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House of Representatives

The House met at 10 a.m.

The Reverend Thomas Kuhn, Church of the Incarnation, Centerville, OH, offered the following prayer:

Father, as we look around us, we see signs of the love that You have for this great Nation of ours. But as we look at the many blessings we have, we know that You are also calling on us to share those blessings with others.

You made us the most powerful Nation on earth so that we could be a kind and gentle people, ready to help and protect those who are unable to protect themselves.

You made us strong so that we could guarantee that all people enjoy the rights and freedoms that You gave them. May we work that no one is enslaved to prejudice and hatred.

You gave us this great power so that we might prosper and grow. May we share our blessings with those who are homeless and poor and hungry and be always ready to help those who need us the most.

You gave us great strength so that we may never tire in the search for peace in the world. In a world where there seems to be a never ending source of conflict between nations, may we have the strength to persevere in the search for that peace.

Watch over and strengthen this House of Representatives that they may always work for the common good of our Nation and the world. Amen.

THE JOURNAL

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

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

Mr. BOB SCHAFFER of Colorado. Mr. Speaker, pursuant to clause 1, rule I, I demand a vote on agreeing to the Speaker's approval of the Journal.

The SPEAKER. The question is on the Speaker's approval of the Journal.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. BOB SCHAFFER of Colorado. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Pursuant to clause 5, rule I, further proceedings on this question will be postponed.

The point of no quorum is considered withdrawn.

PLEDGE OF ALLEGIANCE

The SPEAKER. Will the gentleman from Nevada (Mr. GIBBONS) come forward and lead the House in the Pledge of Allegiance.

Mr. GIBBONS led the Pledge of Allegiance as follows:

I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Lundregan, one of its clerks, announced that the Senate had passed without amendment a concurrent resolution of the House of the following title:

H.J. Res. 102. Joint resolution expressing the sense of the Congress on the occasion of the 50th anniversary of the founding of the modern State of Israel and reaffirming the bonds of friendship and cooperation between the United States and Israel.

The message also announced that the Senate had passed with an amendment in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 2646. An act to amend the Internal Revenue Code of 1986 to allow tax-free expenditures from education individual retirement accounts for elementary and secondary school expenses, to increase the maximum annual amount of contributions to such accounts, and for other purposes.

The message also announced that the Senate insists upon its amendment to the bill (H.R. 2646) ''An Act to amend the Internal Revenue Code of 1986 to allow tax-free expenditures from education individual retirement accounts for elementary and secondary school expenses, to increase the maximum annual amount of contributions to such accounts, and for other purposes,'' requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. ROTH, Mr. MACK, Mr. COATS, Mr. GORTON, Mr. COVERDELL, Mr. MOYNIHAN, Ms. MOSELEY-BRAUN, Mr. KENNEDY, and Mr. BINGAMAN, to be the conferees on the part of the Senate.

The message also announced that pursuant to section 4355(a) of title 10, United States Code, the Chair, on behalf of the Vice President, appoints the following Senators to the Board of Visitors of the United States Military Academy:

The Senator from Indiana (Mr. COATS), from the Committee on Armed Services, and the Senator from Texas (Mrs. HUTCHISON), from the Committee on Appropriations.

The message also announced that pursuant to section 4355(a) of title 10, United States Code, the Chair, on behalf of the Vice President, appoints the Senator from Rhode Island (Mr. REED), At Large, to the Board of Visitors of the United States Military Academy.

The message also announced that pursuant to section 6968(a) of title 10, United States Code, the Chair, on behalf of the Vice President, appoints the following Senators to the Board of Visitors of the United States Naval Academy:

The Senator from Arizona (Mr. MCCAIN), from the Committee on Armed Services, and the Senator from Mississippi (Mr. COCHRAN), from the Committee on Appropriations.

The message also announced that pursuant to section 6968(a) of title 10,

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United States Code, the Chair, on behalf of the Vice President, appoints the following Senators to the Board of Visitors of the United States Naval Academy:

The Senator from Maryland (Ms. MIKULSKI), from the Committee on Appropriations, and the Senator from Maryland (Mr. SARBANES), At Large.

The message also announced that pursuant to section 9355(a) of title 10, United States Code, the Chair, on behalf of the Vice President, appoints the following Senators to the Board of Visitors of the United States Air Force Academy:

The Senator from Idaho (Mr. KEMPTHORNE), from the Committee on Armed Services, and the Senator from Montana (Mr. BURNS), from the Committee on Appropriations.

The message also announced that pursuant to section 9355(a) of title 10, United States Code, the Chair, on behalf of the Vice President, appoints the following Senators to the Board of Visitors of the United States Air Force Academy:

The Senator from South Carolina (Mr. HOLLINGS), from the Committee on Appropriations, and the Senator from Georgia (Mr. CLELAND), At Large.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. HULSHOF). The Chair will recognize 5 one-minutes on each side.

A RIGHT TO KNOW

(Mr. DELAY asked and was given permission to address the House for 1 minute.)

Mr. DELAY. Mr. Speaker, it was Theodore Roosevelt who said in his third State of the Union address:

> No man is above the law and no man is below it; nor do we ask any man's permission when we require him to obey it. Obedience to the law is demanded as a right, not asked as a favor.

President Clinton should have kept that quote in mind before he invoked executive privilege. When Janet Reno appointed Ken Starr to investigate the various scandals that have beset the administration, he promised to follow the rule of law. He has done so despite the best efforts of the President's attack dogs to discredit him.

The American people have a right to know the truth about the actions of the President and all the President's men. They have a right to know that the rule of law is still being followed in the White House.

No man is above the law, no matter how often the President invokes executive privilege.

CONCERNING REMARKS OF SPEAKER GINGRICH IN MONDAY SPEECH

(Mr. GEPHARDT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GEPHARDT. Mr. Speaker, ideally we are able to put aside our partisan interests and consider the people's business, if not with a blank slate, at least with an open mind. The Speaker of the House has an even greater duty. He not only represents his district and his party but he represents the integrity of the House of Representatives for all Members.

This Monday the Speaker delivered a speech in which he accused unnamed presidential advisers of being unpatriotic, accused Members of the Committee on Government Reform and Oversight for voting for a cover-up, urged the President and unnamed members of our party to quit undermining the law in the United States, and declared that in the last 2½ years we have lived through the most systematic, deliberate obstruction of justice, cover-up and effort to avoid the truth we have ever seen in American history. These remarks, which demean the office which he is privileged to hold, were repeated in the well of the House.

The Speaker noted in the same speech that America is a Nation under the rule of law and that no person is above the law. I fully agree with his comments. But speeches are empty sentiments unless they are practiced through our public behavior. There is more to the rule of law than after-dinner rhetoric. The rule of law requires impartial and competent investigations. It assumes the Speaker will not prejudge the results of these investigations. It requires, if not charity towards all, at least an absence of malice.

The Speaker's remarks have shown that he falls far short of this standard. I have sent him a letter and asked him here today to recuse himself from all further actions connected with this investigation. We must restore a sense of fairness to this process and integrity to this House.

RECOGNIZING FIRST UNITED PRESBYTERIAN CHURCH OF COLLINSVILLE, ILLINOIS, ON ITS 175TH BIRTHDAY

(Mr. SHIMKUS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SHIMKUS. Mr. Speaker, I rise today to recognize an event that will occur in my hometown of Collinsville, Illinois. On May 3 of this year, the First United Presbyterian Church of Collinsville will celebrate its 175th birthday. It is the oldest church in continuous existence in Madison County. Informal worship services began in 1818, the year Illinois became the 21st State.

To honor this celebration, the church is having at least one special program a month from February through July. Each month a different group within the church will lead services. The first program in February was a reenactment of a Society Meeting in the style which was held in the 1800s. Many members of the congregation dressed for the occasion in period pieces, including the pastor and members of the choir.

Besides a special service on May 3, the actual date of the organization of the congregation, there will be programs to honor the church-related Glenwood Cemetery, established in 1822, on May 16 and 17. These celebrations are geared so that members of the congregation will have the opportunity to share with the community and rejoice in the blessings that God has given them.

SHAME IN THE MAKING

(Mr. STUPAK asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. STUPAK. Mr. Speaker, and now I mean Speaker GINGRICH, you have begun personal attacks on the President. Mr. Speaker, you have told your Republican cash cow GOPAC that the President is obstructing justice. By stating your attacks on the President in a partisan manner, before a partisan group, you have shown that you cannot lead the House in a fair and impartial manner in any review of any inquiry. In fact, it appears that you have already reviewed the alleged facts and you have prejudged and you have made yourself judge and jury.

Mr. Speaker, let us stick to the facts, not by GOPAC but just the facts. But instead, Mr. Speaker, even a Roll Call editorial calls your actions ''Shame In The Making.'' Let us not bring shame to this House. You have a responsibility to lead, not mislead. You should be a statesman without prejudging any inquiry.

Instead you have become a lightning rod of partisanship. Just over a year ago, we had to reprimand you and fine you over $300,000 for bringing shame and disrespect to this House. Do we have to go down that shameful road again? Do not bring shame and disrespect to this House, Mr. Speaker, by your personal attacks.

AMERICAN PEOPLE HAVE A RIGHT TO KNOW WHY FOREIGN FUND-RAISING INVESTIGATION IS BEING BLOCKED

(Mr. PITTS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PITTS. Mr. Speaker, with regard to the House investigation on the use of illegal foreign money in the last election by the DNC, over 90 people involved with the fund-raising have either taken the fifth amendment or fled the country to avoid testifying. This fact alone points to extensive illegal activity.

The only way the American people are going to get to the truth is if we

grant immunity to some of these witnesses who know firsthand what happened. Why do some Members want to block a full investigation? The Justice Department agreed to immunity for every witness on whom we voted. The Justice Department had no objection.

The only reason to vote against immunity is to keep those witnesses from telling the American people what happened. Why would some Members want to be involved in covering up that? The Members should stop voting to block immunity and stop putting up roadblocks so we can get to the truth. The American people deserve the truth. The American people have the right to know what happened and who was responsible.

