By Mr. COVERDELL (for himself and Mr. CLELAND):

S. 669. A bill to provide for the acquisition of the Plains Railroad Depot at the Jimmy Carter National Historic Site; to the Committee on Energy and Natural Resources.

By Mr. ABRAHAM (for himself, Mr. KENNEDY, Mr. HATCH, Mr. DEWINE, and Mr. DURBIN):

S. 670. A bill to amend the Immigration and Nationality Technical Corrections Act of 1994 to eliminate the special transition rule for issuance of a certificate of citizenship for certain children born outside the United States; to the Committee on the Judiciary.

By Mr. WELLSTONE (for himself and Mrs. MURRAY):

S. 671. A bill to clarify the family violence option under the temporary assistance to needy families program; to the Committee on Finance.

By Mr. STEVENS:

S. 672. An original bill making supplemental appropriations and rescissions for the fiscal year ending September 30, 1997, and for other purposes; from the Committee on Appropriations; placed on the calendar.

By Mr. BREAUX (for himself and Mr. HATCH):

S. 673. A bill to amend the Internal Revenue Code of 1986 and Employee Retirement Income Security Act of 1974 in order to promote and improve employee stock ownership plans; to the Committee on Finance.

By Mr. CHAFEE (for himself, Mr. ROCKEFELLER, Mr. JEFFORDS, Mr. BREAUX, Ms. COLLINS, Ms. SNOWE, Mr. BINGAMAN, Mr. HATCH, Mr. KENNEDY, Mr. KERREY, Mr. DODD, Mr. KERRY, Mr. D'AMATO, Mr. BRYAN, Mr. BAUCUS, Mr. ROBB, Mr. HUTCHINSON, Mr. INOUYE, Mr. SPECTER, Mr. DASCHLE, Ms. MOSELEY-BRAUN, and Mr. MOYNIHAN):

S. 674. A bill to amend title XIX of the Social Security Act to encourage States to expand health coverage of low income children and pregnant women and to provide funds to promote outreach efforts to enroll eligible children under health insurance programs; to the Committee on Finance.

SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

The following concurrent resolutions and Senate resolutions were read, and referred (or acted upon), as indicated:

By Mr. FEINGOLD (for himself and Mr. KOHL):

S. Res. 80. A resolution expressing the sense of the Senate regarding Department of Defense plans to carry out three new tactical fighter aircraft programs concurrently; to the Committee on Armed Services.

By Mr. CAMPBELL:

S. Res. 81. A resolution expressing the sense of the Senate regarding the political and economic importance of the Denver Summit of Eight and commending the State of Colorado for its outstanding efforts toward ensuring the success of this historic event; to the Committee on the Judiciary.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. MACK (for himself, Mr. LEVIN, Mr. NICKLES, Mr. THURMOND, Mr. GRAHAM, Mr. INHOFE, Mr. COATS, Mr. KYL, Mr. MCCAIN, Mr. ABRAHAM, and Mr. DEWINE):

S. 667. A bill to empower States with authority for most taxing and spending for highway programs and mass transit programs, and for other purposes; to the Committee on Finance.

THE TRANSPORTATION EMPOWERMENT ACT

● Mr. MACK. Mr. President, today I am introducing bipartisan legislation which would allow States to keep almost all of their gas tax revenues for their own transportation projects without interference from Washington.

The Transportation Empowerment Act—which being re-introduced in the House by Representative JOHN KASICH—would replace the current law governing the Federal highways program, the Intermodal Surface Transportation Efficiency Act [ISTEA].

Under ISTEA, Washington currently collects about $25 billion each year in dedicated transportation taxes, skims money off the top for demonstration projects, skims more off the top to fund its highway bureaucracy, runs the remainder through a maze of formulas, and then returns what's left to the States to fund their transportation programs.

However, this circle of waste, has shortchanged our Nation's transportation infrastructure. Today, notwithstanding the tremendous growth in spending, our Nation's transportation investment backlog is estimated to be at least $200 billion. This backlog includes the following deficiencies: 25 percent of our highways are in poor/mediocre condition; 24 to 28 percent of bridges are structurally deficient/functionally obsolete; 24 percent of rail transit facilities are in substandard/poor condition; and 20 to 24 percent of transit buses need to be replaced.

The fact is that our country is getting less from our transportation dollars. Part of the reason for this is reflected in the growth of administrative costs. These costs, as a function of Federal highway construction dollars, have risen from 7 percent in 1956 to over 21 percent today.

The history of the Federal program has shown us that the current system [ISTEA] of collecting and distributing gas tax dollars needed by States to implement their own transportation needs is too inefficient, too costly, and too bureaucratic. Washington simply can't meet the challenges facing the Nation's infrastructure.

Simply put: The era of big Government is over. And in this era, the highway system is a perfect example of a program that ought to be returned to the States. It's a simple formula for success—less Washington, more roads. In fact, transportation economists and State officials estimate that if States weren't hamstrung by Washington's arcane formulas and mandates, they could get 20 percent more highways and transit systems for every dollar collected.

I have introduced the Transportation Empowerment Act because I believe we can better serve our Nation's transportation needs primarily through State run transportation programs, without Federal micromanagement and without laundering gas tax dollars through Washington.

KEY PROVISIONS OF THE TRANSPORTATION EMPOWERMENT ACT

The legislation continues a streamlined ''core'' Federal program. This core Federal transportation program will include the maintenance of the current Interstate System, Federal lands programs—Indian reservation roads, public lands, parkways and park roads—highway safety programs and emergency disaster relief. Also included is continued general fund support for transit programs.

The bill authorizes States to establish multistate compacts for planning, financing, and establishing safety and construction standards, and encourages innovative approaches on the part of the States, such as use of infrastructure banks and privitization. The bill repeals the requirement that States repay Federal grants associated with transportation infrastructure which is slated for privatization.

The legislation provides a 4-year transition period, beginning in fiscal year 1998, during which time the existing 14 cents gas tax dedicated to transportation purposes would remain in place. After funding the new streamlined core program and paying off outstanding bills, the remainder is returned to States in a block grant.

At the end of the transition period, beginning in fiscal year 2002, the Federal gas tax would be reduced to 2 cents—that amount necessary to fund the core Federal programs.

Under the bill each State would be free to replace the Federal gas tax and to keep those dollars within the State to use as each sees fit.

The bottom line is this—for far too long Washington has had a stranglehold on States' transportation needs. It's time for Washington to let go and re-empower the States to make their own decisions.

More information about the Transportation Empowerment Act is available via the Internet at www.senate.gov/~mack/tea2.html.●

By Mr. MURKOWSKI:

S. 668. A bill to increase economic benefits to the United States from the activities of cruise ships visiting Alaska; to the Committee on Commerce, Science, and Transportation.

BENEFITS FROM CRUISE SHIPS VISITING ALASKA LEGISLATION

Mr. MURKOWSKI. Today, Mr. President, I am reintroducing a very important measure—one that will unlock and open a door that Congress has kept barred for over 100 years.

Opening that door will create a path to thousands of new jobs, to hundreds of millions of dollars in new economic activity, and to millions in new Federal, State, and local government revenues. Furthermore, Mr. President, that door can be opened with no adverse impact on any existing U.S. industry, labor interest, or on the environment, and it will cost the Government virtually nothing.

