This means no further action is required by the House on the foreign operations appropriations bill, unless it chooses to, and it can be enrolled by the House and sent to the President, again, if the House should choose to take that route.

I thank my colleagues, and I hope we have completed our action on this legislation.

Mr. LEAHY. Mr. President, I concur with the analysis of the Senator from Kentucky. I point out, as I did earlier, the Senator from Kentucky and I went into this conference with 193 items in disagreement; we settled 192, after a great deal of work, a lot of informal conferences, and a formal conference that went well after midnight. This was the only item, and this is the only way to take care of it, frankly.

The Senate has spoken loudly and clearly on this, and it is a good compromise between both bodies. Let us get off this subject. The issue can come up on authorizations bills, where it belongs, not on appropriations bills, and we can go on with the business of the Senate.

The only way we are going to get out of the real budget problem we have, when people are out of work and everything else, is to pass the appropriations bills. Here is another 1 of the 13 appropriations bills that could go to the President. If he signed it, that would be 3 of the 13 appropriations bills signed, with only 10 more to go, and we are out of this problem.

I yield the floor.

Mr. DOLE addressed the Chair.

The PRESIDING OFFICER. The majority leader is recognized.

Mr. DOLE. Mr. President, let me say that, hopefully, within the next minute or two, we can call up another conference report—the Treasury, Postal Service appropriations bill. As I understand it, the Senate papers are on the way up.

The PRESIDING OFFICER. That is correct.

TREASURY, POSTAL SERVICE, AND GENERAL GOVERNMENT APPROPRIATIONS ACT, 1996—CONFERENCE REPORT

Mr. DOLE. Mr. President, I submit a report of the committee of conference on H.R. 2020 and ask for its immediate consideration.

The PRESIDING OFFICER. The report will be stated.

The legislative clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 2020) making appropriations for the Treasury Department, the United States Postal Service, the Executive Office of the President, and certain Independent Agencies, for the fiscal year ending September 30, 1996, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by a majority of the conferees.

The PRESIDING OFFICER. Without objection, the Senate will proceed to the consideration of the conference report.

(The conference report is printed in the House proceedings of the RECORD of October 25, 1995.)

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

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

Mr. PRYOR. Mr. President, I thank the Chair for recognizing me.

Mr. President, in a few moments it is my understanding, according to the majority leader's request, that we are about to begin consideration of the conference report on the Treasury-Postal appropriations bill. That is my understanding. I think that will be coming to the Senate floor in just a very few moments.

Mr. President, I want to remind my colleagues respectfully, notwithstanding the fact that the Senate in a voice vote knocked out a provision which was in the bill that came over from the House of Representatives, this provision has now been put back in during the conference between the House and Senate, and the final conference report including this provision is going to be voted on in a few moments by the Senate.

Here is what this provision does: For the first time—for the first time—in the history of this great Republic, we are going to grant the authority for the Internal Revenue Service to privatize tax collections—for the first time.

There are no guidelines. There are no ethics rules. There are no laws or regulations that pertain to this at this point. But we are going to be saying that we are going to put $13 million in for a pilot project to see how much law firms, lawyers, and private bill collectors can go out and collect from people who owe the Internal Revenue Service money.

This was tried a few years ago, as far back as the ancient Greeks. Actually, this led, I might say, to this practice being labeled as ''tax farming.'' These tax farmers, Mr. President, became so very unpopular that ultimately they were beheaded. There is a lot written about this. There is a lot stated about this.

We are about to commit the act of not recognizing our history nor realizing what this could do in the future of tax collections in this country.

I have been advised, Mr. President, by those with great experience in parliamentary procedure—certainly greater than myself—that it will be impossible for this Senator or any other Senator to move that we recommit the conference report with instructions to the conferees. The reason is that there is no conference—the conference has disbanded. That is my understanding at this point. I hope I am wrong about that, but I think I am correct.

Second, I then thought perhaps I would try something like a sense of the Senate or perhaps some other avenue of approach so that we could strike from this bill that particularly onerous provision that is going to send this country stepping toward tax farming and tax collections by the private sector against our own citizens.

Mr. President, I have been advised that there is nothing that I can do at this moment to strike that provision, with the exception of just trying to talk about it and wait for another provision in another piece of legislation subsequent to this at the appropriate time.

In a moment, I will continue this discussion. I will continue talking about why I think this is a very, very bad step, a dangerous step, a precedent-setting step, wading off into an area where we have no guidelines, no ethics protection, no protection for confidentiality to protect the taxpayers, something that I hope at the appropriate time we can strike from this particular piece of legislation.

I thank the Chair for recognizing me. I yield the floor.

Mr. MCCAIN. Mr. President I want to take 1 minute to thank both the managers of the bill, Senator SHELBY and Senator KERREY.

I often am critical of appropriations bills that come to the floor because of unnecessary and wasteful spending that is associated with it. I want to say that I have reviewed this bill, and with a very rare exception, this bill is clean of wasteful and unauthorized programs.

I think it is probably the best piece of legislation in the appropriation cycle that I have seen. I want to express my appreciation to both Senator KERREY and Senator SHELBY for resisting what seems to be irresistible on the part of some members of the Appropriations Committee, and that is loading it up with unauthorized projects and other special interest programs.

I want to again thank him for an outstanding piece of legislation. I yield the floor.

Mr. BUMPERS. Mr. President, I see Senator SHELBY is not here, and I assumed we were not ready to start in on this bill. I thought I might make a few remarks pending his arrival.

Mr. KERREY. I would like to begin. I know Senator SHELBY will be down here shortly.

How long will the Senator speak?

Mr. BUMPERS. You never know when I get wound up.

Mr. KERREY. I am aware of that. The Senator from Alabama is coming to the floor.

Mr. BUMPERS. Is there a time agreement on the bill?

Mr. KERREY. I believe they are going to try to set the time for the vote at 5 o'clock, and I doubt that Senator SHELBY and I are going to take a great deal of time in opening statements.

Mr. BUMPERS. Fine. I will wait until then or at some hiatus in the bill to speak, Mr. President. I thank the distinguished ranking member.

The PRESIDING OFFICER. The Senator from Alabama.

Mr. SHELBY. Mr. President, today with my distinguished ranking member, Senator KERRY, I bring to the Senate the conference report for H.R. 2020, the fiscal year 1996 appropriations for the Department of the Treasury, the U.S. Postal Service, the Executive Office of the President, and certain independent agencies.

The conference report we are presenting today contains total funding of $23,161,490. This bill is $339,457,000 below the appropriations provided in fiscal year 1995. It is $15,797,000 below the House-passed bill and $1,735,000,000 below the President's request.

Of the totals in this bill the conference is recommending $11,263,514,000 for new discretionary spending. The balance, $11,889,400,000 is for mandatory programs.

The $11,263,514,000 the committee proposes for domestic discretionary programs is almost $1.8 billion below the President's request. Let me repeat that, Mr. President. This bill is nearly $1.8 billion below the President's fiscal year 1996 request. It is also $340 million below the amount appropriated for the accounts funded in this bill in fiscal year 1995.

Reaching this level has not been an easy task. We have had to make some very difficult decisions, while trying to ensure that funds are made available to carry out essential Government services.

Mr. President, this bill includes $10,303,999,000 for the Department of the Treasury.

The conference report includes $121,908,000 for payment to the Postal Service fund for free mail for the blind, overseas voting, and payment to the Department of Labor for disability costs incurred by the old Post Office Department.

The President receives $156,844,000 to exercise the duties and responsibilities of the Executive Office of the President.

This conference report contains $7.5 million for the operations of the Office of National Drug Control Policy. The fact that we have included funding for the drug czar's office does not mean I am satisfied with the current drug policy of this administration. I have made my feelings on the ineffectiveness of this office known before. I will not take the time of my colleagues to restate it again today. I do want to reiterate that the committee will revisit funding for ONDCP in 1996. I certainly hope we will see some changes.

This bill includes $545,002,000 for construction of new courthouses and Federal facilities. This funding provides the General Services Administration the ability to let construction contracts for buildings which construction can begin in fiscal year 1996. There is no funding for projects where no construction awards can be made in fiscal year 1996.

There is $11.8 billion in mandatory payments through the Office of Personnel Management for annuitant and employee health, disability and retirement, and life insurance benefits.

There is approximately $375 million for other independent agencies.

Mr. President, this bill proposes to terminate the Advisory Commission on Intergovernmental Relations and the Administrative Conference of the United States. Funds are provided for ACIR to complete the unfunded mandates study, and provide for the orderly closedown of the two agencies.

Mr. President, this subcommittee continues to be a strong supporter of law enforcement. We have done what we can to ensure that the law enforcement agencies funded in this bill have the resources to do the job we ask them to do.

