Reform and Oversight, October 24, hearing on White House Travel Office, 9 a.m., 2154 Rayburn.

October 25, Subcommittee on Civil Service, to continue hearings on Civil Service Reform I: NPR and the Case for Reform, 10 a.m., 2247 Rayburn.

October 25, Subcommittee on National Economic Growth, Natural Resources, and Regulatory Affairs, hearing on Taxpayer-funded Political Advocacy, 10 a.m., 2154 Rayburn.

October 25, Subcommittee on National Security, International Affairs, and Criminal Justice, oversight hearing on Census Bureau: Preparations for the 2000 Census, 12 p.m., 311 Cannon.

October 26, Subcommittee on Civil Service, hearing on Civil Service Reform II: Performance and Accountability, 9 a.m., 2154 Rayburn.

Committee on House Oversight, October 25, to consider pending business, 11 a.m., 1310 Longworth.

Committee on International Relations, October 24, hearing on the United Nations at 50: Prospects for Reform, 10 a.m., 2172 Rayburn.

October 25, Subcommittee on Asia and the Pacific, hearing on United States-Japan Relations and American Interests in Asia: Striking a New Balance, 2 p.m., 2172 Rayburn.

October 25, Subcommittee on International Economic Policy and Trade and the Subcommittee on Western Hemisphere Affairs, joint hearing on Trade Issues Regarding Chile and other Latin American Countries in Light of the NAFTA Experience, 10 a.m., 2172 Rayburn.

October 26, Subcommittee on International Operations and Human Rights, hearing on the United Nations: Management, Finance, and Reform, 10 a.m., 2172 Rayburn.

Committee on the Judiciary, October 24, to continue markup of H.R. 2202, Immigration in the National Interest Act of 1995; and to consider private claims bills, 10 a.m., 2141 Rayburn.

October 25, Subcommittee on the Constitution, hearing regarding the Economic and Social Impact of Race and Gender Preference Programs, 10 a.m., 2237 Rayburn.

October 26, Subcommittee on the Constitution, hearing on H.R. 1946, Parental Rights and Responsibilities Act of 1995, 10 a.m., B352 Rayburn.

October 26, Subcommittee on Courts and Intellectual Property, hearing on H.R. 2235, Prior Domestic Commercial Use Act of 1995, 10 a.m., 2141 Rayburn.

October 26, Subcommittee on Crime, hearing regarding methamphetamine, 9:30 a.m., 2237 Rayburn.

Committee on Resources, October 24, Subcommittee on National Parks, Forests and Lands, hearing on H.R. 2466, Federal Land Exchange Improvement Act of 1995, 10 a.m., 1334 Longworth.

October 24, Subcommittee on Water and Power Resources, to mark up H.R. 1906, Central Valley Project Reform Act of 1995, 1 p.m., 1334 Longworth.

October 24, Salvage Timber and Forest Health Task Force, oversight hearing on Timber Salvage, 1:30 p.m., 1324 Longworth.

October 25, full Committee, to consider pending business, 11 a.m., 1324 Longworth.

October 26, Subcommittee on National Parks, Forests and Lands, hearing on the following bills: H.R. 2067, to facilitate improved management of National Park Service Lands; H.R. 2025, Park Renewal Fund Act; and H.R. 2465, National Park Service Professionalization Act, 10 a.m., 1324 Longworth.

Committee on Rules, October 24, to consider the following: Conference Report to accompany H.R. 2002, making appropriations for the Department of Transportation and related agencies for the fiscal year ending September 30, 1996; and a measure making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said District for the fiscal year ending September 30, 1996, 4 p.m., H–313 Capitol.

October 25, to consider H.R. 2491, Omnibus Reconciliation Act of 1995, 10 a.m., H–313 Capitol.

Committee on Science, October 24, Subcommittee on Basic Research, hearing on the National Earthquake Hazards Reduction Program, 1 p.m., 2318 Rayburn.

October 25, full Committee, to mark up H.R. 2196, National Technology Transfer and Advancement Act of 1995; and to consider Committee business, 10 a.m., 2318 Rayburn.