There's no magic to this; in fact, it's a very simple matter. My bill merely allows U.S. ports to compete for the growing cruise ship trade to Alaska, and encourages the development of an all-Alaska cruise business, as well.

The bill amends the Passenger Service Act to allow foreign cruise ships to operate from U.S. ports to Alaska, and between Alaska ports. However, it also very carefully protects all existing U.S. passenger vessels by using a definition of ''cruise ship'' designed to exclude any foreign-flag vessels that could conceivably compete in the same market as U.S.-flag tour boats or ferries. Finally, it provides a mechanism to guarantee that if a U.S. vessel ever enters this trade in the future, steps will be taken to ensure an ample pool of potential passengers.

Mr. President, this is a straightforward approach to a vexing problem, and it deserves the support of this body.

Let's look at the facts. U.S. ports currently are precluded from competing for the Alaska cruise ship trade by the Passenger Service Act of 1886, which bars foreign vessels from carrying passengers on one-way voyages between U.S. ports. However, it isn't 1886 anymore. These days, no one is building any U.S. passenger ships of this type, and no one has built one in over 40 years.

Because there are no U.S. vessels in this important trade, the only real effect of the Passenger Service Act is to force all the vessels sailing to Alaska to base their operations in a foreign port instead of a U.S. city.

Mr. President, what we have here is an act of Congress prohibiting U.S. cities from competing for thousands of jobs and hundreds of millions in business dollars. That is worse than absurd—in light of our ever-popular election-year promises to help the economy, it belongs in Letterman's ''Top Ten Reasons Why Congress Doesn't Know What It's Doing.''

How, Mr. President, can anyone argue with a straight face for the continuation of a policy that fails utterly to benefit any identifiable American interest, while actively discouraging economic growth.

Mr. President, this is not the first time I have introduced this legislation. When I began, Alaska-bound cruise passengers totaled about 200,000 per year. By last year, 445,000 people—most of them American citizens—were making that voyage. This year's traffic may exceed 500,000 people. Almost all those passengers are sailing to and from Vancouver, British Columbia—not because Vancouver is necessarily a better port, but because our own foolish policy demands it.

The cash flow generated by this trade is enormous. Most passengers fly in or out of Seattle-Tacoma International Airport in Washington State, but because of the law, they spend little time there. Instead, they spend their pre- and post-sailing time in a Vancouver hotel, at Vancouver restaurants and in Vancouver gift shops. And when their vessel sails, it sails with food, fuel, general supplies, repair and maintenance needs taken care of by Vancouver vendors.

According to some estimates the city of Vancouver receives benefits of well over $200 million per year. Others provide more modest estimates, such as a comprehensive study by the International Council of Cruise Lines, which indicated that in 1992 alone, the Alaska cruise trade generated over 2,400 jobs for the city of Vancouver, plus payments to Canadian vendors and employees of over $119 million. If that business had taken place inside the United States, it would have been worth additional Federal, State and local tax revenues of approximately $60 million.

In addition to the opportunities now being shunted to Vancouver, we are also missing an opportunity to create entirely new jobs and income through the potential to develop new cruising routes between Alaska ports. The city of Ketchikan, AK, was told a few years ago that two relatively small cruise ships were very interested in establishing short cruises within southeast Alaska. I'm told such a business could have contributed $2 million or more to that small community's economy, and created dozens of new jobs. But, because of the current policy, the opportunity simply evaporated.

Why, Mr. President, do we allow this to happen? This is a market almost entirely focused on U.S. citizens going to see one of the United States most spectacular places, and yet we force them to go to another country to do it. We are throwing away both money and jobs—and getting nothing whatsoever in return.

Why is this allowed to happen? The answer is simple—but it is not rational. Although the current law is actually a job loser, there are those who argue that any change would weaken U.S. maritime interests. I submit, Mr. President, that is not the case.

For some inexplicable reason, paranoia runs deep among those who oppose this bill. They seem to feel that amending the Passenger Service Act so that it makes sense for the United States would create a threat to Jones Act vessels hauling freight between U.S. ports. Mr. President, there simply is no connection whatsoever between the two. I have repeatedly made clear that I have no intention of using this bill to create cracks in the Jones Act.

This bill would actually enhance—not impede—opportunities for U.S. workers. Both shipyard workers and longshoremen—not to mention hotel and restaurant workers and many others—would have a great deal to gain from this legislation, and the bill has been carefully written to prevent the loss of any existing jobs in other trades.

Finally, let me dispose of any suggestion that this bill might harm smaller U.S. tour or excursion boats. The industry featuring these smaller vessels is thriving, but it simply doesn't cater to the same client base as large cruise ships. For one thing, the tour boats operating in Alaska are all much smaller. The smallest foreign-flag vessel eligible under this limit is Carnival Cruise Line's *Windstar*, which is a 5,700-ton ship with overnight accomodations for 159 passengers. By contrast, although the largest U.S. vessel in the Alaska trade is rated to carry 138 passengers, she is less than 100 gross deadweight tons.

The fact of the matter is that there is no significant competition between the two types of vessel, because the passengers inclined to one are not likely to be inclined to the other. The larger vessels offer unmatched luxury and personal service, on-board shopping, entertainment, etc. The smaller vessels offer more flexible routes and the ability to get closer to many of Alaska's extraordinary natural attractions.

In the spirit of full disclosure, Mr. President, let me acknowledge that there is one operating U.S. vessel that doesn't fit the mold: the *Constitution*, an aging 30,000-ton vessel operating only in Hawaii. This is the only ocean-capable U.S. ship that might fit the definition of ''cruise vessel.'' I have searched for other U.S. vessels that meet or exceed the 5,000-ton limit in the bill, and the only ones I have found that even approach it are the *Delta Queen* and the *Mississippi Queen*, both of which are approximately 3,360 tons, and both of which are 19th century-style riverboats that are entirely unsuitable for any open-ocean itinerary such as the Alaska trade.

Mr. President, I cannot claim that this legislation would immediately lead to increased earnings for U.S. ports. I can only say that it would allow them to compete fairly, instead of being anchored by a rule that is actively harmful to U.S. interests. It is, as I said at the beginning of this statement, only a way to open the door.

We've heard a lot of talk about growing the economy and creating jobs during the last few years. But we all know, Mr. President, that such changes are easier to talk about than they are to accomplish. Well, Mr. President, here is a bill that opens the door to thousands of jobs and hundreds of millions of new dollars, and does it without one red cent of taxpayer money. It's been 110 years since the current law was enacted, and it's time for a change.

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

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

S. 668

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

SECTION 1. FINDINGS.

Congress finds the following:

(1) It is in the interest of the United States—

(A) to maximize economic return from the growing trade in cruise ships sailings to and from Alaska by encouraging the use of United States labor, supplies, berthing and repair facilities, and other services, and

(B) to encourage the growth of new enterprises including the transportation of passengers on luxury cruise ships between ports in Alaska.