There has been considerable discussion since this bill was reported from the subcommittee about the level of funding for the Internal Revenue Service. The level of discussion continued through the conference. The conference report exceeds the bill passed by the Senate by $31 million. The Senate conferees worked with the conferees from the other body to do what we could to resolve the differences between the two Houses to balance processing and enforcement, while continuing tax systems modernization efforts.

Mr. President, let me be perfectly clear on this. As I said when the Senate first deliberated this bill, that the committee's options were limited. Many may disagree with the choices we have made, but we had to work with limited resources. Funding for the IRS makes up 65 percent of the discretionary spending in this bill. There is no other way to reach savings called for in our 602(b) allocation.

Mr. President, this bill, as we all know has been held up because of discussions on the legislative language popularly called the Istook amendment. The amendment in disagreement is language offered by Senator SIMPSON, which I support. The other body insisted that the Senate recede from its position in amendment No. 132. Senator SIMPSON, the sponsor of this amendment, has indicated that he will support the motion to recede on this amendment so we can send this bill to the President. I personally want to thank Senators SIMPSON and CRAIG for all of their hard work on this issue.

I yield to Senator KERREY, the subcommittee's ranking member.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. KERREY. Mr. President, I thank the Chair. First let me congratulate the Senator from Alabama for doing an exceptional job of chairing this subcommittee and working through the various amendments and problems that he has faced, along with Chairman LIGHTFOOT on the House side, in making certain we can deliver a bill to the President.

PRIVILEGE OF THE FLOOR

Mr. KERREY. Mr. President, I ask unanimous consent that John Libonati, legislative fellow with the Appropriations Committee, be granted the privilege of the floor throughout the consideration of the conference report.

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

Mr. KERREY. Mr. President, I am pleased to join the subcommittee chairman, Senator SHELBY, in bringing this conference report to the floor.

As the chairman pointed out, this conference report is substantially below the requested and enacted levels for the many programs and activities under the jurisdiction of the Treasury Department, the Executive Office of the President, and certain independent agencies.

Having said that, I want to take this opportunity to compliment the distinguished Senator from Alabama, Mr. SHELBY, and the House subcommittee chairman, Mr. LIGHTFOOT, for the bipartisan spirit they both displayed during the conference to craft a conference agreement which, under the most severe budgetary constraints, meets the highest priorities of both the executive branch and the Congress.

The conference report contains funding for the continuation of the Council of Economic Advisers, which the House had proposed to eliminate, and does not include many of the controversial legislative riders which would most assuredly open this bill to a Presidential veto.

This conference report funds Federal programs where a compelling case has been made for their continued existence. And, in the case of two agencies, the Administrative Conference of the United States and the Advisory Commission on Intergovernment Relations, it provides only limited funding for the orderly close out of their operations.

While most programs have been reduced below enacted levels, the conference agreement does contain modest increases for Treasury law enforcement agencies to permit them to sustain current levels of vigilance in the war on drugs, violent and financial crimes investigations, counterterrorism, Presidential protection, White House security, and law enforcement training.

Funding for new Federal building and courthouse construction has been funded at the Senate-passed level of $573 million, or $415 million below the requested level. In addition, the Senate criteria on Federal building construction were adopted by the conferees. These criteria provide full funding for GSA's highest priority projects, which have received site or design funds in the past; but do not permit the funding of new starts or projects where the construction contract awards will not be awarded in fiscal year 1996.

I believe this is a sound approach. We are funding buildings at levels that will

permit GSA to complete the projects. We did not go along with the House proposal to provide 40-percent funding for these projects. That approach will only prolong these projects and will not enable GSA to let any contracts in fiscal year 1996.

Mr. President, having said that, I do not support all of the actions taken by the conference committee. I am particularly concerned that the Senate provision fencing IRS tax systems modernization funds until GAO certifies that certain corrections in the management of the program have been made, was dropped.

Mr. President, to date, $2.5 billion has been invested in this program to modernize IRS' outdated computer systems. The conference agreement contains an additional $695 million toward this effort. When all is said and done, this program could cost the taxpayers upward of $8 billion. This is a hefty sum of money, particularly in these budgetary times, for a program which according to GAO is fraught with mismanagement and infrastructure problems. There is no doubt that the TSM concept should revolutionize the IRS. However, the way the agency is progressing on its implementation at this juncture, at some point in the future, we could find us regretting this substantial investment.

Mr. President, I am also concerned about the reduced funding level for the IRS returns processing and taxpayer assistance account. The conference agreement cuts $81 million from the President's requested level for IRS' front-line returns processing and taxpayer assistance activities. The IRS estimates that it will process about 211 million returns and supplemental documents and will issue about 83 million tax refunds in fiscal year 1996. This is an increase of about 3 million returns and documents and 2 million refunds above the 1995 level. I just hope, Mr. President, that as a result of these reductions, refunds are not delayed and taxpayer questions do not go unanswered because we have not provided the agency with the funds it needs to operate at increased service levels.

I am pleased that the final agreement includes a provision which I offered on the Senate bill to establish a Commission on the Restructuring of the Internal Revenue Service. I am hopeful, that through the work of this Commission, we will come up with some workable solutions to make the IRS a more customer-oriented organization, which will be the Nation's leading revenue producer while operating more economically and efficiently.

Mr. President, depending on what happens to the amendment in disagreement, amendment No. 132, I believe this bill will be signed by the President. This bill was passed by the Senate on August 5, the conferees met September 12 and was it not for the controversial Istook-McIntosh-Erlich provision, this bill could have been sent to the President and I believe signed prior to the close of the fiscal year.

Unfortunately, we are now past that date, our agencies have been operating at reduced funding levels through two continuing resolutions, and now most of the agencies funded in this bill are in the shutdown phase. I believe we have an opportunity here to get this bill to the President without further delay. We have an obligation to the American public to get the job done and ensure that important tax, financial management, law enforcement, and Federal building programs move forward.

So, I would urge my colleagues to support this conference report and put an end to the gridlock. I urge the adoption of the conference report.

Let me comment on a couple of things. I suppose I am not unique. I imagine all of us are getting questions from home as to why we were unable to pass appropriations bills, why do we have the furloughing of Federal employees, and why have we essentially shut down parts of the Government. There are 200,000 Federal employees who have been furloughed for 2 days as a consequence of this particular appropriations bill.

The Senator from Alabama referenced it. There were 141 amendments on this legislation that were subject to the conference of this subcommittee—141.

The chairman called a conference, he and Chairman LIGHTFOOT. We met on the 12th and 13th of September, a full 2 weeks before we were supposed to finish our work. According to the Budget Impoundment Act, we had to have that work done by the 30th of September.

On the 12th and 13th, the chairman was successful in disposing of 140 of 141 amendments. As he indicated, the only one that remained was the so-called Istook amendment, which appeared in neither version of the bill and which, regardless of your position on the issue, had no relevance to this appropriation bill, and which had a little or no support in the Senate, and delayed the final House and Senate action on this conference report.

I mention it because there is a kind of a common perception—I think it is common—that there are significant differences between Republicans and Democrats on all these appropriations items, and that is why the Government was shut down.

I agree with Senator SHELBY on this piece of legislation. I am prepared to vote for it. Both of us wanted to move this thing out before the 30th of September, and it could have been not nearly as difficult as it might appear to the average citizen out there that is wondering what has gone on in the past couple of days—200,000 Federal employees being furloughed in the last 2 days. Again, not because of great ideological differences on spending, not because Democrats and Republicans disagreed that we need to get rid of the deficit that has been, I think, tormenting the Nation for many, many years, but because of a single amendment having to do with the regulation of 501(c)(3)'s and 501(c)(4)'s.

Mr. President, I, too, appreciate the willingness of the Senator from Wyoming to allow us to recede to the House. I supported the original Simpson proposal, and appreciate very much his willingness to recede to the House in this particular case so we can move this to the President for his signature and end the furloughing of 200,000 Federal employees who are covered by this legislation.

Let me also comment. The distinguished chairman mentioned his concern about the drug czar. I share that concern. I have a great deal of respect for Dr. Brown. It is not as if I am critical of him as an individual but the number one problem that we face with drugs today is the illegal consumption of drugs by young people 12, 13, and 14 years of age. Those who have made it either their living or their avocation trying to help us reduce drug consumption in America will say to us that the most important thing is to reduce the size of the funnel of people that are coming on line using illegal drugs. That means we have to get to young people and say to them that you should not use these illegal and dangerous drugs.

I remember when former First Lady Nancy Reagan started the Just Say No Program. And I thought, well, this is a silly program. It cannot possibly work. The fact is it did work. The fact is that young people see the consumption and the use of illegal drugs in black or white materials. It is either yes or no. If we as adults do not say no to them, they are likely to say, ''Well, maybe it is OK.''

Over the past 4 or 5 years, according to those like Jim Burke who have been involved in this effort in the private sector, there has been an increase of exposure to the youth of illegal drugs, either on television shows or in movies. This has been creeping in again to our culture—sort of an acceptance that perhaps marijuana use is OK, or that perhaps cocaine use is OK.