DOES OUR CHINESE FOREIGN POLICY MAKE ANY SENSE?

(Mr. TRAFICANT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. TRAFICANT. Mr. Speaker, when it comes to China, the wheel is turning but the hamster is dead. Check this out. China rips us off for $60 billion a year. Then they steal our nuclear and missile technology. Then they sell that technology and those missiles to our enemies. Then the White House, they panic, and they spend billions of dollars to protect America from Chinese missiles pointed at us by our enemies, missiles that were financed by American dollars.

□ 1015

Unbelievable.

Some of these foreign policy gurus must have fallen into the gene pool when the lifeguard was not looking, my colleagues.

If this is a policy, I am a fashion leader.

I want to say one last thing: I want to yield back any national security we have left, and if this policy with China makes any sense, then we all need a lobotomy.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. HULSHOF). The Chair will remind all persons in the gallery that they are here as guests of the House and that any manifestation of approval or disapproval of proceedings is in violation of the rules of the House.

DEMOCRATS STONEWALLING THEIR OWN JUSTICE DEPARTMENT

(Mr. TIAHRT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. TIAHRT. Mr. Speaker, the House Committee on Government Reform and Oversight would like to grant immunity to Nancy Lee, Larry Wong, Irene Wu and Kent La and get their testimony so that Congress can learn the facts about illegal campaign contributions in the 1996 presidential election. The Justice Department does not oppose the granting of immunity to these four key witnesses, but the Democrats on the committee refuse, refuse to grant immunity to these four witnesses.

How can this be defended? It cannot. This is the same people who cry partisanship whenever any investigation into the allegations of wrongdoing are investigated and the same people who are not only defending the White House stonewalling but now stonewalling their own Justice Department.

I must grant the Democrats this, they really do know how to play hardball, but this is the same people who have tried to destroy the reputations of Judge Robert Bork and Judge Clarence Thomas and now Judge Ken Starr are now the same people who stand silent and motionless in the face of massive evidence of White House stonewalling and round-the-clock spin.

Stop the stalling and stop the spin so the American people can get to the truth.

LISTEN TO THE VOTERS OF THE DISTRICT OF COLUMBIA

(Ms. JACKSON-LEE of Texas asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Ms. JACKSON-LEE of Texas. Mr. Speaker, I am very glad to be here with my daughter for a day, Demika, who is a student at Brown Middle School; and I am here this morning because I wanted us to have a reasonable debate, Mr. Speaker, on this very important question of vouchers in schools.

Mr. Speaker, I think it is extremely important that we are reasonable because, if we are not reasonable, then we do not help those young people who, in fact, need to be educated. When one of our colleagues across the aisle compares public school education to communism, then we are unreasonable.

When the schools in D.C., private schools, cost on an average $12,000, a $2,000 voucher is not going to happen and not going to help children. In fact, it is $3,200. Only 2,000 children are going to be able to be helped. This drains money from our public school system.

Mr. Speaker, the District of Columbia has already voted against vouchers; and if I was to ask those in the District of Columbia, I would imagine, Mr. Speaker, they would ask us to help them educate their children, help them support public schools. I would ask that we listen to the voters of the District of Columbia and not vote for D.C. vouchers.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. Members of the House are reminded it is a violation of House rules to call attention in debate to any guests of the House in the Chamber.

WHY ARE THE DEMOCRATS STONEWALLING THEIR OWN JUSTICE DEPARTMENT?

(Mr. SAM JOHNSON of Texas asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SAM JOHNSON of Texas. Mr. Speaker, as my colleagues know, Democrats are saying the American people are tired of talking about White House scandals. Well, congressional investigators are even more tired of the stonewalling, lack of cooperation and extraordinary memory loss that seems to afflict Harvard and Yale Law School graduates whenever they are called to testify. I believe the American people are stunned by the evasions, the retractions, the utter devotion to spin over truth coming out of this White House.

Mr. Speaker, it is Democrats on the House Committee on Government Reform and Oversight who are doing the stonewalling. Letters from the Justice Department say, and it has been said already, that Justice does not oppose granting immunity to four key witnesses in the campaign finance investigations, and I will just repeat that. The Justice Department does not oppose immunity, and yet the Democrats on the committee refuse to grant immunity.

I ask the American people to be the judge. Why would the Democrats be stonewalling their own Justice Department?

SHAMEFUL CIRCUMSTANCE WHICH NEEDS TO BE ADDRESSED

(Mr. HINCHEY asked and was given permission to address the House for 1 minute.)

Mr. HINCHEY. Mr. Speaker, in the last several days, the Speaker of this House has launched an intemperate prejudicial attack on the President of the United States, demeaning himself and the office he holds by prejudging issues that may, in fact, come before this House. One can only conclude by these intemperate actions that the Speaker's basic intention is to draw attention away from the failure, his failure and the failure of the Republican leadership to address important issues that are of deep concern to the American people.

Yesterday, we learned that the Speaker personally made it impossible to reach a bipartisan agreement on a broad-based tobacco bill. He, in effect, told the chairman of the Committee on Commerce that he could no longer cooperate with Democrats to put together a bill that would make it difficult for children to become addicted to tobacco, demonstrating once again how deeply into the pockets of tobacco this Speaker actually is.

It is a shameful circumstance and one that needs addressing. We need to get on to the business of this House.

REMOVAL OF NAME OF MEMBER AS COSPONSOR OF H.R. 3584

Mr. FROST. Mr. Speaker, I ask unanimous consent that my name be removed as a cosponsor from H.R. 3584.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

PROVIDING FOR CONSIDERATION OF S. 1502, DISTRICT OF COLUMBIA STUDENT OPPORTUNITY SCHOLARSHIP ACT OF 1997

Mr. HASTINGS of Washington. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 413 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 413

Resolved, That upon the adoption of this resolution it shall be in order to consider in the House the bill (S. 1502) entitled the ''District of Columbia Student Opportunity Scholarship Act of 1997''. The bill shall be considered as read for amendment. The previous question shall be considered as ordered on the bill to final passage without intervening motion except: (1) two hours of debate on the bill equally divided and controlled by the Majority Leader or his designee and a Member opposed to the bill; and (2) one motion to commit.

The SPEAKER pro tempore. The gentleman from Washington (Mr. HASTINGS) is recognized for 1 hour.

Mr. HASTINGS of Washington. Mr. Speaker, for purposes of debate only, I yield the customary 30 minutes to the gentleman from Texas (Mr. FROST) pending which I yield myself such time as I may consume. During consideration of this resolution all time yielded is for the purpose of debate only.

Mr. Speaker, yesterday the Committee on Rules met and granted a closed rule for S. 1502 which provides for 2 hours of debate equally divided between the majority leader or his designee and an opponent of the bill. The rule also provides for one motion to commit.

Mr. Speaker, let us make no mistake about it. The intent of this bill is to provide a better education for the children of Washington, D.C. The bill allows the most needy families of this city to choose what school is best for their child, and it provides them the resources to do it. In short, the bill empowers the families of Washington, D.C., who now have no choice but to send their child to an often inadequate local school.

At the same time, though, this bill will help the children who remain in the District's public school system. It provides Federal funding to help local public school students pay for private tutors. In addition, as some students begin to choose scholarships, spending per pupil in District public schools may go up, while class sizes go down.

Our intent is not to drain Federal funds from public schools. Instead, we are striving to help out accountability back into the public school system. A parent who notices that a neighbor's child has blossomed under the scholarship program will have the same opportunity for their child.

The scholarship funds in this bill are in addition to the more than $568 million that Congress provides every year to the District of Columbia public schools, a school system that spends more money per pupil than almost any other school system in the country, approximately $10,000 per pupil.

Mr. Speaker, the D.C. Student Scholarship Act helps the children of this city. I strongly support this legislation because I firmly believe that it enables parents to send their children to a more structured, more disciplined environment. It is their choice. At the same time, the bill allows the local public schools to focus on the children who remain and allows each school to spend more money for each child.

I urge my colleagues to support this rule and the underlying legislation.

Mr. Speaker, I reserve the balance of my time.

Mr. FROST. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the Republican leadership just does not get it. We do not get better public schools by shifting public money to private and parochial schools; and that is, in the end, what the Republican leadership wants to do. They just want to start this grand social experiment in the District of Columbia and use the bill before us to do it.

Mr. Speaker, no one denies that there is a need for vast improvement in the schools of the District. But providing vouchers for 2,000 students just will not get it done.

And, Mr. Speaker, to make matters worse, this rule shuts out any debate on this matter. This closed rule prohibits the delegate from the District of Columbia (Ms. NORTON) from offering an amendment to a bill that ostensibly affects only her constituents.

This rule is unconscionable and deserves to be defeated.

Mr. Speaker, the Republican leadership will use words and phrases like school choice, accountability, object lesson to promote school vouchers. The Republican leadership will say that, first and foremost, school vouchers are about the children. Mr. Speaker, if that is, in fact, the case, why have not we seen legislation to provide schools districts with the funds they need to hire more teachers so that we can reduce class size and more readily promote structure and discipline in the classrooms across this country?

(Mr. CONYERS asked and was given permission to speak out of order for 1 minute.)

CIRCUMVENTION OF COMMITTEE ON THE JUDICIARY'S JURISDICTION

Mr. CONYERS. Mr. Speaker, I have sent the Speaker, the gentleman from Georgia (Mr. NEWT GINGRICH) a letter that I want to put in the RECORD which deals with the fact that he has asked for a special committee to review any reports submitted by the independent counsel, Kenneth Starr. In my view, I say to him any such circumvention of the Committee on the Judiciary's historic duty would set a poor precedent and clearly indicate an intent to politicize this matter, rather than give it any sober and objective scrutiny.

Coming several months before the midterm elections, I believe the American public would also see the abandonment of regular order as signaling a partisan witch-hunt. This is especially important in light of the bias that you, you being the gentleman from Georgia (Mr. GINGRICH), have demonstrated in your recent public comments.

The letter referred to is as follows:

HOUSE OF REPRESENTATIVES,
COMMITTEE ON THE JUDICIARY,
Washington, DC, April 29, 1998.