(2) In promoting additional economic benefits to the United States from the cruise ship industry, there is a need to ensure that existing employment and economic activity associated with the Alaska Marine Highway System, United States-flag tour boats operating from Alaskan ports, and similar United States enterprises are protected from adverse impact.

(3) Cruise ship sailings to Alaska comprise a vital and growing segment of the United States travel industry. Since 1989, the number of tourists coming to Alaska via cruise ships has increased by 86 percent. With almost 500,000 passengers per year, Alaska has become the third most popular cruise destination in the world, after the Caribbean and Europe.

(4) The cruise ship industry is expected to grow at a rate of 15 percent per year over the next several years. In 1996, 7 new cruise ships having a combined capacity to carry over 13,000 passengers entered the market.

(5) The only United States-flag ocean cruise ship in service is an aging vessel operating cruises only between the Hawaiian Islands. No United States-flag cruise ships are presently available to enter the Alaskan trade. Thus, all cruise ships carrying passengers to and from Alaskan destinations are foreign-flag vessels which are precluded, under current law, from carrying passengers between United States ports.

(6) The City of Vancouver, British Columbia receives substantial economic benefit by providing services to cruise ships in the Alaskan trade. In 1996, there were 487 Alaska-related voyages, with over 445,000 passengers, up from 389,000 in 1995. Most of the voyages stopped in Vancouver. Vancouver has benefited from the cruise ship industry through the direct and indirect employment of almost 2,500 people, and through revenues from goods and services of approximately $120,000,000 a year.

(7) The transfer of cruise ship-based economic activity from Vancouver, British Columbia to United States ports could yield additional Federal revenues of nearly $100,000,000 a year and additional State and local government revenues of approximately $30,000,000.

SEC. 2. FOREIGN-FLAG CRUISE VESSELS.

(a) DEFINITIONS.—For the purposes of this section:

(1) CRUISE VESSEL.—The term ''cruise vessel'' means a vessel of greater than 5,000 deadweight tons which provides a full range of luxury accommodations, entertainment, dining, and other services for its passengers.

(2) FOREIGN-FLAG CRUISE VESSEL.—The term ''foreign-flag cruise vessel'' does not apply to a vessel which—

(A) regularly carries for hire both passengers and vehicles or other cargo, or

(B) serves residents of their ports of call in Alaska or other ports in the United States as a common or frequently used means of transportation between United States ports.

(b) WAIVER.—Notwithstanding the provisions of section 8 of the Act of June 19, 1886 (46 U.S.C. 289) or any other provision of law, passengers may be transported in foreign-flag cruise vessels between ports in Alaska and between ports in Alaska and other ports on the west coast of the contiguous States, except as otherwise provided by this section.

(c) COASTWISE TRADE.—Upon a showing satisfactory to the Secretary of Transportation, by the owner or charterer of a United States-flag cruise vessel, that service aboard such vessel qualified to engage in the coastwise trade is being offered or advertised pursuant to a Certificate of Financial Responsibility for Indemnification of Passengers for Nonperformance of Transportation (46 App. U.S.C. 817(e)) for service in the coastwise trade between ports in Alaska or between ports in Alaska and other ports on the west coast of the contiguous States, or both, the Secretary shall notify the owner or charterer of one or more foreign-flag cruise vessels transporting passengers under authority of this section, if any, that the Secretary shall, within 1 year from the date of notification, terminate such service. Coastwise privileges granted to any owner or charterer of a foreign-flag cruise vessel under this section shall expire on the 365th day following receipt of the Secretary's notification.

(d) NOTIFICATION.—Notifications issued by the Secretary under subsection (c) shall be issued to the owners or charterers of foreign-flag cruise vessels—

(1) in the reverse order in which foreign-flag cruise vessels entered the coastwise service pursuant to this section determined by the date of each vessel's first coastwise sailing; and

(2) in the minimum number needed to ensure that the passenger-carrying capacity thereby removed from coastwise service exceeds the passenger-carrying capacity of the United States-flag cruise vessel which is entering the service.

(e) TERMINATION.—If, at the expiration of the 365-day period specified in subsection (c), the United States-flag cruise vessel that has offered or advertised service pursuant to a Certificate of Financial Responsibility for Indemnification of Passengers for Nonperformance of Transportation has not entered the coastwise passenger trade between ports in Alaska or between ports in Alaska and other ports on the west coast of the contiguous States, then the termination of service required by subsection (c) shall not take effect until 180 days following the entry into the trade by the United States-flag cruise vessel.

(f) DISCLAIMER.—Nothing in this section shall be construed as affecting or otherwise modifying the authority contained in the Act of June 30, 1961 (46 U.S.C. 289b) authorizing the transportation of passengers and merchandise in Canadian vessels between ports in Alaska and the United States.

By Mr. ABRAHAM (for himself, Mr. KENNEDY, Mr. HATCH, Mr. DEWINE, and Mr. DURBIN):

S. 670. A bill to amend the Immigration and Nationality Technical Corrections Act of 1994 to eliminate the special transition rule for issuance of a certificate of citizenship for certain children born outside the United States; to the Committee on the Judiciary.

TECHNICAL CORRECTIONS LEGISLATION CONCERNING CHILDREN BORN OVERSEAS

Mr. ABRAHAM. Mr. President, I rise to introduce on behalf of myself, Senator KENNEDY, Senator HATCH, Senator DEWINE, and Senator DURBIN, a short, technical bill to correct a drafting error in last year's immigration bill that could wrongly deny U.S. citizenship to certain children born overseas to a U.S.-citizen parent.

To explain the problem addressed by this bill, some background is in order. Prior to 1986, a minor child, born abroad to a U.S.-citizen parent, was eligible for U.S. citizenship if the child's U.S. citizen-parent had physically resided in the United States for at least 10 years prior to the child's birth. The 1986 Immigration bill shortened this residency period to 5 years for children born after its effective date, but perhaps inadvertently retained the 10-year requirement for children born before that date.

This double standard yielded anomalous results: In families where the U.S.-citizen parent had resided in the United States for more than 5 years but less than 10, a younger child—born in, say, 1987—would be eligible for U.S. citizenship, while that child's older sibling—born in, say, 1985—would not be. To eliminate this disparity, the Immigration and Nationality Technical Corrections Act of 1994 amended the relevant provision of the Immigration and Nationality Act to establish a uniform 5-year residency requirement, without regard to the date of the child's birth.

A provision in last year's immigration bill, however, effectively repealed the 1994 amendment described above, thus restoring the prior double standard. There was, of course, no policy basis for this change, and no one has claimed ownership of it. The change appears to have simply been a drafting error in a purely technical section of last year's bill.

This error needs to be corrected without delay. Once a child turns 18, he is no longer eligible to become a U.S. citizen under the Immigration and Nationality Act provision that was affected by the drafting error. Thus, children who turn 18 before this error is corrected will be permanently ineligible to become U.S. citizens under the provision at issue. The longer this error goes uncorrected, the greater the number of children who will be harmed by it.

I therefore hope this bill can be passed without delay or controversy, and I will be working with my colleagues on both sides of the aisle to that end.

By Mr. WELLSTONE (for himself and Mrs. MURRAY):

S. 671. A bill to clarify the family violence option under the temporary assistance to needy families program; to the Committee on Finance.