So this idea that our leaders say to our youth do not do drugs, say no to drugs, this idea that can have a very powerful impact on our youth, to me, has sunken in rather impressively after listening to people out there in the private sector. I have been quite discouraged in looking at the drug czar who has legal authority to take action and has failed to either use that legal authority or to make much progress in the war on drugs.

So I join with the Senator from Alabama. We initially were going to zero out the drug czar. We entered into a negotiation here on the floor, and when the bill was first being considered by the Senate and talked to the distinguished chairman of the Judiciary Committee and the ranking member of the Judiciary Committee, and they convinced us to accept some language

that would urge the President to take stronger leadership. I personally am pleased to see that the President has announced that in January he is going to begin communicating. He is organizing a conference of youth.

I think it is terribly important that our political leaders put that message out there, and that we start doing it repeatedly in order to reduce the size of the funnel of the number of people that are coming in and beginning to use illegal drugs.

To say for emphasis, I am also with the chairman. The verdict is still out as far as I am concerned. I was willing to yield on this point, willing to give him a little bit more rope to try to see if they could be effective. But the bottom line for me is, if it is not effective, I will be back here next year suggesting that this Senate vote to zero out the drug czar. Get the job done or let us find some other organization or somebody else that can do it. Let us not pretend that we are solving the problem if the problem in fact is getting worse.

Again, I say in closing that I appreciate very much the fine work Senator SHELBY has done on this bill. I hope that in an expeditious fashion we can get this down to the President for his signature.

PROPOSED PRIVATIZATION OF INVESTIGATIVE SERVICES BY THE OFFICE OF PERSONNEL MANAGEMENT

Mr. SPECTER. Mr. President, I would like to enter into a brief discussion with the distinguished chairman of the subcommittee to clarify a matter regarding the proposed privatization of Investigative Services by the Office of Personnel Management.

It is my understanding that the House and Senate have directed the General Accounting Office to perform a detailed, long-term, cost-benefit and feasibility analysis on the OPM submissions for an Employee Stock Ownership Plan [ESOP] for the Investigative Services under OPM's jurisdiction.

Is it the intent of the conferees that OPM must retain full staffing at the Federal Investigative Processing Center [FIPC] in Boyers, PA, and that OPM may not proceed with the privatization of Investigative Services before receipt of the GAO report and in no event before March 30, 1996?

Mr. SHELBY. The Senator is correct. The committee has received the assurance of OPM that full staffing will be retained at the FIPC in Boyers with the recognition that many of the employees will be converted from the Federal payroll to the employee stock ownership plan.

Mr. SPECTER. I thank the Senator for clarifying the intent of the conferees. This is an issue of great importance to several hundred Pennsylvania OPM employees and I appreciate the assistance of the distinguished chairman and his commitment to ensure that their interests and those of every taxpayer are best served. I thank the Chair and yield the floor.

FRESNO COURTHOUSE

Mrs. FEINSTEIN. Mr. President, I would like to ask the distinguished chairman of the subcommittee on Treasury, Postal Service and General Government Appropriations, Senator SHELBY, and the ranking minority member, Senator KERREY, if they would engage in a brief colloquy with myself and my colleague from California, Senator BOXER.

Mr. SHELBY. We would be happy to do so.

Mrs. FEINSTEIN. We want to bring to the attention of the managers the need for a new courthouse in Fresno. The current U.S. courthouse in Fresno is at its full capacity and would require extensive modifications to meet seismic, fire and security standards.

The current courthouse, the B.F. Sisk Building, opened in 1968 as an office building with only two courtrooms and a small amount of support space designated for the courts. Now, the court and related support agencies occupy 92 percent of the building with additional space being leased on the outside. There are currently four district, two magistrate and two bankruptcy courtrooms in the building, which is used by two district judges, two senior district judges, one visiting judge from Sacramento, two bankruptcy judges, two magistrate judges and visiting magistrate judge. Within the next year, there will be an additional senior judge. Five of the current courtrooms have been built out in previous office space. There is no room for future expansion.

A recent seismic evaluation on the current building found that the cost of seismic retrofitting would be more than the cost of the building. Also, serious concerns have been raised about the safety and security standards in the building relating to its use as a court facility.

Given the current situation and projected future growth, the city has been working with the courts, the General Services Administration [GSA] and the subcommittee to obtain funding for a new structure for the past few years. However, I understand that due to budget constraints, there is no funding provided for new start courthouse projects, including the Fresno project, in the conference report for the Treasury-Postal appropriations bill for fiscal year 1996.

Mrs. BOXER. Mr. President I share my colleague's concern over the safety and lack of security of this facility. The chief judge for the Eastern District of California, the Honorable Robert E. Coyle, has informed me that ''the efficient, uninterrupted, safe and secure operation of the present courthouse cannot be carried out'' in the current building.

I also want to make my colleagues aware of actions taken in Fresno pursuant to direction from this subcommittee last year. Senator FEINSTEIN and I commend the city and GSA's work to develop a site for the proposed courthouse in downtown Fresno. As the senator may know, the fiscal year 1995 Treasury-Postal appropriations conference report acknowledged the beginning of the site selection process for a Federal courthouse in Fresno and directed GSA to locate a site in downtown Fresno for the project. To this end, the city has donated a site in downtown Fresno and is presently purchasing parcels to add to the city-owned property for that purpose. Also, the city has agreed to complete all site and utility preparation work prior to construction will further, will build parking for the courthouse to accommodate nearly 400 spaces.

This agreement will save $5 million off the estimated Federal cost for site acquisition.

It is important to recognize the importance of this project to the city of Fresno. GSA and the courts have worked closely with the city for the purpose of redeveloping a truly troubled downtown area. It would also appear from recent experience that the competitive bidding process in California is ripe for construction. In both Santa Ana and Sacramento, the bids came in considerable lower than the anticipated budget. However, one can only assume that delay in this project will only cause the cost to escalate.

We would like to urge the chairman and ranking member, in light of the partnership between the city of Fresno and the judicial administration in complying with the committee's directive to reduce Federal spending, to make this project a high priority next year. We ask whether you will give the project your highest consideration.

Mr. SHELBY. Yes. The subcommittee will carefully review this project in our deliberations next year for court construction for fiscal year 1997.

Mr. KERREY. I appreciate the words from my colleagues from California and I also want to express my congratulations for the agreement the court and GSA was able to work out with the city of Fresno. The Senator can be assured that I will do my part to see that this project receives serious consideration in subcommittee deliberations next year.

Mrs. FEINSTEIN. We thank the chairman and ranking member for their understanding and thoughtful responses.

Mr. DOMENICI. Mr. President, I rise in strong support of the conference agreement on H.R. 2020, the Treasury, Postal Service, and general Government appropriations bill for 1996.

This bill provides new budget authority of $23 billion and new outlays of $20 billion to finance operations of the Department of the Treasury, including the Internal Revenue Service, U.S. Customs Service, Bureau of Alcohol, Tobacco and Firearms, and the Financial Management Service; as well as the Executive Office of the President, the Office of Personnel Management, and other agencies that perform central government functions.

I congratulate the chairman and ranking member for producing a bill that is within the subcommittee's 602(b) allocation. When outlays from prior-year budget authority and other adjustments are taken into account, the bill totals $22.8 billion in budget authority and $23.1 billion in outlays. The total bill is at the Senate subcommittee's 602(b) nondefense allocation for budget authority and under its allocation for outlays by $67 million. The subcommittee is also under its Violent Crime Reduction Trust Fund allocation by $1 million in budget authority and less than $500,000 in outlays.

Mr. President, I ask unanimous to have printed in the RECORD a table displaying the Budget Committee scoring of the conference agreement on H.R. 2020.

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

TREASURY-POSTAL SUBCOMMITTEE SPENDING TOTALS—CONFERENCE REPORT

[For fiscal year 1996, in millions of dollars]

	Budget authority	Outlays
Nondefense discretionary:		
Outlays from prior-year BA and other actions completed	.....	2,778
H.R. 2020, conference report	11,187	8,712
Scorekeeping adjustment	.....	.....
Subtotal nondefense discretionary	11,187	11,490
Violent crime reduction trust fund:		
Outlays from prior-year BA and other actions completed	.....	8
H.R. 2020, conference report	77	62
Scorekeeping adjustment	.....	.....
Subtotal violent crime reduction trust fund	77	70
Mandatory:		
Outlays from prior-year BA and other actions completed	127	130
H.R. 2020, conference report	11,763	11,756
Adjustment to conform mandatory programs with Budget Resolution assumptions	−334	−333
Subtotal mandatory	11,555	11,553
Adjusted bill total	22,819	23,113
Senate Subcommittee 602(b) allocation:		
Defense discretionary	.....	.....
Nondefense discretionary	11,187	11,557
Violent crime reduction trust fund	78	70
Mandatory	11,555	11,553
Total allocation	22,820	23,180
Adjusted bill total compared to Senate Subcommittee 602(b) allocation:		
Defense discretionary	.....	.....
Nondefense discretionary	.....	−67
Violent crime reduction trust fund	−1	−0
Mandatory	.....	.....
Total allocation	−1	−67

Note.—Details may not add to totals due to rounding. Totals adjusted for consistency with current scorekeeping conventions.