Hon. NEWT GINGRICH,
Speaker, U.S. House of Representatives, Washington, DC.

DEAR MR. SPEAKER: During the course of the past several months, news reports have repeatedly quoted you and your office as contemplating the circumvention of the House Judiciary Committee and the formation of a special committee to review any report submitted by Independent Counsel Kenneth Starr pursuant to 28 U.S.C. 595(c).

In my view, any such circumvention of the Judiciary Committee's historic jurisdiction would set a poor precedent and clearly indicate an intent to intensely politicize this matter rather than give it any sober and objective scrutiny. Coming several months before the midterm elections, I believe the American public would also see the abandonment of regular order as signaling a partisan witch hunt. This is especially important in light of the clear bias you have demonstrated in your recent public comments concluding the existence of illegal conduct prior to your even reading or considering the report to the House.

In fact, if one looks closely at this matter, it is hard to see how one could contemplate any other venue than the House Judiciary Committee, which clearly has both the expertise and experience to handle any such report.

The Independent Counsel Statute itself (the Ethics in Government Act, 28 U.S.C. 591, *et seq.*) is the legislative product of the House Judiciary Committee. The Committee continues to be engaged in oversight of the Act, has conducted hearings on the Act, and shortly will be responsible for reauthorization of the Act.

Discussion of any underlying criminal statutes that may be contained in the report are under the jurisdiction of the Committee, and again, are subject to continuing scrutiny.

The House Judiciary Committee is the one Committee with the experience of handling grand jury materials, the secrecy of which both federal law and House precedents require.

As you know, I have repeatedly questioned Kenneth Starr both because of the tactics he employs and due to the numerous conflicts of interest that have beset his investigation from the start. If this matter is to be transferred to the House, it would be most unfortunate to taint any process from the outset

with partisanship or political gamesmanship. Such a process would be widely viewed as a kangaroo court which illegitimately forms conclusions prior to hearing facts, and whose sole objective is the politicization of allegations to influence the fall Congressional elections.

Thank you for your attention to this matter.

Sincerely,

JOHN CONYERS, Jr.,
Ranking Democrat.

□ 1030

Mr. FROST. Mr. Speaker, if it is about the well-being of children, why have we not seen legislation that promotes the best possible public education we can provide in this rich and affluent Nation of ours?

Mr. Speaker, I can only guess that the Republican leadership believes that Democratic opposition to school vouchers is a good campaign issue. But I will state unequivocally that the education of the children of this country is not something that should be used to serve a political agenda. Public education is the cornerstone of this great country of ours, and I stand second to no one in my support and commitment to public education.

The congressional Republican leadership can politicize the education of the boys and girls of this country all they want, but Democrats, as well as a good many Republicans, know that public education is good for our children and good for our country. This does not mean, Mr. Speaker, that there are not problems that all of us from the Congress to our Governors, school boards and every parent needs to face squarely, but this proposal does not address any of the problems we find in our public schools.

In fact, the National Alliance of Black School Educators has said that this proposal constitutes an abandonment of the real issues that affect quality teaching and learning in the worst of our public schools. If the District of Columbia represents some of the worst of our public schools, then how can this Congress turn its back on its children?

I would suggest that instead of using the $7 million for a school voucher program, that it would be far better to use half of that money, as the gentlewoman from the District of Columbia (Ms. NORTON) proposes, for reading tutors for the 73 poorest-performing schools in the city.

I am not standing here as an apologist for the administration of the school system in this city, but I am standing here as someone who is committed, as are my constituents, to strong and effective public education. I fear that this proposal of the Republican leadership is just a first step in the dismantling of public education.

Mr. Speaker, this closed rule is unfair to the people of the District of Columbia because their elected Representative of this body has been precluded from offering an alternative to legislation which affects only them, and this bill is unfair to public education throughout this country. I urge the defeat of the rule and the defeat of the bill

Mr. Speaker, I reserve the balance of my time.

Mr. HASTINGS of Washington. Mr. Speaker, I yield 4 minutes to the gentleman from Staten Island, New York (Mr. FOSSELLA).

Mr. FOSSELLA. Mr. Speaker, I urge the adoption of this rule and also the underlying legislation. Let me just point out why.

While we are all in favor of improving education, let us just look to the status and the state of the Washington, D.C. school system. In a report in the Washington Post, they claim that the system is a well-financed failure. Despite spending $9,000 per student, more than half of the tenth-graders test below basic in reading, and fully 89 percent of the tenth-graders test below basic in math.

Mr. Speaker, there is the old fairy tale about Peter Pan leading the children into Never Never Land, and I would submit that that is exactly, unfortunately, what has been happening in the Washington, D.C. school system. We have been leading these children into Never Never Land, never having them to become productive members of society.

When we think what it would be like back in our hometown, whether it is Staten Island or anywhere across America, to have 89 percent of the tenth-graders test below average in math and to some extent reading, I think we would call for a rapid change. To me, it is not a fairy tale, it has become a Shakespearean tragedy, it is a rotten weed, and we must root it out.

I think that is what we are talking about here, because when we think about the system, two words come to mind, and that is, what we hear today, awful, to describe the system, and opportunity, to describe how we can help these children escape the abyss, the trap that they will be in for the rest of their lives.

Let us put a face on it. Beginning in September, there will be a 5-year-old boy or girl who will begin kindergarten. That 5-year-old will soon become a 7-year-old, a 10-year-old, a 12-year-old, and that person, that little boy or girl, will not have the same opportunity or hope that we should provide. We talk about, well, we know what is best.

There was recently a private scholarship fund funded by a man named Ted Forstmann, a good American who saw that common sense would prevail; that if parents were given a choice to send their children to a different school, a better school, they would do so. And indeed, 1,000 scholarships were made available to the parents of the city school system; 7,500 applied. If that does not tell us that there are parents out there who care about their children, who care about sending their children to quality schools, I do not know what does.

Well, perhaps this will. In New York City, there are similar types of scholarships we have tried with raising private funds. Again, in the last couple of years, 1,300 children have received scholarships; more than 22,000 parents have applied to bring their kids and put them into schools that will provide them with the best education possible.

We talk about the entrenched bureaucrats and the special interests who put themselves first. Let us put the children and families first of this country when it comes to education. Let us provide them with the hope and opportunity they rightfully deserve and expect.

There was a famous battle at the beginning of World War I where the French general said, ''They shall not pass,'' as referred to the German troops. Well, they did. But in the meantime during that battle we lost over a million lives, and I suggest strongly that if we allow the status quo and the defenders of the status quo to win this argument, we will see them not pass, that being the children, but we will lose too many lives in the meantime.

Let me just close, Mr. Speaker, with one last thing. Again, we have argued that for years, we even heard the acknowledgment by those who oppose this rule and oppose this legislation that there are problems. Well, I would say strongly that everybody else, the special interests, the bureaucrats, those who like the status quo, have had their chance. I say, give the people and the children of the Washington, D.C. school system a chance for once. Put them first.

Mr. FROST. Mr. Speaker, I yield 3 minutes to the gentlewoman from Connecticut (Ms. DELAURO).

Ms. DELAURO. Mr. Speaker, I rise in strong opposition to this closed rule and this misguided bill. As we move into the 21st century, Congress must work to ensure the success, not just of individual students, but of all of our young people.

My mother worked in a sweatshop earning 2 cents for each collar she stitched onto a shirt. She never dreamed that one day her child would be a member of the United States Congress. But education is a great equalizer in this Nation. It affords the child of a garment worker the same opportunities as the children of university professors and business leaders.

Our public school system needs help, but siphoning Federal money, public money from our public schools will not solve the problems. We must improve public schools for all of our children, not to provide an out for a select few which will further degrade the educational quality for those who remain. We need to reduce class size. We need to create an environment where children will learn, put computers in the classroom, enacting high standards to make sure that our kids are learning, and create that environment, as I have said. And when we reduce that class

size, when we put more reading teachers in the classroom, we give our kids a greater opportunity.

But that is not what the Republican leadership in this House is talking about. They have no interest in improving public education in this country. Instead, they would take money from the public schools, give it to private schools. They would provide vouchers for just 2,000 students in the District of Columbia, 3 percent of the kids who go to school here. This is an experiment which they want to carry across the country.

Vouchers have been voted down in State referendums, declared unconstitutional by our State courts, even declared a failure in towns where the experiment has been tried. In Cleveland, test scores for students who moved to private schools with vouchers did not improve. Even more disturbing, an audit found that the biggest beneficiaries in the Cleveland area to this experiment were the taxi drivers, because they were taking these children to schools, private schools, by taxi.

Vouchers will not solve the problems in our public schools, they will just create new ones. If our goal is truly to improve public education in this country, vouchers just do not make the grade. Let us abandon this experiment, an experiment on our children. We do not need any more experiments on our children in this country. We need to make sure that they get the finest education. Let us improve our public schools. Let us cut down the class size. Let us make more reading teachers available. Let us make sure they are wired up to computers and the Internet. That is where the future of our children lie, not in the voucher experiment on the kids of this country.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. HULSHOF). Again, the Chair must remind all persons in the gallery that they are here as guests of the House and that any manifestation of approval or disapproval of proceedings is in violation of the Rules of the House.

Mr. HASTINGS of Washington. Mr. Speaker, I yield 3 minutes to the gentleman from Colorado (Mr. BOB SCHAFFER).

Mr. BOB SCHAFFER of Colorado. Mr. Speaker, the Constitution gives the Congress the direct authority to play a managerial role in only one school district in the entire country, and that is the District of Columbia. Only the District of Columbia is designated by the Constitution again as a place where this Congress has direct authority to deal with the matters at the classroom level of public education.

Now, that authority has been decentralized quite a bit. It has been decentralized to a large unionized government and bureaucracy that is failing children and stranding them, denying them any kind of hope or opportunity for achieving the American dream and getting ahead through academic progress and academic proficiency.

Mr. Speaker, I find it remarkable that anyone would come here and try to defend the comparative record of the District of Columbia public school system when compared with the rest of the country. If we are willing to do that on an intellectually honest level, one will find very clearly and directly that the children in the District of Columbia schools are at a decided disadvantage over children throughout the rest of the country.