THE FAMILY VIOLENCE OPTION II ACT OF 1997

Mr. WELLSTONE. Mr. President, today I am pleased to be introducing the Family Violence Option II, a bill to clarify the Wellstone/Murray Family violence option Act contained in the Personal Responsibility and Work Opportunity Reconciliation Act of 1996. Last summer, Senator MURRAY and I introduced the family violence amendment to the welfare bill to give States the flexibility to identify victims and survivors of domestic abuse and, if necessary, to provide more time to remove the domestic violence barrier so that victims would be able to move into the work force. Our provision was changed to a State option, but that did not change the intent of the legislation.

States helping battered women should not be penalized for not having the requisite number of women at work in a given month if domestic violence is the reason. Most importantly, battered women should not be competing with the myriad people with disabilities that prevent them from working. Abuse victims and survivors may simply need a little more time. That is why the family violence option allows States to grant temporary waivers, not exemptions.

Many States have adopted the family violence option, others, some version of it, but most have had great difficulty figuring out what taking the option would mean. Senator MURRAY and I want to make sure States that take domestic abuse into account when setting work goals will not pay a price. Therefore, this bill makes it clear that victims of domestic abuse will not be counted in the 20 percent hardship exemption and States who grant temporary waivers of work requirements to abuse survivors will not be penalized if they fail to meet their work requirements.

Evidence continues to emerge about the high number of incidents of domestic abuse or a history of abuse among welfare recipients. Most recently, a joint study from the Taylor Institute in Chicago and the University of Michigan confirmed that large numbers of women on AFDC are survivors or current victims. Four recent studies—conducted by Passaic County, NJ, Univ. of Massachusetts, Northwestern University, and the Better Homes Fund in Worcester, MA—document that at least 14 percent—Passaic County, NJ—and as high as 32 percent—Worcester, MA—of women on AFDC were currently being abused. The numbers were more than twice those percentages for a history of abuse.

Given the extent of this problem, it is imperative that States be able to work at a more individualized pace, not a one-size-fits-all approach. I would like to share a story about a woman from Minnesota who has used the safety net of public assistance to free herself and her children from violence, obtain job skills and training, and become self-supporting.

Edith is a woman who has defied the odds. She had her first child at the age of 16. By the time she was in her early twenties, she had become an intravenous drug user, had three more children, and was in an extremely violent relationship. Edith's abuser beat her routinely and savagely, sending her to the emergency room again and again. As Edith says, ''Finally, I realized that to save my life and my mental stability, I had to get away.'' She waited until her abuser had passed out and carefully pried the car keys from his hand and fled Gary, IN, with her young sons.

Edith fled to Minnesota because she had family there. Within months her abuser found her, forcing her to flee to a battered women's shelter. Edith quickly realized that if she was ever going to be able to support her children, she would need to get the educational and job training that she desperately needed. It was at that point that Edith contacted Cornerstone's Transitional Housing Program. Cornerstone is a successful women's advocacy program in Bloomington, MN.

Edith and her children came into the program in 1992. Utilizing educational and vocational resources, Edith entered a vocational program for electricians. While in Cornerstone's Transitional Housing Program, Edith was able to address the many issues that had resulted from her battering, including parenting, bad credit, and chemical dependency, just to name a few. With support of the program staff, Edith completed the apprenticeship and graduated from the Cornerstone program.

I am proud to tell you that Edith will become a licensed electrician this summer. She has just purchased her first home and has set a new goal to become a contractor. Edith would tell you that had she not been given the time and the opportunity to participate in a transitional housing program specifically for battered women, she could not have accomplished all of her goals.

We need to insure that women like Edith have the support system in place to escape abusive situations, make the transition to work, and then stay working. When women can support themselves and their children they can stay away from abusive partners and keep themselves and their families safe. I urge my colleagues to support this important legislation.

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. 671

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

SECTION 1. FINDINGS.

Congress finds that—

(1) the intent of Congress is amending part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) in section 103(a) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104–193; 110 Stat. 2112) was to allow States to take into account the effects of the epidemic of domestic violence in establishing their welfare programs, by giving States the flexibility to grant individual, temporary waivers for good cause to victims of domestic violence who meet the criteria set forth in section 402(a)(7)(B) of the Social Security Act (42 U.S.C. 601(a)(7)(B));

(2) the allowance of waivers under such sections was not intended to be limited by other, separate, and independent provisions of part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.); and

(3) under section 402(a)(7)(A)(iii) of such Act (42 U.S.C. 602(a)(7)(A)(iii)), requirements under the temporary assistance for needy families program under part A of title IV of such Act may, for good cause, be waived for so long as necessary.

SEC. 2. CLARIFICATION OF WAIVER PROVISIONS RELATING TO VICTIMS OF DOMESTIC VIOLENCE.

(a) IN GENERAL.—Section 402(a)(7) of the Social Security Act (42 U.S.C. 602(a)(7)) is amended by adding at the end the following:

''(C) NO NUMERICAL LIMITS.—In implementing this paragraph, a State shall not be subject to any numerical limitation in the granting of good cause waivers under subparagraph (A)(iii).

''(D) WAIVERED INDIVIDUALS NOT INCLUDED FOR PURPOSES OF CERTAIN OTHER PROVISIONS OF THIS PART.—Any individual to whom a good cause waiver of compliance with this Act has been granted in accordance with subparagraph (A)(iii) shall not be included for purposes of determining a State's compliance with the participation rate requirements set forth in section 407, for purposes of applying the limitation described in section 408(a)(7)(C)(ii), or for purposes of determining whether to impose a penalty under paragraph (3), (5), or (9) of section 409(a).''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) takes effect as if it had been included in the enactment of section 103(a) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104–193; 110 Stat. 2112).

By Mr. BREAUX (for himself and Mr. HATCH):

S. 673. A bill to amend the Internal Revenue Code of 1986 and Employee Retirement Income Security Act of 1974 in order to promote and improve employee stock ownership plans; to the Committee on Finance.

THE ESOP PROMOTION ACT OF 1997

Mr. BREAUX. Mr. President, I rise today to introduce a measure that will enhance employee ownership in businesses across America. The ESOP Promotion Act of 1997, which I introduce today with my colleague, Senator HATCH of Utah, will facilitate employee ownership and retirement savings and enhance the opportunities for America's entrepreneurs to gain improved access to capital. This legislation would both improve and update a number of obsolete operating rules for employee stock ownership programs and would implement the full intent of Congress, which last year passed legislation designed to make ESOP's available to Subchapter S corporations.

The ESOP Promotion Act benefits the owners and workers in the 2 million S corporations which exist in every industry in every State across America. As the country's principal corporate vehicle for entrepreneurs and family business startups, S corporations have long been engines of economic growth. Unfortunately, the restrictions placed on these businesses have also resulted, more recently, in reduced capital access for S corporations. For an S corporation which had hit the limit on the number of allowable shareholders or the amount of personal debt that its owners could assume to keep the company in business, there has been a burdensome capital crunch affecting not only these companies directly, but hindering the ability of our entire national economy to realize its growth potential.