Mr. BAUCUS. Mr. President, I was an early supporter of the taxpayer bill of rights which was enacted in 1988. That legislation protected the American taxpayer from overreaching actions by the IRS. This year, the Finance Committee included a number of additional provisions in the tax bill to protect the taxpayer.

Unfortunately, the conference report for Treasury and Postal appropriations upon which we will vote today contains language taking us in the opposite direction. The report provides for an appropriation of $13 million to the IRS to ''initiate a program to utilized private counsel law firms and debt collection agencies in the collection activities of the IRS.''

Mr. President, most bill collectors are paid on a contingency basis. We are in danger of creating a system that will encourage bounty hunters to collect taxes from U.S. citizens.

Margaret Milner Richardson, the Commissioner of the Internal Revenue Service, in a letter dated August 4, 1995, expressed ''grave reservations'' with respect to privatizing the tax collection services of the IRS. To quote Ms. Richardson:

> What impact would private debt collection have on the public's perception of the fairness of tax administration and of the security of the financial information provided to the IRS? A recent study conducted by Anderson Consulting revealed that 59 percent of Americans oppose State tax agencies contracting with private companies to administer and collect taxes.

Frankly, Mr. President, I believe that the 59 percent number would have increased dramatically had the survey inquired as to whether the IRS should contract with debt collection agencies to collect Federal income taxes.

We are told by supporters of the proposal that we should not worry because the debt collectors will be under the direct supervision of IRS employees. I do worry Mr. President, because we have too many instances in which IRS employees themselves have abused their powers. This is why we enacted the 1988 taxpayer bill of rights and why this year's reconciliation bill contains additional taxpayer rights. I am not comfortable that debt collectors working on a contingency basis will respect taxpayer rights—even if they are under the direct supervision of IRS employees.

For this reason, Mr. President, I plan to vote against the conference report.

Mr. SHELBY. Mr. President, I now ask unanimous consent that the vote occur on adoption of the conference report to accompany H.R. 2020, the Treasury-Postal Service appropriations bill, at 4:45 p.m. this evening, and that the Senate recede from the Senate amendment in disagreement at that time.

Mr. PRYOR. Reserving the right to object, Mr. President, I do not want to object, and I usually am not an obstructionist around this Chamber. But I want to be guaranteed some time, and enough time to explain a position that I have relative to the farming out of private tax collection.

Mr. SHELBY. How much time does the Senator want?

Mr. PRYOR. Let me say to my friend from Alabama that I do not think that I would use over 30 minutes. If I could have 30 to 35 minutes, I think I could cover the areas that I need to be covering. I would like the opportunity to ask some questions of my friend from Alabama as to how this very onerous provision crept back into this conference report.

Mr. SHELBY. The Senator may ask questions of the Senator from Nebraska, too.

Mr. PRYOR. I would be glad to ask either.

Mr. SHELBY. Both of us. Sure.

Mr. PRYOR. I wonder if I could be allocated a minimum of 35 minutes.

Mr. SHELBY. What about 40 minutes? Is that OK?

Mr. PRYOR. I will take 40 minutes. I do not think I will use all of that time. I thank the Senator very much.

Mr. SHELBY. At 4:45. Would that be OK?

Mr. PRYOR. If it is all right with the Senator from Alabama, could we say no later than 5 o'clock?

Mr. KERREY. We have to vote at 4:45.

Mr. SHELBY. An hour from now is 4:45.

Mr. PRYOR. Could not we vote no later than 5 o'clock?

Mr. SHELBY. We have a lot of Members. We will give you all the time and try to respond to whatever you want.

Mr. PRYOR. I guess I will take at least 40 minutes. I hope I do not use it. I know my friend from Iowa wants to speak for 3 minutes on the issue. He can speak before I do, if that is all right with the distinguished managers.

Mr. SHELBY. Sure.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Who seeks recognition?

The Senator from Iowa.

Mr. GRASSLEY. Mr. President, I rise in strong support of the action of the conferees decision not to fund President Clinton's initiative last year which spent $405 million to hire over 6,000 more IRS agents. This is an issue that Senator LOTT and I have worked on very closely for over a year and I am pleased to see that our efforts have achieved a success for the taxpayers.

In particular, I want to commend Senator SHELBY for his work. This would not have happened were it not for Senator SHELBY's efforts and his decision to put the interest of the American taxpayer first and not listen to the voices of empire-building bureaucrats at the IRS.

I find it particularly galling that when the President is thumping his chest about vetoing bills, he forgets to tell the American people that one of his top priorities is to get $405 million to retain the 6,000 plus additional IRS agents—that is right 6,000 more IRS agents that he hired last year.

And remember, the IRS has already seen a massive increase in staff, from 82,000 in 1982 to over 110,000 in the early 1990's. Yet, that was not enough for President Clinton.

President Clinton wanted to have 6,000 more IRS agents knocking on taxpayers doors. And last year, the big-spending Democrats in Congress were happy to oblige.

But last fall, the voters spoke strongly for a smaller Government. And today we see a significant response to those voters. This bill will ensure that the IRS will not have 114,000 IRS agents looking through your files but

instead 106,000—a reduction of 8,000 agents.

We have asked the American taxpayers to tighten their belts enough times, now we are finally asking the IRS to do the same. And let me say, you do not hear about it in press releases from the White House, but in closed doors they have been fighting tooth and nail for more money to keep these additional IRS agents and incredibly, to hire even more.

We have heard on this floor the question asked many times, ''Whose side are you on?'' It is clear that the White House is on the side of bigger bureaucracy and more agents at the IRS, and this Congress is on the side of the taxpayer and small businessmen and women struggling to pay the bills and who just want big Government off their backs.

Once again I want to commend Senator SHELBY and Congressman LIGHTFOOT, chairman in the House and the conferees for their work on this issue. This is clearly a red letter day for taxpayers who have finally won one over the IRS.

I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. PRYOR addressed the Chair.

The PRESIDING OFFICER. The Senator from Arkansas.

Mr. PRYOR. With no one else seeking recognition at this point, if I might, Mr. President, I would like to make a few points relative to this legislation and to one specific provision which bothers me to such a great extent that I will not only speak against this bill being passed, I will vote against this bill being passed, and I may be in a minority of one, but if that is the case I will be in that minority and be very proud of it.

Historically, the Finance Committee, which is one of the oldest committees of this great institution, as is the Appropriations Committee, has not only been charged with tax collection but also charged with a very unique function in addition to that, and that function is the protection of the individual taxpayer. The protection of the individual taxpayer's rights has always, historically been a function not of the Appropriations Committee but of the Finance Committee of the Senate.

On page 33 of the conference report that we are considering at this point—and that is the issue before the Senate—we find amendment No. 22. This is the same language that was stricken by the Senate on August 4, 1995, when the Senator from Alabama acquiesced in a unanimous-consent request for an amendment by myself, and the Senate knocked out the House language which stated this—I am going to read amendment No. 22, Mr. President.

Restores and modifies House language authorizing $13 million for a private debt collection initiative.

This is truly the tip of the iceberg. When my friend, Senator GRASSLEY, of Iowa, a few moments ago was speaking about taxpayers' rights and the number of IRS agents that we are not going to employ, thus protecting the taxpayer, I went back many years ago remembering the work that Senator GRASSLEY and myself and Senator SHELBY, even in his days in the House of Representatives, were involved in by trying to get passed in the Congress the first-ever Taxpayer Bill of Rights, the first time that this country ever stated in statute rights specifically to protect the taxpayer.

It was 1988 when this legislation was passed. And we are seeing today what I consider to be a great challenge to and a great erosion of the spirit of the Taxpayer Bill of Rights. Why is that? First, the Taxpayer Bill of Rights had a very key provision. I am sure my friend from Alabama remembers—I wish my friend from Iowa were here because he helped to draft that particular section—we stated in 1988 that there could be no bounty system, there could be no quota system with regard to tax collections from the taxpayers of America. We found egregious example after example throughout the 50 States where tax collectors were abusing the rights of taxpayers, where they were abusing these rights to the extent that the tax collectors before 1988 operated under a bounty system and under a quota system whereby their raises and the structure of their civil service retirement, their opportunity in the work force was based upon, ''How much did you collect?''

Here is what we are doing now. For the first time in 200 years we are about to put our stamp of approval officially upon a bounty system. That is what this is. This is a bounty system where we cannot pay those lawyers to collect debts, where we cannot pay ABC Collection Service to collect debts of the IRS. There is no way we can put them temporarily on the Federal payroll. So we are going to pay them the only way there is to pay them: We are going to give them a percentage of what they collect.