Now, the left wing of the Democrat party, as estabished and enshrined here in the District of Columbia, is one that remarkably favors bureaucracy and institutions rather than children. This debate here today and the rule before us is about whether we are going to get serious about putting children first, putting children ahead of bureaucrats, making sure that the comfort of children and engaging in economic competitiveness and prosperity is more important than the economic comfort of the bureaucrats who run the worst school system in the entire country.

I would suggest the following, Mr. Speaker, that our goal and objective here in Washington with respect to the District of Columbia ought to be to treat parents like real customers, to treat teachers like real professionals, to, in fact, liberate the education system here in the District of Columbia, to focus on the freedom to teach and the liberty to learn. That is what we are offering through this scholarship program, to empower parents to make the educational decisions for their children, not the bureaucrats who have left them behind for so long.

Mr. FROST. Mr. Speaker, I yield 7 minutes to the gentlewoman from the District of Columbia (Ms. NORTON).

Ms. NORTON. Mr. Speaker, I thank the gentleman for yielding. Let me begin by making a point that I hope everyone who comes to the floor understands.

The Member who just spoke indicated a prerogative he thinks he has in the District of Columbia that he does not have in anyone else's district. May I say to him that he has no prerogative to manage anybody who is not accountable to him at the ballot box, and neither he nor any Member of this House manages anything in the District of Columbia; and under the Constitution of the United States, no Member should ever claim to manage any people who cannot vote for him. The gentleman has no prerogatives, and I will accept none, nor will I accept pejorative language with respect to our schools. Let me just start this debate with that understanding to Members who want to come to the floor that way.

The District of Columbia public schools are poor, very, very poor. But they are no better and they are no worse than every big-city school system in the United States of America. So if my colleagues want to help the youngsters of the District of Columbia, help them. But they are tired of hearing Members of this body, who have not compared my school system to theirs or any others, describe it as the worst in the United States, and I will not have it on this floor today.

I oppose this rule, and I oppose it because the real needs of the children in my district are too serious to engage in a political exercise. I recognize that that is not the intent of every Member who favors vouchers, but whether intended or not, that is exactly what we will engage in this morning.

The reason that I call this a political exercise is that the voucher bill before us is exactly like the vouchers that have already been declared unconstitutional in two States; two courts, one in Ohio, another in Wisconsin, in the only court tests of publicly funded vouchers have held them unconstitutional as recently as last year.

□ 1045

President Clinton will veto this bill because it will drain funds from the public schools to parochial and private schools. I have his statement of administration policy before me as I speak. Let me quote from it.

> S. 1502 would create a program of federally funded vouchers that would divert critical resources, that should be devoted to our public education priorities, to private schools with little or no public accountability for how funds are used. Moreover, the bill is apparently designed to ensure that receipt of these vouchers, unlike other Federal funds, would not require schools to comply with Federal civil rights laws that protect students from discrimination on the basis of race, color, national origin, sex, or disability.

Mr. Speaker, I sought to convert the interest of Members in the school system of the District into legislation which could be signed. To that end, because of the almost certain constitutional demise of this bill coupled with the assured presidential veto, I went to the Committee on Rules yesterday feeling that we had an obligation to come forward with a substitute all could support if we seriously meant to help these kids.

My substitute would have directed the $7 million into objectively approved reforms in the D.C. public schools, chosen because they would have the greatest impact on the largest number of students. Specifically, I asked for $3.5 million to be given to the D.C. Control Board to be passed on for reading tutors in the District's 73 lowest performing schools. I then asked that the other half be provided to the Secretary of Education to fund proven reforms that fit the District's 70 lowest performing schools.

I drew that section of my substitute from the Porter-Obey bill that we passed last year on school reform demonstration projects. Beyond the quality controls now being implemented by the District's impressive new superintendent, Arlene Ackerman, the Porter-Obey program requires approval by the Department of Education, and thus I thought that that kind of substitute

would guarantee precisely the kind of controls and the kind of outcomes, and the substitute met all the issues that I believe Republicans and Democrats say mean most to them; the emphasis on devolution for Republicans that has been thrown over to the side, as if the people of the District of Columbia were wards of this body, or colonists before the Declaration of Independence. Mr. Speaker, I am here this morning to warn every Member that this Member will not be treated as if she represents colonials.

The substitute would also, of course, not only have satisfied devolution concerns but the concerns of Democrats to reach the majority of the kids in the D.C. public schools.

Now, the substitute was not made in order, nor was an amendment by the gentleman from Virginia (Mr. SCOTT) made in order that would apply the civil rights enforcement mechanism to these vouchers.

What the majority has done is to create a fiction, saying that public funds in these 100 percent Federal funded vouchers are not State aid for purposes of civil rights enforcement. Thus, if there has been a violation of civil rights under these vouchers, the only recourse would be to file a suit in Federal court, which of course, would be impossible for the low-income residents to whom these vouchers are directed.

Mr. Speaker, I ask Members to oppose this rule, whether Democrats or Republicans. I ask them to respect the people of the District of Columbia who have voted in a percentage of 89 percent against vouchers.

Mr. HASTINGS of Washington. Mr. Speaker, I yield 5 minutes to the gentleman from Georgia (Mr. KINGSTON).

Mr. KINGSTON. Mr. Speaker, I thank the gentleman from Washington (Mr. HASTINGS) for yielding me this time.

Mr. Speaker, first of all let me say to the gentlewoman from the District of Columbia (Ms. NORTON) that this is not and should not be seen as a Washington, D.C. bashing bill. The delegate from Washington, D.C. is very passionate in representing her area and does a great job.

I served on the Committee on Appropriations Subcommittee on the District of Columbia. We worked with the Control Board, we worked with Marion Barry, we worked with a lot of people in the years I was on that committee and tried to be as sensitive as possible. And I believe that the gentlewoman would agree that there were lots and lots of rhetorical charges about what the big bad Republicans were going to do, and yet in the final analysis, much of what she pushed for was actually put into law on all aspects of the District.

So I think it is very important to say that we have worked on a bipartisan basis and on a slow basis in terms of any reform effect in Washington, D.C. because, as one of the appropriators said, it is a free vote for us to the degree that nobody is going to answer to the people in Washington, D.C. except for the delegate. But I think rather than abusing that, the Republican Congress has taken all kinds of extra steps so, though, that we can be fair and so forth. This is not and is not designed to bash Washington, D.C. schools.

However, let me say this. As the son of an educator, as the brother of an educator, as the brother-in-law of an educator, I come from a family of educators. And I believe one thing that I have learned around the family dinner table is that education should be dynamic. We should focus not on the system always, not on the teachers always, not on the structure, certainly not on the politics, but we should focus on the classroom, the child and the teacher, and that relationship.

As we focus on it, we should ask, will this legislation or will this matter help that child out there achieve a better education so that he or she can go on to compete with children from Miami to New York to San Francisco to Stockholm to Tokyo? And I believe that if we ask those questions and put the children first, we can see that this is a reasonable approach.

Mr. Speaker, this is not a hard ball approach. This is a choice. Think about it on a small business basis. If we said one particular type of small business would have the monopoly, there would be no more pet stores except for the ones that were in existence. There would be no more barber shops except for the ones in existence. There would be no more restaurants except for the ones that are in existence. People would say, ''What are you doing? That is going to kill the quality of the product,'' and I would agree with them.

Why is education so special that we are afraid to put in that same element that drives the American economy of small businesses? Why is education above a little competition? I believe education is sacred enough that competition will enhance it. I think it is very important.

Last night I had the occasion to go to a dinner for Gulfstream Aerospace, which Ted Forstmann is the Chairman of the Board, and they were receiving the Collier Award for Excellence in Aviation, and he talked about competition and he talked about being an American and, yes, the subject of the D.C. Scholarship Fund came up, which he is the author of.

Mr. Speaker, I have and I will submit for the record testimony of one woman, and I am going to quote directly a Mrs. Jones, because she competed as one of the 8,000 people who wanted the 1,000 scholarships and she did not make it and she was crying. And then Mr. Forstmann called her later on and said instead of giving out a thousand scholarships, he was going to give out 1001 scholarships. Here is what she said: ''And when they tell me that I won, I was screaming and yelling and acting like a fool. You do not know how I prayed for that scholarship.''

That is what this is about. It is about this woman and her child.

The question of constitutionality has come up. Let me say this, and I will submit this for the RECORD, Mr. Speaker, but the scholarship program fully satisfies the constitutional requirements under the first amendment. The Supreme Court has held that assistance such as the scholarships provided in this bill is permissible if, one, the choice where to use the assistance is made by the parents of the students, not the government; number two, the program does not create a financial incentive to choose private schools; and, number three, it does not involve the government in the schools' affairs. This, like the GI Bill, Pell Grants, and Federal day care assistance is a choice of funds where the choice is made by the recipients and not by the government.

I will also submit a letter to the gentleman from Texas (Mr. ARMEY) Majority Leader, from Clint Bolick, the vice president of the Institute for Justice, where he cites five different cases, and I will submit this for the RECORD, Mr. Speaker:

Myth: The voucher program violates the separation of church and state and is unconstitutional

FACT

The scholarship program fully satisfies the constitutional requirements under the First Amendment. The Supreme Court has held that assistance such as the scholarship provided for in the bill is permissible if: (1) the choice where to use assistance is made by the parents of students, not the government; (2) the program does not create a financial incentive to choose private schools; and (3) it does not involve the government in the school's affairs.

The D.C. scholarship program fulfills these criteria. Like the G.I. Bill, Pell Grants and federal day care assistance, the choice of where the funds are expended is made not by the government but by the scholarship recipients. Because the amount of the scholarship is equal to or less than the cost of tuition, the program does not create a financial incentive to choose private schools. Scholarships are also made available under this legislation to pay costs of supplemental services for public school students, who already receive a free education. Moreover, the program involves only those regulations necessary to ensure that reasonable educational objectives are met, and does not create entanglement between the government and religious schools. The scholarship program does not impermissibly establish religion, but instead serves to expand educational opportunities for children who desperately need them.