Committee on Small Business, October 25, oversight hearing or ''IRS Initiatives to Reduce Regulatory and Paperwork Burdens upon Small Business,'' 10 a.m., 2359 Rayburn.

Committee on Transportation and Infrastructure, October 26, Subcommittee on Aviation, to mark up the Federal Aviation Administration Revitalization Act of 1995, 9:30 a.m., 2167 Rayburn.

October 26, Subcommittee on Public Buildings and Economic Development, hearing on the sale of 501 First Street, S.E., 1:30 p.m., 2247 Rayburn.

Committee on Veterans' Affairs, October 25, Subcommittee on Hospitals and Health Care, oversight hearing concerning issues at the Harry S Truman VA Medical Center in Columbia, Missouri, 9:30 a.m., 334 Cannon.

Committee on Ways and Means, October 26, hearing on H.R. 2494, Thrift Charter Conversion Tax Act of 1995, 9 a.m., 1100 Longworth.

Joint Meetings

Conferees: October 24, on H.R. 1868, making appropriations for foreign operations, export financing, and related programs for the fiscal year ending September 30, 1996, 2 p.m., H–140, Capitol.

Conferees: October 24, on 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, 5 p.m., S–407, Capitol.

Joint hearing: October 24, Senate Committee on Small Business, to hold joint hearings with the House Committee on Small Business to examine a report on the cost of regulation on small business, 10 a.m., SD–G50.

Next Meeting of the SENATE

11 a.m., Monday, October 23

Senate Chamber

Program for Monday: After the recognition of four Senators for speeches and the transaction of any morning business (not to extend beyond 2 p.m.), Senate will consider S. 1322, regarding the relocation of the Embassy in Israel.

Next Meeting of the HOUSE OF REPRESENTATIVES

12:30 p.m., Tuesday, October 24

House Chamber

Program for Tuesday: Call of the Corrections Calendar:

1. H.R. 782, Federal Employee Representatives Improvement Act;
2. H.R. 117, Senior Citizens Housing Safety Act of 1995; and
3. H.R. 1114, Paper Balers Act;

Consideration of the following two Suspensions:

1. H.R. 716, Fisherman's Protection Act; and
2. H.R. 1595, Jerusalem Embassy Relocation Implementation Act of 1995; and

Motion to go to conference on H.R. 1058, Securities Litigation Reform Act.

Extensions of Remarks, as inserted in this issue

HOUSE

Abercrombie, Neil, Hawaii, E1988
Ackerman, Gary L., N.Y., E1993, E1997
Allard, Wayne, Colo., E1993
Brown, George E., Jr., Calif., E1990, E1997
Crapo, Michael D., Idaho, E1992
Fowler, Tillie K., Fla., E1990
Frelinghuysen, Rodney P., N.J., E1995
Gilman, Benjamin A., N.Y., E1990
Goodlatte, Bob, Va., E1994
Hamilton, Lee H., Ind., E1992
Johnson, Tim, S. Dak., E1987
Kleczka, Gerald D., Wis., E1994
LaFalce, John J., N.Y., E1985
Lantos, Tom, Calif., E1989, E1997
Martinez, Matthew G., Calif., E1996
Matsui, Robert T., Calif., E1995
Menendez, Robert, N.J., E1989
Moran, James P., Va., E1995
Morella, Constance A., Md., E1993
Orton, Bill, Utah, E1987
Reed, Jack, R.I., E1990
Richardson, Bill, N. Mex., E1990
Roemer, Tim, Ind., E1995
Roth, Toby, Wis., E1988
Roukema, Marge, N.J., E1992
Schroeder, Patricia, Colo., E1988
Schumer, Charles E., N.Y., E1997
Smith, Lamar S., Tex., E1992
Stokes, Louis, Ohio, E1998
Studds, Gerry E., Mass., E1993
Stump, Bob, Ariz., E1991
Velázquez, Nydia M., N.Y., E1990
Ward, Mike, Ky., E1985, E1988
Woolsey, Lynn C., Calif., E1985

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