What sort of environment does that bring about? It does not take a rocket scientist to figure that one out. They are going to be out there using methods that are unprotected by statute, using a system of bounty hunter mentality that was in place before 1988, that is going to become the law of the land with the sanction of the U.S. Government. I think it is horrible that we would consider taking this very backward step and going back into the dark ages in the collection of our taxes.

I received this letter August 4, and usually I am not on the side of the Internal Revenue Service. I chaired the Senate Finance Committee's subcommittee on oversight of the IRS for a good number of years. I worked closely with many of my colleagues on that committee and Members of this body. But on August 4, I received a letter from Margaret Milner Richardson, who is the Commissioner of the Internal Revenue Service at the Department of the Treasury, and I agree 100 percent.

By the way, I ask unanimous consent to place this letter in the RECORD.

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

DEPARTMENT OF THE TREASURY,
INTERNAL REVENUE SERVICE,
Washington, DC, August 4, 1995.

Hon. DAVID PRYOR,
U.S. Senate,
Washington, DC.

DEAR SENATOR PRYOR: I am writing to express my concern regarding statutory language in the FY 1996 Appropriations Committee Bill (H.R. 2020) for Treasury, Postal Service and General Government that would mandate the Internal Revenue Service (IRS) spend $13 million ''to initiate a program to utilize private counsel law firms and debt collection activities. . .'' I have grave reservations about starting down the path of using private contractors to contact taxpayers regarding their delinquent tax debts without Congress having a thorough understanding of the costs, benefits and risks of embarking on such a course.

There are some administrative and support functions in the collection activity that do lend themselves to performance by private sector enterprises under contract to the IRS. *For example in FY 1994, the IRS spent nearly $5 million for contracts to acquire addresses and telephone numbers for taxpayers with delinquent accounts. In addition, we are taking many steps to emulate the best collection practices of the private sector to the extent they are compatible with safeguarding taxpayer rights. However, to this point, the IRS has not engaged contractors to make direct contact with taxpayers regarding delinquent taxes as is envisioned in H.R. 2020. Before taking this step, I strongly recommend that all parties with an interest obtain solid information on the following key issues:

(1) What impact would private debt collectors have on the public's perception of the fairness of tax administration and of the security of the financial information provided to the IRS? A recent survey conducted by Anderson Consulting revealed that 59% of Americans oppose state tax agencies contracting with private companies to administer and collect taxes while only 35% favor such a proposal. In all likelihood, the proportion of those opposed would be even higher for Federal taxes. Addressing potential public misgivings should be a priority concern.

(2) How would taxpayers rights be protected and privacy be guaranteed once tax information was released to private debt collectors? Would the financial incentives common to private debt collection (keeping a percentage of the amount collected) result in reduced rights for certain taxpayers whose accounts had been privatized? Using private collectors to contact taxpayers on collection matters would pose unique oversight problems for the IRS to assure that Taxpayers Bill of Rights and privacy rights are protected for all taxpayers. Commingling of tax and non-tax data by contractors is a risk as is the use of tax information for purposes other than intended.

(3) Is privatizing collection of tax debt a good business decision for the Federal Government? Private contractors have none of the collection powers the Congress has given to the IRS. Therefore, their success in collection may not yield the same return as a similar amount invested in IRS telephone or field collection activities where the capability to contact taxpayers is linked with the ability to institute liens and levy on property if need be. Currently, the IRS telephone

collection efforts yield about $26 collected for every dollar expended. More complex and difficult cases dealt with in the field yield about $10 for every dollar spent.

I strongly believe a more extensive dialogue is needed on the matter of contracting out collection activity before the IRS proceeds to implement such a provision. Please let me know if I can provide any additional information that would be of value to you as Congress considers this matter.

Sincerely,

MARGARET MILNER RICHARDSON.

Mr. PRYOR. I thank the Chair.

Mrs. Richardson wrote me this letter August 4, and I quote:

I have grave reservations about starting down the path of using private contractors to contact taxpayers regarding their delinquent tax debts without Congress having a thorough understanding of the costs, the benefits and risks of embarking on such a course.

Another quote from paragraph 2, and she is asking questions at this time.

How would taxpayers rights be protected and privacy be guaranteed once tax information was released to private debt collectors?

And that is a good question.

Would the financial incentives common to private debt collection (keeping a percentage of the amount collected) result in reduced rights for certain taxpayers whose accounts had been privatized? Using private collectors to contact taxpayers on collection matters would cause unique oversight problems for the Internal Revenue Service to assure that Taxpayers Bill of Rights and privacy rights are protected for all taxpayers. Commingling of tax and nontax data by contractors is a risk as is the use of tax information for purposes other than intended.

This is the end of that quote from the Commissioner of the Internal Revenue Service embodied in a letter to me dated August 4.

How far will this go? Well, we might say it is only $13 million. They are going to go out there and experiment. We are going to hire a few collectors now, and maybe a few lawyers would be interested. They are going to go out there and try to collect some of the debts that are owed to the Internal Revenue Service.

How far does it go? No one knows how far it goes because, Mr. President, there was not one day of hearings. There was not a hearing. There was not a discussion. There was not a debate. There was nothing. All we knew was that the House of Representatives inserted this language here. We struck it out in the Senate on August 4. I am hoping that we can defeat this bill so we can send a message back to the House that we are not going to tolerate this potential invasion of privacy, this potential invasion of confidentiality of private taxpayers' records and give those out to private debt collection companies and lawyers throughout the land. It is a terrible situation.

The second question is, who are these people going to be? Are they just going to be lawyers? We just had the first version where we saw they were debt collection companies. Then it was expanded to lawyers. I do not know what it will be expanded to the next go-round. But now we have already expanded it once from debt collection companies to lawyers. I do not know how that happened.

Who is going to be hired? Who makes that determination? Do they go up into the IRS office in Washington and say, ''We want to go back in our hometowns, and we know that that Ford dealer down there or that old farmer out there on route 4—I have a feeling that he probably owes the IRS something. We would like to see his records. And if you would show us those records of that Ford dealer or that farmer or that housewife or that small businessperson or that individual whom they may not like, ''for 50 percent we'll go out there and collect that money for you.'' Then is the IRS going to say, ''OK. You're hired?'' Someone else may come up and say, ''OK. You are not hired.'' Maybe they want too much money. Maybe they do not want enough. Who is going to train those people, Mr. President?

My friend from Iowa, Senator GRASSLEY, was talking about this massive bureaucracy of the IRS. I, too, have been critical of that bureaucracy. I think for too long it has been too insensitive. But who is going to train these people to go out and protect taxpayers' rights? That is what this argument is about. I do not know anything in the legislation that says that those rights are going to be protected.

I know nothing in this amendment that says anything about the particular training program that these individuals are going to go through. All it says is, here is $13 million to go out and hire private collection agencies in the private sector. Who is going to train them? We do not know. Who is going to oversee them, Mr. President? Who is going to go down to Camden, AR, and oversee the Jones collection agency and see if they are properly giving the proper treatment and protection to the individual taxpayers that they are collecting money from? Who is going to oversee them? I do not know. New bureaucracy? Yes. Fewer taxpayers' rights? Yes.

And now—this is a key and critical question, Mr. President—which taxpayers' cases are these individuals, once they are hired, once they are given their contract, which taxpayers' cases, when you file through all the records of the Internal Revenue Service, which ones are they going to be given to work on? Will it be at random? Will it be rural letter carriers as it was a few years ago? Will it be Methodist ministers? Will it be small businesspeople? Who is it going to be that they are going to zero in on? And this confidential information, confidential tax records, dating perhaps 10 years back, is it going to be given to the local collection agency so they can carry them around in the coffee shops, carry them around to the shopping centers and hold them up and say, ''Hey, look at our neighbors' tax collections for the last 10 years.'' Are we going to go out and get that system? As a result, we might collect 50 percent and make a nice profit on it.

Mr. President, what type of taxpayer information will be made available? And how will this information be made available? And how will these tax collectors, these bill collectors, I should say, be paid? That has never been mentioned in this debate.

Once again, Mr. President, this is an appropriations bill. It is not a bill that came from the Finance Committee. The Finance Committee is that committee historically that has been charged with regulating the protections of the taxpayer. And here we are making a very, very backward step, in fact a step back into the Dark Ages, in my opinion, when we are creating a new bounty-hunter mentality in the Internal Revenue Service. And it is an issue—I should say it is an authority, a new authority, that the Internal Revenue Service does not want. They do not think it will work. They are posing these many questions today as we consider this particular appropriations bill.

Mr. President, I would like at this point to yield the floor. I would like the opportunity to ask some questions of my friend from Alabama. Perhaps he would like to respond. He may desire to do so at this time. I will yield the floor and retain the remainder of my time.

Mr. SHELBY addressed the Chair.

The PRESIDING OFFICER (Mr. THOMPSON). The Senator from Alabama is recognized.