INSTITUTE FOR JUSTICE,
October 3, 1997.

Hon. RICHARD K. ARMEY,
U.S. House of Representatives, Cannon House Office Building, Washington, DC.

Re constitutionality of District of Columbia Student Opportunity Scholarship Act of 1997.

DEAR MR. ARMEY: Thanks and congratulations to you and your colleagues for sponsoring legislation that would create unprecedented educational opportunities for economically disadvantaged children in the District of Columbia. Having defended parental

choice programs in Milwaukee and Cleveland, I can attest to their enormous contribution toward the goal of equal educational opportunities.

Critics of parental choice have raised the red herring of constitutionality. They contend that the moment a dollar of public funds passes the threshold of a religious school, it violates the constitutional prohibition against religious establishment—a position repeatedly rejected by the U.S. Supreme Court. Of course, such reasoning also would invalidate the G.I. Bill, Pell Grants, daycare vouchers, and the Individuals with Disabilities Education Act, all of which allow the use of public funds in religious schools. It is true that state courts have divided over the constitutionality of parental choice, usually ruling on state rather than federal constitutional grounds. The Cleveland program, which was upheld by the state trial court but struck down by the court of appeals on First Amendment grounds, has been allowed to continue—including religious schools—by the Ohio Supreme Court pending review.

For our purposes, only the First Amendment is relevant. In an unbroken line of cases since 1983, the U.S. Supreme Court has held that programs that allow the use of public funds in religious schools or religiously-sponsored activities are permissible so long as (1) the decision where to use the funds is made not by the government, but by parents or students; and (2) religious schools are only one among a range of options, and no financial incentive is created to choose private schools.

The following U.S. Supreme Court decisions have developed these principles:

Mueller v. *Allen* (1983): The Court upheld a state income tax deduction for educational expenses, even though the vast majority (roughly 96 percent) of the deductions were used for religious school expenses. The Court noted that the deduction was available for expenses incurred either in public or private schools, and that public funds are transmitted to religious schools ''only as a result of numerous choices of individual parents of school-age children.'' The independent choices of third parties render the aid ''indirect,'' as opposed to direct subsidies of religious schools.

Witters v. *Washington Department of Services for the Blind* (1986): The Court unanimously upheld the use of college benefits by a blind student to study for the ministry at a divinity school. The state transmitted funds directly to the school at the student's direction. Again, the Court found that ''[a]ny aid provided by Washington's program that ultimately flows to religious institutions does so only as the result of the genuinely independent and private choices of aid recipients,'' and that the program ''creates no financial incentive for students to undertake sectarian education.''

Zobrest v. *Catalina Foothills School District* (1993): The Court upheld the use of a publicly funded interpreter by a deaf student in a Catholic high school. The interpreter translated religious as well as secular lessons. ''By according the parents freedom to select a school of their choice,'' the Court reasoned, ''the statute ensures that a government-paid interpreter will be present in a sectarian school only as a result of the private decision of individual parents.''

Rosenberger v. *Rector and Visitors of University of Virginia* (1995): The Court approved the direct funding of a religious student publication because other non-religious activities were funded as well. ''A central lesson of our decisions,'' the Court declared, ''is that a significant factor in upholding governmental programs in the face of Establishment Clause attack is their neutrality toward religion.''

Agostini v. *Felton* (1997): The Court overturned previous adverse Supreme Court precedents and allowed the use of public schoolteachers to provide remedial instruction inside religious schools. Again, the decision relied heavily on the program's neutrality between religious and secular schools.

The District of Columbia scholarship bill was carefully drafted to meet the applicable constitutional standards. Just like Pell Grants and other current federal programs, it places funds at the disposal of beneficiaries, who may use them in public, private, or religious schools. The program does not create an incentive to choose religious schools; in fact, all except the poorest families receiving scholarships will have to contribute to tuition if they choose private schools. Unquestionably, the primary effect of the scholarship program is not to establish religion, but to expand educational opportunities to children who desperately need them.

I hope these comments are helpful to you and your colleagues as you proceed toward passage of this program. It is an essential part of the effort to empower parents and improve public education in our nation's capital.

Very sincerely,

CLINT BOLICK,
Vice President and Director of Litigation.

Mr. FROST. Mr. Speaker, I yield 30 seconds to the gentlewoman from the District of Columbia (Ms. NORTON).

Ms. NORTON. Mr. Speaker, I would just like the record to show that the quotation just cited did not apply to vouchers but to tax schemes, not vouchers to parents. But the decisions from which I quoted, where vouchers were found unconstitutional, applied directly to vouchers of precisely the kind at issue here.

Mr. FROST. Mr. Speaker, I yield 4 minutes to the gentleman from Indiana (Mr. ROEMER).

(Mr. ROEMER asked and was given permission to revise and extend his remarks.)

Mr. ROEMER. Mr. Speaker, I thank the gentleman from Texas (Mr. FROST) for yielding me this time.

Mr. Speaker, I believe it was Socrates that said the living are to the dead as the educated are to the uneducated. In our society today, an education is a person's future and their future extends from cradle to grave, and we all will be learning our entire lifetime in this next millennium.

I have to agree with the gentlewoman from the District of Columbia (Ms. NORTON) when she said that D.C. has some of the finest schools in the country, and D.C. has, just as every other school system in our country has, some schools that are in dire need of help.

I have visited D.C. schools and met with Vera White, a principal at Jefferson Junior High School. She knows every single name of every single student and knows where they live and keeps them after school for homework. They have a space lab in the basement. They have honor roll students and people clamoring to get into that public school. It is a great school.

They have the charter school, the Options charter school in D.C. that may be the best charter school that I have been in in the country.

But we also have problem schools in D.C., and in Chicago, and in L.A., and in New York, and in Indiana. And we can get up on the floor and point fingers and say we have got a better solution than our opponents, just as we did with the budget and we said it was President Reagan's fault or it was the Democratic Congress' fault.

Mr. Speaker, it is time for us to work together on the issue that the American people are the most keenly interested in and come up with bipartisan solutions to solve this Nation's problems.

Mr. Speaker, this bill does not do it. It does not give our party anything but a motion to recommit. I strongly urge our side and the Republican side to vote for the motion to recommit to be offered by the gentlewoman from the District of Columbia, for full, whole school reform and for more reading tutors in our schools.

My problem with the vouchers is twofold. We have heard the Republicans accuse the Democrats, and sometimes rightly so, of trying to redistribute wealth in our country through the tax system. That is exactly what this bill does. It takes $7 million that is going to go to the public education system and diverts it to private schools.

If we want to raise $50 million like they are doing in San Antonio, Texas in the private sector, that is great. I support those programs, but do not redistribute money from public schools that is intended to go to public schools and have it go to private schools.

Secondly, when we have said we want to work in a bipartisan way to fix the IRS, we do not say we are going to fix it for 2,000 people and leave the rest of the people on their own. That is what the voucher program does today. This bill says we have got a problem with 78,000 schoolchildren and we are going to fix it for 2,000 of those 78,000.

The Democratic Party, or I guess I am speaking for myself from Indiana, we are not happy with the status quo. That is why we passed charter school reform. That is why later today in the higher ed bill I have included an amendment in the bill that is for alternative teacher certification, so that new teachers can come through the system that have military experience, that have experience in the private sector.

I am for closing down poorly performing schools, reconstituting schools.

□ 1100

I am for new ideas in our schools, but the voucher program is not big enough to help our Nation's schools. It is experimental only on D.C. school children and 2,000 of them.

I encourage my Republican colleagues, let us work together, as we did on balancing the budget, on education. Let us work together on what the American people think is the key issue

out there, providing good quality, affordable education to children in D.C., Indiana, and California.

Mr. HASTINGS of Washington. Mr. Speaker, I yield 2½ minutes to the gentleman from Wisconsin (Mr. NEUMANN).

Mr. NEUMANN. Mr. Speaker, I would like to make a couple of very specific points here. What this is really all about, what we are talking about today is allowing poor and moderate income families to make the same and have the same choices in where they send their kids to school as middle and upper income families.

My friend, the gentleman from Indiana, who I agree with on so many different things, on the other side of the aisle, I do agree with him that this idea of fixing it for 2,000 is not the right solution.

I think what we should be doing here today is taking the education dollars that are already being spent and empowering parents all across America to be making the decision for where they send their kids to school.

I would like to make a second point, because we have heard a lot about how this is transferring public education dollars to private schools and somehow this is a new idea in America. That is just plain not right.

We have a system for higher education in America today called a Pell Grant system. Pell Grants are college scholarships that are literally given to students that go to teacher and pastor training schools, all sorts of different religious schools all across the United States of America.

These Pell Grants are not given with strings attached that the government is telling these teacher and pastor training schools for religious institutions across America what or how to teach; they simply give them the Pell Grant. Those are Federal tax dollars that are already being handled in this manner. This is not even a new idea that we are talking about here today. It already goes on all across America.

I think the number one social problem facing America today is education. The fact that our kids rate somewhere in the twenties in the world is just plain unacceptable. We need to as a Congress, we need to as a Nation retarget our ideas that our kids become, again, the best educated kids in the entire world.

To do that, one idea is more Washington involvement, more Washington tax dollars, and more strings from here; and that is wrong. It does not work. The right idea to solve the education problems facing America today is to empower our parents to once again be actively involved in the decisions on what our kids are taught, where it is taught and how it is taught.

The way we empower our parents to be able to make those decisions, in wealthy families they can make those decisions already, but in poor and moderate income families the way to do this is to empower and have this sort of voucher system.

Mr. Speaker, I want to take 30 seconds to point out that if we are successful at empowering our parents to be actively involved in the choice of where their kids go to school, what they are taught and how it is taught, there is a very interesting side benefit. Studies show, of 12,000 teenagers that were looked at, if parents were more involved in these teenagers' lives, the immediate impact is less crime, fewer drugs are used, fewer teen pregnancies, and teen smoking goes down immediately.