Last year, as part of the Small Business Job Protection Act of 1997, Congress enabled S corporations to have

ESOP's. I was proud to be a cosponsor of that measure, which by allowing S corporation ESOP's did two additional, critical things: it gave S corporations a new way to access funds without putting any new burdens on the Federal tax base, and it gave millions of workers a way to participate directly in the success and growth of the businesses which employed them.

But despite the success we marked in 1996, the many S corporations which now want to build ESOP's cannot. The reason: there continues to be a number of largely technical hurdles in the Tax Code that make it difficult, if not impossible, to establish and sustain these employee ownership programs.

One example of such a hurdle, is that, under current law, if an S corporation's ESOP distributes stock to its employee participants, and even one employee rolls over his stock into an entity that is not a permissible S corporation shareholder—say, an IRA account—then the company's Subchapter S election will be entirely invalidated. This, of course, is a risk that no S corporation is willing to take, and while the problem seems minor and technical on its face, no S corporation will establish an ESOP under these conditions.

Another example of a technical disincentive is that, while S corporations were established in the 1950's as pass-through companies which pay a single layer of taxes, the S corporation ESOP would have to pay two layers of tax—one when the S corporation distributes stock to the ESOP, and the other when the ESOP distributes stock or cash to its participants. The second layer of tax was certainly not envisioned by Congress when we permitted S corporations to have ESOP's last year. Unfortunately, in its current form, this technicality means that an S corporation ESOP participant would pay a nearly 70 percent greater tax on his share of income than he would if he owned the company's stock directly. As such, S corporation ESOP's are not yet viable for employees, though we certainly intended that they would be when we established them.

The legislation that we are introducing eliminates these and other technical problems by establishing parity between ESOP's sponsored by S corporations and those sponsored by C corporations; ensuring S corporation ESOP participants that they are subject to only one layer of taxation; and permitting employees to sell certain stock to an ESOP and defer tax on gain.

In addition to the important S corporation measures in the legislation, the ESOP Promotion Act would improve the retirement savings opportunities for American workers. The bill would give employees the option to direct employers to retain dividends paid on employer stock in the ESOP/401(k) plan for reinvestment in the employer stock. Employees could then defer income taxes on the dividends and allow them to grow tax-free in their ESOP/401(k) plan until retirement.

The bill would also correct an inequity to workers in the current tax law which provides an incentive for employers to pay the dividends to employees in cash, rather than to reinvest them in the ESOP/401(k) plan. Employers currently receive a tax deduction for dividends paid on stock held in the ESOP/401(k) plan only if the dividends are passed through to plan participants or are used to pay off an ESOP loan. The ESOP Promotion Act would provide employers with the tax deduction they currently receive on dividends paid on employer stock that is passed through to plan participants, if the dividends instead remain in the plan for reinvestment. This reinvestment opportunity for employees will enhance their retirement savings and facilitate employee ownership.

Congress now has a responsibility for finishing the task we began last year—one that, perhaps, many of us believed we had completed—when we agreed that S corporations should have ESOP's and enacted a law to that effect. Our bill completes the task by making ESOP's useful and desirable for the millions of workers in S corporations, while ensuring that they are suitable for the companies that wish to sponsor ESOP's. Clearly when Congress enacted the S corporation ESOP provision, we expected that it would be functional by its effective date, which is January 1, 1998. I hope that my colleagues will support our legislation, and ensure that our intent is fully implemented by the end of this year.

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. 673

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 ''ESOP Promotion Act of 1997''.

SEC. 2. PROVISIONS RELATING TO S CORPORATIONS ESTABLISHING EMPLOYEE STOCK OWNERSHIP PLANS.

(a) REPEAL OF PROVISION MAKING CERTAIN ESOP BENEFITS INAPPLICABLE TO S CORPORATIONS.—Section 1316(d) of the Small Business Job Protection Act of 1996 is repealed, and the Internal Revenue Code of 1986 shall be applied and administered as if the amendments made by such section had not been enacted.

(b) REPEAL OF APPLICATION OF UNRELATED BUSINESS INCOME TAX.—Section 512(e) of the Internal Revenue Code of 1986 is amended—

(1) by striking ''described in section 1361(c)(7)'' in paragraph (1) and inserting ''described in section 501(c)(3) and exempt from taxation under section 501(a)'', and

(2) by inserting ''CHARITABLE ORGANIZATIONS HOLDING STOCK IN'' after ''APPLICABLE TO'' in the heading.

(c) ESOPS ALLOWED TO DISTRIBUTE CASH RATHER THAN STOCK.—

(1) IN GENERAL.—Section 409(h)(2) of the Internal Revenue Code of 1986 is amended by adding at the end the following new subparagraph:

''(8) PLAN MAINTAINED BY S CORPORATION.—In the case of a plan established and maintained by an S corporation which otherwise meets the requirements of this subsection or section 4975(e)(7), such plan shall not be treated as failing to meet the requirements of this subsection or section 401(a) merely because it does not permit a participant to exercise the right described in paragraph (1)(A) if such plan provides that the participant entitled to a distribution from the plan shall have a right to receive the distribution in cash.''

(2) CONFORMING AMENDMENTS.—Section 409(h)(2) of such Code is amended—

(A) by striking ''A plan'' and inserting:

''(A) IN GENERAL.—A plan'', and

(B) by striking ''In the case of an employer'' and inserting:

''(B) PLANS RESTRICTED BY CHARTER OR BYLAWS.—In the case of an employer''.

(d) EXEMPTIONS FROM PROHIBITED TRANSACTION RULES AVAILABLE TO ESOPS AND SHAREHOLDER EMPLOYEES.—The last sentence of section 408(d) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1108(d)) is amended by striking all that precedes ''a participant or beneficiary'' and inserting ''For purposes of this subsection,''.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1997.

SEC. 3. AMENDMENTS RELATED TO SECTION 1042.

(a) EXTENSION OF SECTION 1042 PRINCIPLES TO STOCK RECEIVED AS COMPENSATION FOR SERVICES.—

(1) IN GENERAL.—Section 83 of the Internal Revenue Code of 1986 (relating to property transferred in connection with performance of services) is amended by adding at the end the following new subsection:

''(i) EXCEPTION FOR TRANSFERS OF QUALIFIED SECURITIES SOLD TO EMPLOYEE STOCK OWNERSHIP PLANS.—

''(1) EXCLUSION FROM INCOME.—Subsections (a) and (b) shall not apply to, and no amount shall be includible in gross income with respect to, the transfer of any qualified security (as defined in section 1042(c)(1)) in connection with the performance of services if, and to the extent that, within 60 days after the event which would cause the recognition of income pursuant to subsection (a) or (b) but for this subsection, the transferee sells such qualified security to an employee stock ownership plan (as defined in section 4975(e)(7)) and the requirements of section 1042(a) are met with respect to such sale.

''(2) NO DEDUCTION BY EMPLOYER.—Notwithstanding the provisions of subsection (h), the person for whom the services were performed in connection with which any qualified security is transferred shall not be entitled to a deduction with respect to such transfer if, and to the extent that, paragraph (1) applies to such transfer.''