Mr. SHELBY. Mr. President, I appreciate the remarks of my good friend from Arkansas. He is to be commended over the years for being very involved in pushing legislation for years and years and articulating the position of the taxpayer as far as the IRS is concerned. We all know that that is known as the Taxpayers' Bill of Rights. That was long in coming, and the Senator from Arkansas should get most of the credit for it. A lot of us worked with him, but he was the leader in this, and I commend him so.

On this bill here, let me share some of it. In December 1991, the IRS completed an internal study that addressed, among other things, legal, financial, policy, and design considerations involved in contracting out collections. The study concluded that the IRS should test the use of private collection companies, provided that legal issues regarding activities that the IRS could contract out and funding sources were resolved. This proposal before us encourages that. In September 1992, the OMB issued a policy letter indicating that private companies can do collection-related functions such as locating taxpayers, making telephone calls to remind taxpayers of tax delinquencies, mailing tax notices, and providing lockboxes for receipt of payments. This proposal encourages that.

In December 1992, the IRS chief counsel's office issued guidance for IRS' use of contracting with private collection

companies. It concurs with the OMB letter. In discussing the disclosure issue, the guidance said that the IRS has the authority to contract out certain collection-related activities and that the appropriate safeguards would be in place. This proposal would allow the IRS to ensure the appropriate safeguards are in place.

As the Senator from Arkansas brings up—and he is absolutely right—the appropriate safeguards must be in place. The IRS must, Mr. President, oversee this. The IRS will oversee this. This is a pilot program. The 1993 GAO report indicated, Mr. President, that the IRS was moving forward with the plans for a pilot test which would start as early as October 1993—we are behind on that—and that the IRS' long-range plans included expansion if the test worked.

The Vice President's reinvention proposal indicates that a pilot test should be developed. And considering the fact that taxes remain uncollected in the United States and that the number of IRS personnel continues to grow, and the only apparent way the IRS is able to increase revenues is to spend more money and hire more people, should we not try something new? I say yes.

This proposal allows the IRS to create the plan. They can address all of the concerns that have been raised, not only by the Senator from Arkansas, but by others, including this Senator. I firmly believe, Mr. President, that we should use all of the resources available to ensure that tax scofflaws are tracked down and those of us who pay our taxes are given more for our money.

Let me continue. The conferees have included, Mr. President, a provision which will create the pilot program allowing private law and collection activities to pursue delinquent tax bills under the direction of the IRS, Mr. President; no one else.

This proposal is intended to be innovative. It gives the authority to the IRS to make the decisions. The IRS will be able to use all of the safeguards available to ensure taxpayers and disclosure problems.

Many businesses and States already use private collection sources in an attempt to manage and to supplement their basic resources.

The GAO reported in 1993 that 28 States with individual income tax problems used private collection companies in collecting taxes. Only 6 of the 28 States felt they were ineffective.

Several questions have been raised by the Senator from Arkansas, and they should be, about the private collection initiative. Some of those questions are basically these:

Is privatizing certain collection activities on delinquent tax debt a good idea? The answer, I believe, is yes. Currently, approximately $70 billion, Mr. President—$70 billion—is owed to the IRS in delinquent tax debt upon which the IRS has ceased active collection efforts, and this amount is growing by roughly $10 billion a year.

This proposal before us would allow private firms to provide limited collection services on that debt at no cost to the taxpayers, unless the debt is collected, because these accounts are currently lying dormant at the IRS and will remain so.

What prevents private collectors from engaging in abusive collection practices or disclosure of confidential information? The Fair Debt Collection Practices Act and the Privacy Act of 1974 prohibit harassment of debtors and other unfair collection practices, as well as the unauthorized disclosure of debtor information to third parties. Violations of these provisions can subject collectors to millions of dollars in actual and punitive damages.

Let me go into this a minute. What type of taxpayer records will they have access to? This was raised by the Senator from Arkansas. The only information that contractors would receive would be the debtor's name, the address, the phone number, the Social Security number, employer, and amount owed, just as they would with any nontax debt in America.

Mr. President, the debtor's tax return would not—and I repeat, would not—be disclosed to the contractor.

Who will these contractors be? Private collection companies that specialize in collecting overdue debts. An example of the best pool of candidates from which to choose would be those collectors currently working under the Department of Education's private sector collection activities for student-related debt contracts.

Who will train them? According to GAO, one of the reasons for using private collection companies is for the IRS to learn from the techniques that are being used in the private sector to collect overdue taxes. Consequently, the training of employees who will be performing this function should be, I believe, done by private collection companies that will be contracting with the Internal Revenue Service, under the supervision and guidelines of the Internal Revenue Service.

With respect to special expertise that is needed for collecting tax debts, the IRS should and would provide the speciality training. No one else.

On which cases will the collector's work? Currently not collectible accounts, that is what they are called, Mr. President, as classified by the IRS since these accounts are now lying dormant at the IRS, $70 billion of them.

One approach would be to send cases to private contractors that are otherwise noncollectible, primarily where there is an inability to locate the taxpayer and, in such cases, a contractor should be able to invest more resources to locate them than the IRS can spend.

Another approach would be to take cases that are deferred, meaning that there is a small enough balance due that the moneys are left uncollected until some other credit shows up in the system, such as a refund, that is then offset against the deferred amount, and replace these with private collectors.

What type of collection services will they provide? The contractors will be responsible for generating letters to be mailed in most cases by the IRS and making phone calls to debtors. The letters and calls would be designed to remind debtors of their outstanding tax debt and to seek assurances from the debtor that the debt will be repaid. The contractors would not, Mr. President, be authorized to receive funds, compromise debts, sue debtors, seize property, or levy against assets.

At this time, it would seem to make sense to me to test a program where private contractors locate and call taxpayers by telephone and inform them of how much they owe, how high interest and/or penalties are accumulating, their options, and the actions the IRS can take if they do not pay.

However, the contractor would not make the final decision and should not make the final decision whether or not to enter into an installment agreement or to take any other collection action.

The bottom line is that this is a pilot program. IRS has full control. They should have full control. The points I have tried to respond to are examples. IRS will be making the decisions. I believe that any ideas should be considered. I believe this is a good proposal that we have come forth with.

The PRESIDING OFFICER. The Senator from Arkansas has 25 minutes.

Mr. PRYOR. I thank the Chair for advising me on the time remaining. I am going to speak only a few moments, Mr. President. I want to give adequate time for our friend and colleague, the distinguished Senator from West Virginia, to speak. I would like to hit two or three more points.

I listened very intently to my friend from Alabama go down through the concerns as expressed by the Department of the Treasury, more specifically the Commissioner of the IRS, Margaret Milner Richardson, who wrote me on August 4—I placed that letter in the RECORD—expressing grave concerns about going down this particular trail with debt collection.

The Senator from Alabama has just mentioned that the IRS would still retain control throughout this whole process. I maintain that the IRS has control now. What we are about to do is to add a new dimension whereby confidential tax information of individual taxpayers, of small businesses and large, perhaps, are going to be taken from the confidentiality of the Internal Revenue Service and given, basically, to debt collection services, to lawyers and to law firms, and they are going to go out and collect these debts with a bounty hunter's mentality.

It did not work centuries ago in Greece. It did not work in Rome. And, Mr. President, it is not going to work now, especially with the opposition of the agency, the IRS, that is going to be policing this situation, training these collectors and lawyers and, basically, having oversight of this whole new venture, in this leap that I think we are about to make into darkness.

We are about to privatize the collection of debts by the Internal Revenue Service. There is some form of privatizing that may be all right. Yesterday, for example, when everything was closed down, I went down to the dining room. I walked down to the dining room, I knocked on the door, and the dining room was closed. So I decided, well, I have to eat somewhere, I had not had anything to eat. Somebody said, ''You can go over to the House of Representatives and eat; they have a cafeteria over there that is open.'' So I walked over, and I had two or three people with me. We walked through the tunnel and walked to the House of Representatives, and we ate. We ate because it was privatized. It was not run by the Government. Therefore, the Government did not have a lot to say about whether or not employees came in.

But, Mr. President, privatizing a cafeteria and privatizing the confidential information to be dispensed to the general public and to lawyers and debt collectors are two different things. This is one area of privatizing that—even though many of our colleagues on the other side of the aisle might think it is appropriate—I beg them to reconsider, to look at the potential for conflict, for harassment, for bounty hunters, and for undue influence being used against unsuspecting and unprotected taxpayers.

In 1988, in the taxpayers' bill of rights, we protected those taxpayers, I say to my friend from Alabama, and now we are about to walk away from them. We are about to say, well, we wanted to give you a little respite, but now we are ready to go after you again. We are ready to harness bounty hunters, who are going after you, who are going to have knowledge of your confidential tax information, where there are no ethics laws applying, and no regulations, where the IRS Commissioner says even the IRS cannot police this program.