As we are solving the problem of education by allowing our parents to be more involved in what their kids are learning, where it is taught and how it is taught, we expect side benefits in other areas that will benefit this Nation greatly.

Mr. FROST. Mr. Speaker, I would inquire the time remaining on each side.

The SPEAKER pro tempore (Mr. HULSHOF). The gentleman from Texas (Mr. FROST) has 11½ minutes remaining. The gentleman from Washington (Mr. HASTINGS) has 14 minutes remaining.

Mr. FROST. Mr. Speaker, I yield 2 minutes to the gentleman from Maryland (Mr. WYNN).

Mr. WYNN. Mr. Speaker, I thank the gentleman for yielding me this time.

Mr. Speaker, I rise to very strongly oppose this rule and also this very misguided bill. My colleagues on the Republican side come up and they tell us this is a noble experiment. Folks, this is not an experiment. This is a plan masquerading as a policy.

The gentleman who preceded me made a very cogent point. This bill only helps 2,000 students in the District of Columbia. That leaves 75,000 students in the District of Columbia who get no help whatsoever. This bill only appropriates money for one year, so at the end of this year it is very uncertain as to whether this noble experiment will even be able to continue. More importantly, this so-called noble experiment has been rejected already by 20 States. In fact, three States in public referenda rejected this idea twice.

This is a very poorly thought out idea. Here is why: We did a study and looked at some of the private schools in the District of Columbia. What we found out was that approximately 90 percent of the private schools in the District of Columbia charged tuition far in excess of what is being provided.

So this notion that there is going to be this great choice for families is really a mistake. It is really a fraud. They are not going to have the choice to go to the Sidwell Friends or the St. Albans and the great private schools.

Let us be candid. Sure, if we gave someone the money to go to the best private school in America, would they get a good education? Yes. The fact of the matter is the Republicans cannot do that and are not planning to do it. It is not practical. The money does not exist.

What they are basically doing is patronizing the citizens of the District of Columbia by saying we know what is best for them, and we are going to take money away from their school system and put it into this experiment. But no, no, it is not their money; it is new money.

Look, here is the reality. The District of Columbia needs money for discipline programs, for reading tutors, for aftercare programs. If we want to fundamentally improve education in the District of Columbia or if we want to fundamentally improve education in America, what we need to do is invest in public schools. If there is new money, do not experiment, put it into the school system where it can really be used.

Mr. HASTINGS of Washington. Mr. Speaker, I yield 3½ minutes to the gentleman from Missouri (Mr. TALENT).

Mr. TALENT. Mr. Speaker, I thank the gentleman for yielding this time to me.

Mr. Speaker, I want to begin my comments here today by quoting something Lyndon Johnson said, but before that, the Bible said it. He said: ''Let us reason together.'' That is what I hope we can do in this debate.

I do not want to bash the District of Columbia schools. I think we owe these kids and their parents who care so much about this debate the truth. I think we should be candid. I think we should reason, then, about the truth.

The truth of the matter is that the District of Columbia schools are not safe, and the kids are not learning, and everybody knows it. The longer they stay in the District of Columbia schools, the less they learn. The longer high school students stay in the D.C. schools, the more their test scores drop below the national average. Thirty-three percent of the third graders in the D.C. public schools score below basic levels in reading and math, and 80 percent of the fourth graders score below basic levels in reading and math.

For kids who come from these neighborhoods and have as few options as these kids have, if they are not learning how to read, it means they are ending up in gangs or on drugs or many of them dead. That is what it means to these kids. Those are facts that annihilate all these other facts and the rest of this debate. Let us tell the truth about the situation these kids are in. If we cannot give them anything else, let us give them the truth.

The second point, Mr. Speaker, this bill will help at least these kids. Do not show disrespect to their parents, who are lining up by the thousands for these scholarships, by saying it is not going to help them. They know it is going to help them. It is exactly what any of us would do. That is the reason they wanted the scholarships. So we know the schools are failing. We know we can help these kids.

Then the other argument, which I respect because we have got to do something about the public schools, is what about the other kids? What about the rest of the public schools? This is not the way to help them.

Mr. Speaker, this may be the only way to help them. This kind of choice program is operating in other schools, and that is what they are telling us. This is what the former superintendent of Milwaukee public schools says:

So what I am arguing is that we have got to support the changes that will make the difference for kids both inside and outside the existing system. But it is the existence of an option outside that will help you fight, make the improvements inside, because no matter what people say rhetoric-wise, I can tell you, you can stand up and talk all you want about what needs to be done, but if people know this is the only game in town, there is absolutely nothing you can do other than run your mouth off about what needs to happen. It is not going to happen for the majority of kids.

This is exactly the kind of leverage that will support the reformers and give them the opportunity to change a system that is bogged down in bureaucracy and entrenched interest. The District of Columbia schools have three times as many administrators per teachers as other city schools around the country.

What else can we do if we do not do this? I will just close by saying this: We appointed a general as the czar of the District of Columbia public schools, and he tried for a year, and he quit.

This is a program that addresses a need we all know exists. It will help the kids who get these scholarships, and it is going to help the kids who remain. Let us do something for these kids. Let us reason together about this process, and then send this bill to the President.

Mr. FROST. Mr. Speaker, I yield 2 minutes to the gentlewoman from Florida (Ms. BROWN).

Ms. BROWN of Florida. Mr. Speaker, I rise in opposition of this so-called District of Columbia Opportunity Scholarship Act.

This piece of legislation would put our educational system at risk. Supporters of this bill argue a chance for a better education; however, 93 percent of the students in our Nation's Capital will not benefit from this $45 million bill.

There is no evidence that vouchers are an effective way to improve education. In fact, it leaves those students who cannot benefit from this voucher system worse off.

Every child in the District of Columbia and across the Nation deserves our assistance for a quality education. I urge my colleagues to listen to the people of our Nation's Capital who want to build their community and not dismantle a public education system of which many of us have been beneficiaries. Make no mistake about it. The Republicans want to dismantle public education in this country and not work to strengthen it.

Mr. HASTINGS of Washington. Mr. Speaker, how much time is remaining on each side?

The SPEAKER pro tempore. The gentleman from Washington (Mr. HASTINGS) has 10½ minutes remaining. The gentleman from Texas (Mr. FROST) has 8¼ minutes remaining.

Mr. HASTINGS of Washington. Mr. Speaker, I yield 2½ minutes to the gentlewoman from North Carolina (Mrs. MYRICK).

Mrs. MYRICK. Mr. Speaker, I very much respect the gentlewoman from the District of Columbia (Ms. NORTON), and I know how hard she works to face the problems that are in the District, which everybody acknowledges. So I do want to say that this bill is in no way an attack on the D.C. school system. This bill is a way to look for solutions to help and to solve some of the problems.

Most of the people will agree, and I think it has been well documented in the press, that there are a lot of problems in this school system. There are problems, yes, in school systems all over the country. It seems to be the number one issue that parents say they are concerned about, is the education of their children.

What we are looking at doing with this bill is providing some choice for those parents. This bill would give those parents in D.C. the same opportunity as parents in other communities across the country have.

Last fall when the private scholarship fund, the Washington Scholarship Fund was announced, this was only for 1,000 scholarships that would be paid for privately. There were 7,573 children who applied. That is one out of every six eligible children in the District applied.

I think that sends a very strong message that there are parents in the D.C. school system who would like and appreciate their child to have that choice. This does not take any money away from the school system. This is additional money, additional dollars that are going into this program.

Competition is what has driven America. Competition works with students. Students thrive on competition. Business thrives on competition. There is no reason our school system could not thrive on competition. It is very healthy in America, and it makes things run.

I would also like to just say for the record that my understanding is that the constitutional issue was a State constitutional issue in both of those cases. This is not something Federal.

Mr. FROST. Mr. Speaker, I yield 30 seconds to the gentlewoman from the District of Columbia (Ms. NORTON).

Ms. NORTON. Mr. Speaker, let me correct the gentlewoman from North Carolina on both of the decisions, both the Wisconsin and the Ohio decisions. The courts looked both to their State constitution and specifically, specifically grounded their decisions on the Constitution of the United States of America as well.

□ 1115

Mr. FROST. Mr. Speaker, I yield 2 minutes to the gentleman from Minnesota (Mr. VENTO).

Mr. VENTO. Mr. Speaker, I rise in opposition to the rule and the bill. Quite frankly, the District of Columbia, in my judgment, is a city in trouble, with deep problems. We have individuals in trouble, families in trouble, and reduced population. Families are, in fact, moving out.

I think some of the initiatives that have been made to try to invest in the public schools in terms of reading and some of the other voluntary efforts are good but not nearly enough considering what we really have to accomplish.

This bill, frankly, indicts the D.C. public schools. The D.C. public schools are not the problem. They are the solution. The problem is in the broader community. And by taking dollars away and not facing up to this and suggesting we are going to abandon those schools, we are sending the wrong message.

One of the messages was to let a military general run it. Well, after a year he quit. It is a tough job. He could not handle any more of this task. I appreciate that. I understand it. I taught for about 10 years myself, and I do not know I want to go back into the St. Paul Minneapolis, schools today and try to teach much less administrate the whole district.

But the fact is, we have to invest in these kids. We have to invest in this community. The old paradigm of getting by that worked when I was in school or when I was teaching does not work.

Look at what is happening in Chicago. Seven in the morning till seven at night. We talk about kids entering school, and they actually go backwards. The fact is, if you try to plot those kids in some of these schools, we will find the population of students in September is practically 100 percent different in May. There is no continuity. How can anyone teach under those circumstance?

These are the types of problems we face as they come through the door. Does anyone in this Chamber or in this country seriously believe that the people that have devoted their lives to public education are somehow not interested in kids? That is fundamentally what these statements on the floor of Congress are saying.

We have public education for democracy to educate the people in this country, to bring them forward. But the type of students we are getting, the kids we are getting, have more problems, and we have to meet those needs.

It is a big investment. It may mean choosing between weapon systems and investment in people, but Congress has not been willing to do that. We are trying to buy off on the cheap with these vouchers. I think these kids are worth a decent investment not a gimmick which only offers cosmetic pseudo solutions.