(2) CONFORMING AMENDMENTS.—

(A) Section 424(c)(1) of such Code is amended by striking ''or'' at the end of subparagraph (B), by striking the period at the end of subparagraph (C) and inserting '', or'', and by adding at the end the following new subparagraph:

''(D) a sale to which section 1042 applies.''

(B) Section 1042(a) of such Code is amended—

(i) by striking ''which would be recognized as long-term capital gain'' from the first sentence thereof, and

(ii) by adding at the end the following new sentence: ''Any gain which is recognized after the application of the preceding sentence shall be treated as ordinary income to the extent of the lesser of the amount of such gain or the amount which would have been treated as ordinary income but for this section.''

(C) Section 1042(b)(4) of such Code is amended by adding at the end the following

new sentence: ''The requirements of the preceding sentence shall not apply to qualified securities received by the taxpayer in a transfer to which section 83 or 422 applied (or to which section 422 or 424 (as in effect on the day before the date of enactment of the Revenue Reconciliation Act of 1990) applied).''

(D) Section 1042(c)(1)(B) of such Code is amended to read as follows:

''(B) were not received by the taxpayer in—

''(i) a distribution from a plan described in section 401(a), or

''(ii) a transfer pursuant to a right to acquire stock to which section 423 applied.''

(E) The first sentence of section 1042(d) of such Code is amended to read as follows: ''The basis of the taxpayer in qualified replacement property purchased by the taxpayer during the replacement period shall be reduced by the amount of gain not recognized by virtue of such purchase, taking into account the application of subsection (a) and, if applicable, the application of section 83(i) or section 424(c)(1)(D).''

(F) Section 1042(e)(1) of such Code is amended to read as follows:

''(1) IN GENERAL.—If a taxpayer disposes of any qualified replacement property, then, notwithstanding any other provision of this title, gain (if any) shall be recognized to the extent of the gain which was not recognized by reason of the acquisition by such taxpayer of such qualified replacement property, taking into account the application of subsection (a) and, if applicable, the application of section 83(i) or 424(c)(1)(D). Such gain shall be treated as ordinary income to the extent of the excess (if any) of the amount which would have been treated as ordinary income but for the application of such sections over the amount treated as ordinary income under the last sentence of subsection (a).''

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to sales of qualified securities on or after the date of the enactment of this Act.

(b) MODIFICATION TO 25-PERCENT SHAREHOLDER RULE.—

(1) IN GENERAL.—Section 409(n)(1)(B) of such Code is amended to read as follows:

''(B) for the benefit of any other person who owns (after the application of section 318(a)) more than 25 percent of—

''(i) the total combined voting power of all classes of stock of the corporation which issued such employer securities or of any corporation which is a member of the same controlled group of corporations (within the meaning of subsection (l)(4)) as such corporation, or

''(ii) the total value of all classes of stock of any such corporation.''

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall take effect on the date of the enactment of this Act.

SEC. 4. ESOP DIVIDENDS MAY BE REINVESTED WITHOUT LOSS OF DIVIDEND DEDUCTION.

(a) IN GENERAL.—Section 404(k)(2)(A) of the Internal Revenue Code of 1986 (defining applicable dividends) is amended by striking ''or'' at the end of clause (ii), by redesignating clause (iii) as clause (iv), and by inserting after clause (ii) the following new clause:

''(iii) is, at the election of such participants or their beneficiaries—

''(I) payable as provided in clause (i) or (ii), or

''(II) paid to the plan and reinvested in employer securities, or''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1997.

By Mr. CHAFEE (for himself, Mr. ROCKEFELLER, Mr. JEFFORDS, Mr. BREAUX, Ms. COLLINS, Ms. SNOWE, Mr. BINGAMAN, Mr. HATCH, Mr. KENNEDY, Mr. KERREY, Mr. DODD, Mr. KERRY, Mr. D'AMATO, Mr. BRYAN, Mr. BAUCUS, Mr. ROBB, Mr. HUTCHINSON, Mr. INOUYE, Mr. SPECTER, Mr. DASCHLE, Ms. MOSELEY-BRAUN, and Mr. MOYNIHAN):

S. 674. A bill to amend title XIX of the Social Security Act to encourage States to expand health coverage of low income children and pregnant women and to provide funds to promote outreach efforts to enroll eligible children under health insurance programs; to the Committee on Finance.

CHILDREN'S HEALTH INSURANCE PROVIDES SECURITY (CHIPS) ACT

Mr. CHAFEE. Mr. President, I am very pleased today to introduce legislation to provide health insurance for millions of children who are not currently covered. Before I talk about the bill, let me take a moment to thank all of the members of the bipartisan coalition who have worked so hard to put this legislation together. Senator ROCKEFELLER, the lead Democratic cosponsor and my colleague on the Finance Committee, deserves very special mention in this regard. Senator ROCKEFELLER has worked for many, many years on these issues and I am personally grateful for all his leadership and hard work in this endeavor. He is a true hero when it comes to America's children.

There are currently 10 million children in this country who do not have health insurance. Many of these children live in families where one or both parents are working but do not have employee coverage and earn too much to qualify for Medicaid. Others, though eligible, simply fall through the cracks, while still others lose eligibility because of age-based restrictions. This is a tragic problem and our proposal tries to provide real solutions.

The Chafee-Rockefeller proposal offers the States additional Federal matching funds if they choose to provide Medicaid coverage to all children up to 150 percent of the Federal poverty level. It is a completely voluntary program—we hope that all States will participate, but we leave that decision to the Governors. States, like Rhode Island, that are already providing coverage at these levels will immediately begin to get additional Federal matching funds once they have provided the 1-year continuous coverage. Our bill also provides grant funds for States to use for outreach to the 3 million children who are eligible for Medicaid but not enrolled.

I believe that the Medicaid Program is the best avenue to reach these uninsured children. Expansions in the Medicaid Program over the years have done wonders in increasing coverage for children and pregnant women. We also have to keep an eye on cost, and Medicaid is an inexpensive way to cover children—while half of Medicaid beneficiaries are children, children only account for 15 percent of overall Medicaid spending. And Medicaid is a program that already exists, so we don't have to create a new program or a new bureaucracy. In short, Medicaid works and works well.

By encouraging States to provide Medicaid coverage to all children under 18 up to 150 percent of poverty, our proposal also tries to fix one of the program's problems: under the current Medicaid program a child's eligibility depends not only on family income, but also on age.

Let me illustrate this for you: a 6-year-old girl lives in a family of four whose annual income is $21,000. That little girl gets Medicaid because Federal law requires that all children 6 and under be covered up to 133 percent of the Federal poverty level. On her seventh birthday, that little girl doesn't get much of a birthday present—she loses her Medicaid coverage because Federal law only requires that children between the ages of 7 and 13 be covered up to 100 percent of poverty, and her family's income level is slightly above that level. Her 4-year-old brother, however, keeps his Medicaid coverage, at least for the next 2 years. How bizarre that there are two children in the same family and one gets coverage because he's under 6 and the other doesn't because she's older than 6. Our proposal would give States the option to continue Medicaid coverage for both children until they are 18.

So, I am very pleased to introduce this legislation today along with this distinguished bipartisan group of Senators. I look forward to working together toward the goal of getting critical health care coverage to these children.