Mr. President, I ask, what are we doing? I hope we will reconsider this. I, for one, will vote against this conference report, even though I will probably be in the minority of one, and I hope that at the appropriate time, I am going to give this opportunity of the Senate itself to vote up or down on whether or not we should start privatizing the collections of our debts owed to the Internal Revenue Service.

Mr. President, I yield the floor.

Mr. SHELBY. Mr. President, I believe some good is going to come out of this debate here on the floor of the Senate because I agree with the Senator from Arkansas that the IRS should and must protect the privacy of all taxpayers not to hand over their tax returns to anyone else, and we are not going to do that in this.

Let me go back to something. The IRS, Internal Revenue Service, actually requested this proposal 2 years ago. The approved budget for the Internal Revenue Service in fiscal year 1994 included funding, at the request of the IRS, totaling $5.790 million in startup funds and 41 full-time equivalent employees. I will quote the IRS document:

> This will enable the Internal Revenue Service collection to contract for a test to determine the effectiveness and cost-benefit of having private sector collection agencies work a portion of the delinquent taxes inventory not being worked due to resource constraints, and so forth. The funds, unfortunately, were reprogrammed to cover costs of locality pay. Let me repeat, Mr. President, there are $70 billion in America in these closed accounts or dormant accounts, uncollectible, growing at the rate of $10 billion a year. I do not know how much of these dormant accounts—$70 billion now, and next year it will be $80 billion, getting on up toward $100 billion. That is a lot of money in America. If these taxes are owed—and most of them are not even disputed, it is my understanding—we should collect them. These are owed taxes. If we can collect them, it helps us in our expenditures here in the Congress. It means people are not going to be deadbeats in this country, and that we will have to levy fewer taxes elsewhere. I think it is a good start. It is a pilot program, and I think it makes sense.

I do want to continue to work with my friend from Arkansas to make sure that the American taxpayers' privacy is protected. Their returns are not put out of the IRS, but as far as what they owe and who they are, I do not see any privacy on that. That is everywhere in America today. You can pick that up on a credit report.

Mr. PRYOR. Will my friend from Alabama yield?

Mr. SHELBY. Yes.

Mr. PRYOR. Mr. President, I want to ask my friend from Alabama, how are these new collectors going to be paid?

Mr. SHELBY. How will they be paid? We have not received the directive from the IRS. But I hope they will be paid on what they collect, a percentage of what they collect. In other words, I certainly would not want to pay them a salary. I do not believe they would be as diligent or that they would work as hard. Billions of dollars in America is collected each day, probably based on incentives. Incentives do matter. As with the Department of Education debt collection contracts, the base compensation, I hope, would be calculated as a percentage of account dollars collected, or included in repayment schedules agreed to by the debtors. Also, a competitive environment would be structured so that it would reward productive contractors who comply with the law and who do not generate debtor complaints, do not abuse people and penalize unproductive or compliant ones. That is who we look forward to working with.

Mr. PRYOR. Mr. President, in the 1988 taxpayers' bill of rights, on which the Senator from Alabama was a helpful participant, we abolished the quota system. We said to the regional district offices of the Internal Revenue Service, you may not promote or demote your employees based upon what they collected or what they did not collect. We sent a message throughout the IRS collection system: No quotas, no bounties. The Senator from Alabama has just stated he hopes that they are paid on a percentage. That is a bounty. That is a quota. That is going directly contrary to the 1988 taxpayers' bill of rights.

Mr. SHELBY. This is a lot different, if I can respond. That is different from an IRS auditor coming in and auditing Mr. and Mrs. John Jones' account, and the more they found, the more they get working as an IRS employee. These efforts will be directed at collecting debts that are not in dispute, debts that have been arrived at as owed, debts that have basically been forgotten, as I said, to the tune now of $70 billion. There is a lot of difference between that and protecting someone who the IRS is auditing or having a tax dispute with. This is not a tax dispute. This is a debt owed. There is a lot of difference.

Mr. PRYOR. Mr. President, to conclude, my friend from Alabama has stated that the IRS has requested this. The IRS did not request this authority. This administration did not request this authority. The present IRS Commissioner did not request this new authority. In fact, the present IRS Commissioner has said she does not think it will work. She is raising the questions that, today, are unanswered.

I hope that my colleagues from both of the committees and both managers—each of the managers, I should say, of this conference report will understand my voting ''no'' on this. It is nothing personal against them. But I am going to continue this fight to try to strike this from the law of the land when we adopt it.

Mr. SHELBY. Mr. President, I ask unanimous consent that the fiscal year 1994 compliance option request regarding the budget, where the IRS requested this, be printed in the RECORD.

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

FISCAL YEAR 1994 COMPLIANCE OPTIONS

Key Area: Accounts Receivable.

Concern: Implementation of Private Collection Agency Program Pilot Objective.

We are requesting the direct hire of 41 FTEs and $5.790 million in start up funds. This will enable the IRS Collection to contract for a test to determine the effectiveness/cost benefit of having private sector collection agencies work a portion of delinquent taxes inventory not being worked due to resource constraints.

PROGRAM AREA

A feasibility study on contracting our collection work was completed by a cross-functional group in December 1991. This group concluded that contracting out could be an effective means to address portions of the Collection inventory that have not been worked, or that have been worked with little or no revenue collected. Benefits of this approach would include a direct reduction in accounts receivable dollar inventory (ARDI), and a reduction of taxpayer burden.

A test using commercial vendors to collect delinquent taxes will require the establishment of a national program office to plan and oversee implementation of the pilot test site. Collection agencies would be involved

with the collection of accounts with a balance due of $10,000 or less, or accounts receivable deemed too low for immediate IRS involvement. This project requires a national centralized focal point to oversee the program development and to complete testing before implementation. This proposal has the potential to reduce excessive taxpayer burden while increasing revenue.

In addition to personnel this initiative will require start up funds for contractual services. It is not anticipated that the IRS will be able to have a normal business relationship with the collection agencies involved with this program. In the private sector, accounts receivable are collected or sold to a vendor who then retains a portion of the receipts as payment. The IRS must receive the entire portion that is to be applied towards the taxpayer balance due. Then a prearranged payment would be paid to the vendor. We estimate $12.5 million would be needed up-front, $5.790 million in FY94 and $6.710 million in FY95.

TYPES OF EMPLOYEES

We are proposing the direct hiring of 41 FTE/positions, to be distributed as follows: 14 positions to be hired by the beginning of the first quarter of FY 1994 for the project office; 17 positions to be located at the ACS test site location; and 10 positions will be located at the Service Center support site.

HISTORICAL DATA

This is a first time pilot, there are no historical records.

REVENUE ESTIMATES

	Fiscal year—		Total
	1994	1995	
Revenue:			
Projections	$26,859,000	$34,993,000	$61,852,000
Cost	(5,790,000)	(6,710,000)	(12,500,000)
Net Revenue	$21,069,000	$28,283,000	$49,352,000

ASSUMPTIONS

Benefits of this contracting approach would include a direct reduction in ARDI, and a reduction of taxpayer burden.

We assume a collection rate of 5% of the case value.

The test is scheduled to start in January of FY94; 75% of the revenue is reported in FY94 and 25% in FY95.

As of June 1992 inventories in the queue and currently not collectable (CNC) were as follows:

	Queue	CNC	Total
Taxpayers	470,000	1,400,000	1,870,000
Dollar/value (billions)	3	30	33
Avg dollars per T/P	6,410	21,311	.....

This request is for a limited one year controlled pilot. The experience gained through a pilot test would enable the Service to better evaluate the concept's direct benefits and costs, and to measure public acceptance. The contract would include a one year renewable option for FY95.

METHODOLOGY

Contract out approximately 100,000 cases (taxpayers) from the two categories listed.

The mix of cases will be approximately 60,000 out of the queue and 40,000 from CNC.

The average dollar per case is assigned to the number of cases that will be contracted out in each area:

	Queue	CNC	Total
Taxpayers	60,000	40,000	100,000
Avg dollars per T/P	6,410	21,311	.....
Dollar value (thousands)	384,600	852,440	1,237,040

Dollars collected would be approximately 61,852,000, (5% collection rate).

The contract will be a fixed price deliverable contract with an award fee pool, i.e. a fixed price per module with an award if the contractor does an excellent job. The total cost is based on the industry standard, which is 20% of what is collected, approximately $12,500,000.

$5.790 million will be needed in FY94 and the other $6.710 million in FY95.