There is perhaps no issue more important to the future of this country than education. As an educator, it has always been a priority of mine to ensure that our children are given the

chance to partake in a quality learning environment. While I understand that confidence in our public school system has eroded, the solutions proposed don't address the problem. A voucher program is not a reasonable or adequate solution to current challenges and problems in the public schools of D.C. and our nation.

All Americans have a stake in our public schools. Public schools were established to provide equality of the most basic and important opportunity—the opportunity to learn. However, voucher programs would make schools more inequitable than they already are and widen the gap between some privileged and the vast majority underprivileged students.

Proponents of the school voucher initiatives maintain that this system would bring healthy competition into the educational system. This is an unfair assumption, however, because public schools have greater limitations and restrictions than their private counterparts. For example, private schools are allowed to pick and choose and exclude students, while public schools must accept every student, regardless of past academic achievements. Also, it is unclear that physically and mentally disabled students would be considered in such plans. Currently, private schools are not required to include special services for these students.

Make no mistake, a voucher program redirects public funds from public schools to private schools. This shift leaves public schools—which far outnumber private schools—with less sufficient resources. Expanding educational choice for some students should not come at the expense of others. Rather than siphoning students away from public schools, and the abandonment of the D.C. public schools, we should be focusing our efforts on the important mission of improving such schools and the schooling within. This legislation provides a select few students with vouchers, while providing no answers for the 76,000 students left behind in the D.C. public schools.

Accept the implicit statement that Congress has given up on D.C. schools. The same money spent on vouchers could be better used for teacher training, smaller classes, expanded support systems and a host of other important improvements. Instead of this political solution, we ought to help all 78,000 children improve their skills with the same money that would provide just 2,000 children with private school educations. Vouchers anticipated under this act help only 3% of the children in D.C. schools.

The consideration of choice options will no doubt be influenced by many factors. However, let's keep in mind that children are our nation's most precious resource—all of our future. Rather than voting for a program that will only benefit a select number of students, we must ensure that all of our children are provided with the best possible opportunity to learn so that they are prepared for the challenges of the new millennium. Let's can the new B–2 bombers or the missile defense system and put students first. Let's invest to make every child in D.C. a winner.

Mr. HASTINGS of Washington. Mr. Speaker, I yield 3 minutes to the gentleman from New York (Mr. FORBES).

Mr. FORBES. Mr. Speaker, I thank the gentleman for yielding me this time, and I rise in support of the District of Columbia Student Opportunity Scholarship Act. If ever there was a national priority to do something about the state of education in this country, K through 12, it is now. That is why I rise in support of this initiative as well as supporting the initiative laid out by President Clinton.

I am a product of the public school systems. I went to a public college. I do not indict the public school system; in fact, I revere it. But there are problems.

And in the District of Columbia, where this is supposed to be the shining beacon of opportunity, of democracy, we have a serious problem. We are saying it is okay for children of people who work in the administration, whether it be the Democrat administration or the Republican administration before it, it is okay for the children of Members of Congress all to go to private schools, because we can do something about it, but let us trap in a failing public school those kids who come from families who do not have the means to escape a failing system.

Now, that is not an indictment of all public schools, but here in the District of Columbia, that shining beacon of democracy, we cannot get our hands around the problem. So we say to these parents, sorry, your kids must go to these failing schools, but I, as a Member of Congress, will send my kids to private schools. I, as a member of the Clinton administration, will send my kid to private schools.

Why do we not embrace, all of us, Republicans and Democrats alike, the vast initiatives that will put this Nation on record as making a priority over the next 25 years of improving the excellence of public schools across this country?

Let us go for voluntary testing standards. Let us go for 100,000 more teachers in the classroom to reduce the size. Let us put subject matter back in the Ed schools, not just method. Let us go for teacher training and do the kinds of things that will build success and assure that the United States of America remains number one in the global economy for our children and our grandchildren to come and that we do not rest on the laurels of success of the last 100 years and think that everything will be all right.

We have serious problems in our education system K through 12, and we have an obligation as a Nation to deal with those problems. Keep decision-making local, keep control in our States, but let us put the Federal Government on record as wanting to do something about deteriorating schools and overcrowded schools and crowded classrooms.

If we care about our children, we will put this initiative forward. We will pass this initiative to give some choice to kids who are trapped in a failing system.

Mr. FROST. Mr. Speaker, I yield myself 30 seconds.

The preceding speaker may be speaking for Republican Members of Congress, but my three children graduated from public schools, and I know many Members on my side of the aisle whose children attend public schools.

Mr. Speaker, I yield 2 minutes to the gentlewoman from New York (Ms. VELÁZQUEZ).

(Ms. VELÁZQUEZ asked and was given permission to revise and extend her remarks.)

Ms. VELÁZQUEZ. Mr. Speaker, I rise in strong opposition to this bill.

Mr. Speaker, look at this little girl, one of nine children. Her father was a sugar cane cutter. Her mother sold food to the sugar cane workers in the sugar cane plantations to help make ends meet. This little girl would have never gone to college if we had turned our backs on public schools. This little girl would certainly never have become a Member of Congress if we had turned our backs on public schools.

My colleagues, do not be fooled. This bill is an abandonment of our Nation's commitment to public schools and public education. This bill tells that little girl and millions and millions of children like her that we are giving up hope on providing them with a quality education.

The Republican leadership wants to take $45 million away from public education to provide 3 percent of D.C. schoolchildren with vouchers that they do not want and will not be able to use. That is so shameful. That is not the way that we strengthen public schools in our Nation. We strengthen public schools and public education by investing more resources, not taking it away from them.

What sense does that make? It makes sense if we want to kill public education. That is what the Republicans intend to do under this bill, kill public education. Vote ''no'' on this terrible bill.

Mr. FROST. Mr. Speaker, I yield myself the balance of my time.

This is a terrible rule. This is a terrible bill. This is a closed rule. We have been denied the opportunity for the one representative from the District of Columbia to even be heard on this matter, to offer an amendment.

I urge this rule be rejected and this bill be rejected.

Mr. Speaker, I yield back the balance of my time.

Mr. HASTINGS of Washington. Mr. Speaker, I yield the balance of my time to the gentleman from Oklahoma (Mr. WATTS).

Mr. WATTS of Oklahoma. Mr. Speaker, I have heard several statements made this morning and I want to make an effort, hopefully, to correct the record and set the record straight.

One of the things that I heard earlier in argument concerning this rule was that this legislation would only help so many students, about 2,000 students, and that this is an experiment for D.C. public schools. And the essence of the comments were that why just do it here in D.C.? If we are not going to do it elsewhere, then it is a bad experiment.

Well, I would like to note for the record that our former colleague, Floyd Flake, a Democrat from New York, and the gentleman from Missouri (Mr. JIM TALENT) and myself, all three of us offered a scholarship program about, I guess, last October. That was defeated. And that scholarship program would have been nationwide. We were proposing to do the same thing in all 50 States that we are proposing doing here in the District of Columbia this morning. And just for the record, about 90 percent of Republicans supported that and about 95 percent of Democrats voted against it.

But there are several other things that I would like to make note for the record. The question was asked, does the scholarship bill not drain D.C. public schools of the resources they desperately need?

And the answer to that is an emphatic no. The legislation would not take one dime away from D.C. public schools. It is over and above what money goes to D.C. public schools. The funding for this proposal would not come out of the district school budget. In fact, under the bill, per-student spending for public schools would increase, because the budget will remain the same, but there will be 2,000 fewer students in the public school system.

Another question is, is the amount of the scholarship not too small for the parents to afford to send their children to all but a handful of schools?

Well, there are 88 private schools inside the Washington Beltway that cost less than $4,000 per student, including 60 that cost less than $3,200. These schools include Catholic, Protestant, Muslim and private nonsectarian schools.

Another question that has been raised this morning is, will private schools not just cherrypick the brightest students and leave the public schools with the students who need the most help?

Well, the scholarships do not go to the schools. They are awarded to parents. The parents decide where the children go. So the parents, if there is any cherrypicking, the parents will be the ones doing the cherrypicking. They will pick the best schools. The parents will. Not the teachers, not the school system, not the government, but the parents will determine where their children go to school.

There is another question under the bill, is will schools not be able to discriminate against children, African American children, or against any other group of children that the legislation does not protect?

Section 7 of this bill specifically prohibits discrimination. It reads, ''An eligible institution participating in the scholarship program under this subtitle shall not engage in any practice that discriminates on the basis of race, color, national origin or sex.''

It also specifically states in section 8 that nothing in the bill shall affect the rights of students or the obligations of the District of Columbia public schools under the Individuals With Disabilities Act. Nothing in the bill waives any current Federal, State or local statute protecting civil rights. In fact, private and religious schools in the District today are already subject to D.C. civil rights laws, one of the most expansive in the country.

Mr. Speaker, I say to my colleagues, good public schools should not be threatened by this legislation. We talk about how money is going, that we are taking money from public schools and putting it into the private school system. We fail to overlook that the money from this program is over and above the D.C. public school funding.

And we talk about how we are taking money from public schools. Let me tell my colleagues, when I went to Congressman Flake's district and looked at his school system up there, and I have traveled around the country and looked at different private school programs and what they are doing and what the Catholics in New York are doing, and we talk about cherry-picking, there are private schools in America today where they take the lowest on the totem poll.

□ 1130

Say, give us the most challenging student that they have. We will take them. We will prepare school just for them. But we talk about cherry-picking, we talk about where the money is going and how we are taking money from public schools.

And I heard Floyd Flake. Floyd Flake reminded me of something very important that I think we all should note and all should remember. He said this. He said, we are talking about taking money from public schools. He said, our prison system is what is taking money from public schools, because rather than spending the money on our kids to read, write, and do the arithmetic, putting them in quality venues, we end up spending $25,000 or $30,000 a year because they cannot read, write, or do the arithmetic but put them in prison.

So I support my colleagues on the Democratic side and Republican side as well to say, let us support this rule. Let us support this legislation. This is good public policy.