Mr. ROCKEFELLER. Mr. President, I am extremely pleased and proud to be introducing legislation today with my colleague from Rhode Island, Senator CHAFEE. As my colleagues in the Senate already know, Senator CHAFEE has long been a leader in the area of health care, especially when it comes to the health care of children. I am also extremely pleased to be introducing this bill with the help of Senator BREAUX and the newest member of the Finance Committee, Senator JEFFORDS. We are excited to be joined by so many of our colleagues on the Finance Committee, Senators MOYNIHAN, D'AMATO, BAUCUS, HATCH, BRYAN, KERREY, and MOSELEY-BRAUN, and with so many of our other colleagues who have joined us as original cosponsors, including Senators COLLINS, BINGAMAN, SNOWE, KENNEDY, KERRY, DODD, ROBB, HUTCHINSON, INOUYE, DASCHLE, and SPECTER.

Mr. President, our legislation already enjoys broad bipartisan support because it meets a serious need and it meets that need in a very cost-effective manner. Our legislation builds on an existing program and employs an approach that the Finance Committee

has used repeatedly over the past decade to expand health coverage to children and pregnant women. Our legislation is, therefore, not new, original, or terribly innovative. But, we know it works.

For me personally, this legislation fulfills another part of my promise to work tirelessly to turn the recommendations of the National Commission on Children, which I was honored to chair, into reality. That blue ribbon panel of children's leaders from many fields, representing a wide spectrum of views, successfully developed a unanimous report to recommend an action plan to give America's children a real shot at becoming productive, healthy citizens. During our deliberations, we recognized that ensuring basic health care for children should be one of the country's highest priorities. The bill we are introducing today challenges Congress to make the commitment to this basic objective that is so vital for the entire country's future.

Our legislation is complementary to many of the other children health bills that have been already proposed this year. That is one reason why I am also a cosponsor of other health bills that have been introduced by Senators HATCH and KENNEDY and Senator DASCHLE. These bills are not competing bills. They all seek to expand the number of children with health insurance and they could all easily fit together to meet a large, and I am sad to report, a growing need in this country.

A total of 10 million children in the United States do not have health insurance and as a result, the vast majority of them do not get necessary health care. Numerous studies have shown that uninsured children do not receive basic preventive care and immunizations. They are less likely to see a doctor for both acute and chronic illnesses and are more likely to delay seeking necessary care. Uninsured sick newborns receive fewer services in the hospital than those with health coverage. Children without insurance are less likely to have a regular source of medical care. This means that these children miss out on getting properly screened for problems that could be easily treated early or that need to be monitored on a routine basis. According to the American Academy of Pediatrics, having a regular source of medical care could reduce per-child health care costs by 22 percent.

Those are the facts. But let us not forget the emotional turmoil a parent goes through trying to figure out when, or if, to get an earache treated or a rash checked out. Imagine how hard it must be for a mother and father to decide to wait just one more day in hopes that a troubling symptom will disappear only to have those symptoms worsen in the middle of the night. Some families don't even allow their children to play sports for fear of an injury. Having millions of families and children in these types of situations is just plain wrong, and we must try to help.

Mr. President, the vast majority of uninsured children live in families where a parent works. Unfortunately, many of these families are unable to afford coverage offered by their employer when it is offered. In too many instances working parents don't even have that option. The trends for job-based insurance are very disturbing. Between 1987 and 1995 the percentage of children with job-based insurance declined from 67 to 59 percent. But this downward trend is not new. Between 1977 and 1987 job-based insurance declined by 5 percent. Every minute that goes by another child loses his or her private health insurance.

Mr. President, our bill is very simple. We encourage States to expand coverage for children by offering them an enhanced Federal match. Under our bill, the States would be eligible to receive a 30-percent increase in their current Federal matching rate if they choose to expand coverage for pregnant women, infants, and children up to 150 percent of poverty. We cap the Federal match at 90 percent so that all States would be required to contribute some additional funding. Under our bill, Rhode Island would be eligible to receive an enhanced Federal match rate of 70 percent up from 54 percent. West Virginia would be eligible to receive a 90 percent Federal match, up from 72 percent.

Our legislation targets those families earning less than one-and-one-half times the poverty level or about $24,000 a year for a family of four. Only a quarter of families at or below this income level have job-based insurance. By comparison, 81 percent of families earning wages above 150 percent of poverty have job-based insurance. The concern of replacing private insurance with public coverage—the so called crowding out effect—is minimized when so little job-based coverage even exists for families at these income levels.

Under current law, Medicaid eligibility varies based on a child's age and a family's income level. Our legislation aims to establish uniform level of eligibility. I recently heard from a West Virginia mother desperate for health insurance for her 1-year-old. She and her husband work and earn about $22,000 a year. When their daughter turned 1, she lost her Medicaid coverage. She qualified for Medicaid when she was an infant but because Medicaid's income standard for eligibility is different for a 1-year-old she no longer qualified after her first birthday. The mother's employer offered health insurance, but at a cost of $289 a month or $3,500 a year. They could not afford to buy it. This mother was absolutely desperate for assistance because she knew her daughter needed immunizations and other well child care services.

Mr. President, our legislation seeks to end instances of children losing their Medicaid coverage just because they have a birthday. Our legislation seeks to end instances of children in the same family having to meet different income standards.

We do this not by mandating States to expand their Medicaid Program. We believe that by providing additional Federal money States will be able to move beyond their current eligibility levels. Our legislation would also allow those States that have already exceeded 150 percent of poverty to receive an enhanced Federal match. This match would be for those children they are already covering between 100 percent and 150 percent of poverty. We did not think it was fair to penalize those States who have already tried to improve coverage for children.

A key way to expand the number of children enrolled in Medicaid is to guarantee eligibility for 12 months. Some 3 million children are currently eligible but not enrolled in the Medicaid Program. Some of these children qualify for a few months of Medicaid coverage. But because of slight changes in their parents' income, they lose coverage over the course of the year. Our bill would require States to guarantee 12 months of eligibility for all children on Medicaid as a condition of receiving an enhanced Federal match.

Expansions of Medicaid in the late 1980's resulted in a decreased number of low birthweight babies, improved access to health care, a decline in infant mortality rates, and millions more children in working families with health insurance. We can build on these successes with this legislation. I look forward to working with my colleagues in the Senate and in the House in advancing this bill. I am excited at our opportunity to meet a very real and vital need of millions of America's children.

Mr. JEFFORDS. Mr. President, the children of America need our help. Nearly 10 million children have no health insurance. Many of these children live in families with working parents who simply do not make enough money to afford health insurance.

In order to help address this national problem, I am pleased to cosponsor, with many of my good friends and colleagues, the Children's Health Insurance Provides Security [CHIPS] Act. The CHIPS Act will provide Federal financial incentives to encourage States to provide uniform Medicaid coverage up to 150 percent of poverty for children of all ages.

The Medicaid Program provides health care for poor children and pregnant women. My home State of Vermont, through its Dr. Dynasaur program, uses Medicaid and is now ranked second best in the Nation in providing health insurance coverage for children under 18 years of age.