FISCAL YEAR 1994 COMPLIANCE OPTIONS, DIRECT ENFORCEMENT REVENUE AND COSTS

[Dollar amounts in millions]

Options	Fiscal year—		Dollars collected by fiscal years—					
	1994 FTE	1994 Cost	1994	1995	1996	1997	1998	Totals
International Issues	177	$30.5	($1.9)	$1.0	$10.1	$13.5	$27.7	$50.4
Private Debt Collection	44	12.6	26.9	35.0	0	0	0	61.9
Bankruptcy	60	3.4	23.6	35.0	39.9	44.3	44.3	187.1
High Income Individual	160	12.1	(4.9)	(3.0)	12.4	27.4	37.8	69.7
Employment Issues	414	31.6	1.9	17.7	77.7	108.7	127.0	329.2
Accounts Receivable	529	24.8	61.8	128.8	231.9	247.4	247.4	917.3
Non—Filers	358	20.3	9.7	73.7	201.4	294.1	315.6	894.5
Information Reporting	109	4.3	0	57.0	63.0	63.0	63.0	246.0
Underfunded Pension Plans	43	2.9	0	0	0	0	0	0
Electronic Filing Fraud	81	5.0			Not quantifiable			
Motor Fuels	25	2.6			Not quantifiable			
Grand total	2,000	150.0	13.3	345.2	636.4	798.4	862.8	2,756.1

Note: It is important to realize that the direct enforcement revenue listed above does not represent the total revenue that will eventually be realized through our enforcement efforts. Indirect revenue will occur as a result of influencing the voluntary compliance of not only the taxpayers undergoing enforcement, but also other taxpayers such as relatives, friends, and neighbors. Depending on the compliance option, the amount of indirect revenue will vary.

FISCAL YEAR 1994 COMPLIANCE OPTIONS

	Revenue Scored by OTA by fiscal year—					
	1994	1995	1996	1997	1998	Total
International issues	($1.9)	$1.0	$10.1	$13.5	$27.7	$50.4
Private debt collection	26.9	35.0	0	0	0	61.9
Bankruptcy	23.6	35.0	39.9	44.3	44.3	187.0
Collection	4.8	10.0	14.9	19.3	19.3	68.3
Chief Counsel	18.8	25.0	25.0	25.0	25.0	118.8
High income	(4.9)	(3.0)	12.4	27.4	37.8	69.7
Employment issues	(1.9)	17.7	77.7	108.7	127.0	329.2
Collection	6.4	15.3	32.4	36.6	37.0	127.7
Examination	(8.3)	2.4	45.3	72.1	90.0	201.5
Accounts receivable	61.8	128.8	231.9	247.4	247.4	917.3
Non-filer	9.7	73.7	201.4	294.1	315.6	894.5
Collection	5.8	15.9	22.1	23.2	23.2	90.2
Examination	3.9	57.8	179.3	270.9	292.4	804.3
Information reporting	0	57.0	63.0	63.0	63.0	246.0
Total	113.3	345.3	636.4	798.4	862.7	2,756.1

Mr. SHELBY. Mr. President, have the yeas and nays been ordered?

The PRESIDING OFFICER. They have not been ordered.

Mr. SHELBY. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the conference report to accompany H.R. 2020. On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The bill clerk called the roll.

Mr. LOTT. I announce that the Senator from Indiana [Mr. LUGAR] is necessarily absent.

The PRESIDING OFFICER (Mr. ABRAHAM). Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 64, nays 34, as follows:

[Rollcall Vote No. 576 Leg.]

YEAS—64

Abraham	Frist	Lieberman
Ashcroft	Gorton	Lott
Bennett	Graham	Mack
Bond	Gramm	McCain
Bradley	Grams	McConnell
Breaux	Grassley	Murkowski
Burns	Gregg	Nickles
Byrd	Hatch	Pressler
Campbell	Hatfield	Reid
Chafee	Heflin	Roth
Coats	Helms	Santorum
Cochran	Hutchison	Shelby
Cohen	Inhofe	Simpson
Coverdell	Inouye	Smith
Craig	Jeffords	Specter
D'Amato	Johnston	Stevens
Daschle	Kassebaum	Thomas
DeWine	Kempthorne	Thompson
Dodd	Kerrey	Thurmond
Dole	Kohl	Warner
Domenici	Kyl	
Ford	Leahy	

NAYS—34

Akaka	Feingold	Murray
Baucus	Feinstein	Nunn
Biden	Glenn	Pell
Bingaman	Harkin	Pryor
Boxer	Hollings	Robb
Brown	Kennedy	Rockefeller
Bryan	Kerry	Sarbanes
Bumpers	Lautenberg	Simon
Conrad	Levin	Snowe
Dorgan	Mikulski	Wellstone
Exon	Moseley-Braun	
Faircloth	Moynihan	

NOT VOTING—1

Lugar

So, the conference report was agreed to.

Mr. SHELBY. Mr. President, I move to reconsider the vote by which the conference report was agreed to.

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

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. Under the previous order, the Senate recedes from its amendment numbered 132.

Mr. DOLE addressed the Chair.

The PRESIDING OFFICER. The distinguished majority leader.

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

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

Mr. KENNEDY. Mr. President, I ask unanimous consent to proceed as in morning business.

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

The Senator from Massachusetts.

BUDGET IMPASSE

Mr. KENNEDY. Mr. President, the current budget impasse demonstrates the harsh and unacceptable priorities of the Republican majority in Congress. As the past 2 days have shown, our Republican friends are prepared to hold the entire Federal Government hostage to their extreme agenda. Their price for keeping the Government open is to abandon senior citizens on Medicare and families struggling to educate their children. Their price is too high and their tactics are irresponsible, and President Clinton is right to reject them.

It is wrong for our Republican friends to sacrifice the rights of students and senior citizens on the altar of tax breaks for the wealthy. The American people did not think they were voting for deep cuts in Medicare and education in 1994, and they are not going to vote for anti-Medicare, anti-education candidates in 1996.

Make no mistake, balancing the Federal budget is not the issue. We all agree that the budget should be balanced and must be balanced, but above all, it must be balanced fairly. The fundamental issue that divides Democrats and Republicans is not whether to balance the budget but how to balance the budget. We can debate these issues responsibly. It is reckless and irresponsible for the Republican majority in Congress to shut down the Federal Government because they cannot get their way. They do not deserve their way, and they will not get their way.

Democrats categorically reject Republican priorities that would balance the budget on the backs of senior citizens, students, and working families to provide payoffs to the privileged and confer lavish tax breaks worth hundreds of billions of dollars on the wealthiest individuals and corporations in our society.

In education, the Republican budget bill is a bust for students and a bonanza for big banks. It is wrong to dismantle the highly successful Direct Student Loan Program. It is wrong to prohibit colleges and universities from choosing and using a loan program that provides the best service and the lowest cost to students. It is wrong to tilt the playing field and funnel $100 billion in new business over the next 7 years to the banks and guaranty agencies in the student loan industry. I say let competition work. Let the best loan program win.

Whatever happened to the Republican belief in competition? The President had signed a law that went into effect in 1993 to provide for a transition and a real competition between direct loan and the guaranteed student loans. Republicans and Democrats alike had worked towards a real compromise.

There were many who wanted to go immediately to direct loans. There were others who wanted the guaranteed loan. So we created a compromise that permitted the universities and colleges of this country to move gradually towards the Direct Loan Program, and they have been moving forward with that Direct Loan Program.

There are more than 1,450 colleges that have that. It is interesting that there is not a single college in the United States that has moved from a Direct Loan Program back to the guaranteed loan. Not one. And there are scores of them that want to move the other way.

But under this particular proposal, what we are doing is actually carving out a very narrow sliver of the whole loan program to the direct loan, some 10 percent, and giving the other part to the guaranty agencies. Almost $100 billion will flow through them and the profits will be anywhere from $7 billion to $9 billion. Those will be out of the pockets and pocketbooks of the parents primarily and the students over the period of these next 7 years, and that is wrong.

We say, ''OK, let's leave it up to the universities and colleges.'' Let them make the choice whether they want the guaranteed loan program, on the one, or the direct loan on the other. We have offered that. Let the colleges make the choice. That is competition at the local level. But we were refused and effectively closed out from that option.

That is only the beginning of the Republican attack on education. Over the next 7 years, their budget would slash Federal aid to education by an incredible one-third—$36 billion. A one-third cut in education is utterly irresponsible. We ought to be investing more in education, not less. That is our priority, that is President Clinton's priority, and I am confident the American people share it.

The Republicans claim their budget means a brighter future for the Nation's children. In fact, the Republican budget will turn out the classroom lights for millions of the Nation's schoolchildren and no anti-education plan like that deserves to pass. That is included in the Republican program.

What they take is the House appropriations figure, which is $4 billion. We had just over $2 billion in the Senate. I am convinced if we had gone to the conference, it would have been closer to the Senate, given the votes that have taken place here in the Senate on the education issue where we had bipartisan support, 67–32, when we had the vote on the Snowe-Simon amendment some time ago and the other actions that were taken on the compromise here.

We restored money in education, and what did the continuing resolution do? It took the lower figure between the House and the Senate, $4 billion cut and said you only have to spend 60 percent of what was being spent last year. That is effectively undermining in a dramatic way major education programs, whether it is the Head Start Program, the math and science programs for elementary schools, the whole school reform program, the drug-free school program, and many others, and that is basically wrong.