We felt it was important to improve our existing Medicaid system, a system which is already in place and currently provides health coverage to 16 million low-income children. Three million additional children are eligible to receive Medicaid benefits, but they are just not enrolled. We should fix that problem.

We also feel that it is important to provide incentives to expand Medicaid coverage nationally to the children of families who are at 150 percent of the Federal poverty level—the working poor. This legislation builds upon the good work done in Vermont, and many other States, in ensuring that our children have access to health care.

Our bill encourages States to expand current Medicaid eligibility for children and pregnant women to 150 percent of the Federal poverty level by increasing the amount of money that the Federal Government contributes to the Medicaid Program. States that elect to participate in the program will need to guarantee that all children are covered to at least 100 percent of the Federal poverty level and that all children are provided with 12 months of continuous medical coverage.

The bill also provides grant money for outreach programs. States may design their own outreach programs based on their special needs and specific populations. We will help by simplifying the application process for Medicaid and other Federal programs for which these children qualify. One third of all uninsured children are eligible but not enrolled in Medicaid. Our bill, by emphasizing outreach and administrative simplification, will help get many of these children enrolled in the Medicaid Program.

We must commit our efforts to giving children the best possible start in life. As a recent report entitled ''the Social Well-Being of Vermonters'' indicates, the foundations we lay for our young children will affect their later success in all areas of life. A healthy start begins with a healthy pregnancy and early, comprehensive prenatal care. Our legislation will give many children the health insurance coverage they need and, by doing so, help ensure a solid foundation for our country's future.

ADDITIONAL COSPONSORS

S. 71

At the request of Mr. DASCHLE, the name of the Senator from Virginia [Mr. ROBB] was added as a cosponsor of S. 71, a bill to amend the Fair Labor Standards Act of 1938 and the Civil Rights Act of 1964 to provide more effective remedies to victims of discrimination in the payment of wages on the basis of sex, and for other purposes.

S. 82

At the request of Mr. KOHL, the names of the Senator from Utah [Mr. HATCH], and the Senator from Illinois [Ms. MOSELEY-BRAUN] were added as cosponsors of S. 82, a bill to amend the Internal Revenue Code of 1986 to provide a credit against tax for employers who provide child care assistance for dependents of their employees, and for other purposes.

S. 181

At the request of Mr. GRASSLEY, the name of the Senator from Florida [Mr. MACK] was added as a cosponsor of S. 181, a bill to amend the Internal Revenue Code of 1986 to provide that installment sales of certain farmers not be treated as a preference item for purposes of the alternative minimum tax.

S. 191

At the request of Mr. HELMS, the name of the Senator from Arizona [Mr. KYL] was added as a cosponsor of S. 191, a bill to throttle criminal use of guns.

S. 328

At the request of Mr. HUTCHINSON, the name of the Senator from North Carolina [Mr. HELMS] was added as a cosponsor of S. 328, a bill to amend the National Labor Relations Act to protect employer rights, and for other purposes.

S. 351

At the request of Mrs. MURRAY, the name of the Senator from Maryland [Ms. MIKULSKI] was added as a cosponsor of S. 351, a bill to provide for teacher technology training.

S. 358

At the request of Mr. DEWINE, the names of the Senator from Illinois [Ms. MOSELEY-BRAUN], the Senator from Maine [Ms. SNOWE], the Senator from California [Mrs. BOXER], the Senator from Maine [Ms. COLLINS], the Senator from South Dakota [Mr. JOHNSON], and the Senator from Illinois [Mr. DURBIN] were added as cosponsors of S. 358, a bill to provide for compassionate payments with regard to individuals with blood-clotting disorders, such as hemophilia, who contracted human immunodeficiency virus due to contaminated blood products, and for other purposes.

S. 432

At the request of Mr. ABRAHAM, the name of the Senator from Florida [Mr. MACK] was added as a cosponsor of S. 432, a bill to amend the Internal Revenue Code of 1986 to allow the designation of renewal communities, and for other purposes.

S. 484

At the request of Mr. DEWINE, the name of the Senator from Hawaii [Mr. INOUYE] was added as a cosponsor of S. 484, a bill to amend the Public Health Service Act to provide for the establishment of a pediatric research initiative.

S. 525

At the request of Mr. KENNEDY, the name of the Senator from Illinois [Ms. MOSELEY-BRAUN] was added as a cosponsor of S. 525, a bill to amend the Public Health Service Act to provide access to health care insurance coverage for children.

S. 526

At the request of Mr. KENNEDY, the name of the Senator from Illinois [Ms. MOSELEY-BRAUN] was added as a cosponsor of S. 526, a bill to amend the Internal Revenue Code of 1986 to increase the excise taxes on tobacco products for the purpose of offsetting the Federal budgetary costs associated with the Child Health Insurance and Lower Deficit Act.

At the request of Mr. HATCH, the name of the Senator from Maryland [Ms. MIKULSKI] was added as a cosponsor of S. 526, supra.

S. 606

At the request of Mr. HUTCHINSON, the names of the Senator from Texas [Mrs. HUTCHISON], the Senator from Wyoming [Mr. THOMAS], and the Senator from Mississippi [Mr. COCHRAN] were added as cosponsors of S. 606, a bill to prohibit discrimination in contracting on federally funded projects on the basis of certain labor policies of potential contractors.

S. 625

At the request of Mr. MCCONNELL, the name of the Senator from Colorado [Mr. ALLARD] was added as a cosponsor of S. 625, a bill to provide for competition between forms of motor vehicle insurance, to permit an owner of a motor vehicle to choose the most appropriate form of insurance for that person, to guarantee affordable premiums, to provide for more adequate and timely compensation for accident victims, and for other purposes.

SENATE JOINT RESOLUTION 26

At the request of Mr. SMITH, the name of the Senator from North Carolina [Mr. HELMS] was added as a cosponsor of Senate Joint Resolution 26, a joint resolution proposing a constitutional amendment to establish limited judicial terms of office.

SENATE RESOLUTION 15

At the request of Mr. MACK, the name of the Senator from Nevada [Mr. REID] was added as a cosponsor of Senate Resolution 15, a resolution expressing the sense of the Senate that the Federal commitment to biomedical research should be increased substantially over the next 5 years.

SENATE RESOLUTION 63

At the request of Mr. DOMENICI, the names of the Senator from Oklahoma [Mr. NICKLES], and the Senator from Montana [Mr. BURNS] were added as cosponsors of Senate Resolution 63, a resolution proclaiming the week of October 19 through October 25, 1997, as ''National Character Counts Week.''

SENATE RESOLUTION 78

At the request of Mr. BURNS, the names of the Senator from Colorado [Mr. CAMPBELL], the Senator from Oregon [Mr. WYDEN], the Senator from California [Mrs. FEINSTEIN], the Senator from Hawaii [Mr. AKAKA], the Senator from Virginia [Mr. ROBB], the Senator from Washington [Mrs. MURRAY], the Senator from Maine [Ms. SNOWE], and the Senator from California [Mrs. BOXER] were added as cosponsors of Senate Resolution 78, a resolution to designate April 30, 1997, as ''National Erase the Hate and Eliminate Racism Day.''