Mr. GOSS. Madam Speaker, I rise in support of the rule. As this legislation is the result of a negotiated compromise and the work of both Houses, I do believe that a closed rule is appropriate.

No one can deny the children of our Capitol City are in trouble. Almost every measurable statistic proves that the D.C. school system is failing these children. One in particular, though, is staggering—85 percent of D.C. public school graduates who enter the University of District Columbia need remedial coursework before beginning their college studies! But our focus should be on children and families, not statistics. These families should not be forced to tolerate failure—they should be empowered with choice so that their kids can succeed.

Given the dismal state of the D.C. school system and the common sense approach this legislation takes, it is difficult to understand why some of my colleagues are so opposed to this bill. S. 1502 is straight forward—it adds $7 million of new money so that 2,000 kids can receive scholarships to attend the school of their choice and an equal number of students may receive tutorial assistance. That means more money per pupil, not less. This is not about taking away from public education, it is about returning accountability to public education!

Mr. Speaker, school choice is working in my district because it returns accountability to parents and families, rather than education bureaucrats. Low-income D.C. residents support scholarships by a 59 to 17 margin. The demand is there, the need has been proven beyond question and today we are acting. I commend Mr. ARMEY, Mr. LIPINSKI, and others for their bipartisan leadership on this issue.

Mr. HASTINGS of Washington. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER pro tempore (Mr. HULSHOF). The question is on the resolution.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. FROST. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 224, nays 199, not voting 9, as follows:

[Roll No. 117]

YEAS—224

Aderholt	Cox	Hansen
Archer	Crane	Hastert
Armey	Crapo	Hastings (WA)
Bachus	Cubin	Hayworth
Baker	Cunningham	Hefley
Ballenger	Davis (VA)	Herger
Barr	Deal	Hill
Barrett (NE)	DeLay	Hilleary
Bartlett	Diaz-Balart	Hobson
Barton	Dickey	Hoekstra
Bass	Doolittle	Horn
Bereuter	Dreier	Hostettler
Bilbray	Duncan	Houghton
Bilirakis	Dunn	Hulshof
Bliley	Ehlers	Hunter
Blunt	Ehrlich	Hutchinson
Boehlert	Emerson	Hyde
Boehner	English	Inglis
Bonilla	Ensign	Istook
Bono	Everett	Jenkins
Brady	Ewing	Johnson (CT)
Bryant	Fawell	Johnson, Sam
Bunning	Foley	Jones
Burr	Forbes	Kasich
Burton	Fossella	Kelly
Buyer	Fowler	Kim
Callahan	Fox	King (NY)
Calvert	Franks (NJ)	Kingston
Camp	Frelinghuysen	Klug
Campbell	Gallegly	Knollenberg
Canady	Ganske	Kolbe
Cannon	Gekas	LaHood
Castle	Gibbons	Largent
Chabot	Gilchrest	Latham
Chambliss	Gillmor	LaTourette
Chenoweth	Gilman	Lazio
Christensen	Goodlatte	Leach
Coble	Goodling	Lewis (CA)
Coburn	Goss	Lewis (KY)
Collins	Graham	Linder
Combest	Granger	Livingston
Cook	Greenwood	LoBiondo
Cooksey	Gutknecht	Lucas

Manzullo
McCollum
McCrery
McDade
McHugh
McInnis
McIntosh
McKeon
Metcalf
Mica
Miller (FL)
Moran (KS)
Myrick
Nethercutt
Neumann
Ney
Northup
Norwood
Nussle
Oxley
Packard
Pappas
Parker
Paul
Paxon
Pease
Peterson (PA)
Petri
Pickering
Pitts
Pombo
Porter
Portman
Pryce (OH)
Quinn
Radanovich
Ramstad
Redmond
Regula
Riggs
Riley
Rogan
Rogers
Rohrabacher
Ros-Lehtinen
Roukema
Royce
Ryun
Salmon
Sanford
Saxton
Scarborough
Schaefer, Dan
Schaffer, Bob
Sensenbrenner
Sessions
Shadegg
Shaw
Shays
Shimkus
Shuster
Skeen
Smith (MI)
Smith (NJ)
Smith (TX)
Smith, Linda
Snowbarger
Solomon
Souder
Spence
Stearns
Stump
Sununu
Talent
Tauzin
Taylor (NC)
Thomas
Thornberry
Thune
Tiahrt
Traficant
Upton
Walsh
Wamp
Watkins
Watts (OK)
Weldon (FL)
Weldon (PA)
Weller
White
Whitfield
Wicker
Wolf
Young (AK)
Young (FL)

NAYS—199

Abercrombie
Ackerman
Allen
Andrews
Baesler
Baldacci
Barcia
Barrett (WI)
Becerra
Bentsen
Berman
Berry
Bishop
Blagojevich
Blumenauer
Bonior
Borski
Boswell
Boucher
Boyd
Brown (CA)
Brown (FL)
Brown (OH)
Capps
Cardin
Carson
Clay
Clayton
Clement
Clyburn
Condit
Conyers
Costello
Coyne
Cramer
Cummings
Danner
Davis (FL)
Davis (IL)
DeFazio
DeGette
Delahunt
DeLauro
Deutsch
Dicks
Dingell
Doggett
Dooley
Doyle
Edwards
Engel
Eshoo
Etheridge
Evans
Farr
Fattah
Fazio
Filner
Ford
Frank (MA)
Frost
Furse
Gejdenson
Gephardt
Goode
Gordon
Green
Gutierrez
Hall (OH)
Hamilton
Harman
Hastings (FL)
Hefner
Hilliard
Hinchey
Hinojosa
Holden
Hooley
Hoyer
Jackson (IL)
Jackson-Lee (TX)
John
Johnson (WI)
Johnson, E. B.
Kanjorski
Kaptur
Kennedy (MA)
Kennedy (RI)
Kildee
Kilpatrick
Kind (WI)
Kleczka
Klink
Kucinich
LaFalce
Lampson
Lantos
Lee
Levin
Lewis (GA)
Lipinski
Lofgren
Lowey
Luther
Maloney (CT)
Maloney (NY)
Manton
Markey
Martinez
Mascara
Matsui
McCarthy (MO)
McCarthy (NY)
McDermott
McGovern
McHale
McIntyre
McKinney
McNulty
Meehan
Meeks (NY)
Menendez
Millender-McDonald
Miller (CA)
Minge
Mink
Moakley
Mollohan
Moran (VA)
Morella
Murtha
Nadler
Neal
Oberstar
Obey
Olver
Ortiz
Owens
Pallone
Pascrell
Pastor
Payne
Pelosi
Peterson (MN)
Pickett
Pomeroy
Poshard
Price (NC)
Rahall
Rangel
Reyes
Rivers
Rodriguez
Roemer
Rothman
Roybal-Allard
Rush
Sabo
Sanchez
Sanders
Sawyer
Schumer
Scott
Serrano
Sherman
Sisisky
Skaggs
Skelton
Slaughter
Smith, Adam
Snyder
Spratt
Stabenow
Stark
Stenholm
Stokes
Strickland
Stupak
Tanner
Tauscher
Taylor (MS)
Thompson
Thurman
Tierney
Torres
Towns
Turner
Velazquez
Vento
Visclosky
Waters
Watt (NC)
Waxman
Wexler
Weygand
Wise
Woolsey
Wynn
Yates

NOT VOTING—9

Bateman
Dixon
Gonzalez
Hall (TX)
Jefferson
Kennelly
Meek (FL)
Sandlin
Smith (OR)

□ 1152

Ms. WATERS changed her vote from ''yea'' to ''nay.''

So the resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. HASTINGS of Washington. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and include extraneous material on the rule just adopted.

The SPEAKER pro tempore (Mr. HULSHOF). Is there objection to the request of the gentleman from Washington?

There was no objection.

DISTRICT OF COLUMBIA STUDENT OPPORTUNITY SCHOLARSHIP ACT OF 1997

Mr. ARMEY. Mr. Speaker, pursuant to House Resolution 413, I call up the Senate bill (S. 1502) entitled the ''District of Columbia Student Opportunity Scholarship Act of 1997'', and ask for its immediate consideration.

The Clerk read the title of the Senate bill.

The text of S. 1502 is as follows:

S. 1502

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

SEC. 1. SHORT TITLE; FINDINGS; PRECEDENTS.

(a) SHORT TITLE.—This Act may be cited as the ''District of Columbia Student Opportunity Scholarship Act of 1997''.

(b) FINDINGS.—Congress makes the following findings:

(1) Public education in the District of Columbia is in a crisis, as evidenced by the following:

(A) The District of Columbia schools have the lowest average of any school system in the Nation on the National Assessment of Education Progress.

(B) 72 percent of fourth graders in the District of Columbia tested below basic proficiency on the National Assessment of Education Progress in 1994.

(C) Since 1991, there has been a net decline in the reading skills of District of Columbia students as measured in scores on the standardized Comprehensive Test of Basic Skills.

(D) At least 40 percent of District of Columbia students drop out of or leave the school system before graduation.

(E) The National Education Goals Panel reported in 1996 that both students and teachers in District of Columbia schools are subjected to levels of violence that are twice the national average.

(F) Nearly two-thirds of District of Columbia teachers reported that violent student behavior is a serious impediment to teaching.

(G) Many of the District of Columbia's 152 schools are in a state of terrible disrepair, including leaking roofs, bitterly cold classrooms, and numerous fire code violations.

(2) Significant improvements in the education of educationally deprived children in the District of Columbia can be accomplished by—

(A) increasing educational opportunities for the children by expanding the range of educational choices that best meet the needs of the children;

(B) fostering diversity and competition among school programs for the children;

(C) providing the families of the children more of the educational choices already available to affluent families; and

(D) enhancing the overall quality of education in the District of Columbia by increasing parental involvement in the direction of the education of the children.

(3) The 350 private schools in the District of Columbia and the surrounding area offer a more safe and stable learning environment than many of the public schools.

(4) Costs are often much lower in private schools than corresponding costs in public schools.

(5) Not all children are alike and therefore there is no one school or program that fits the needs of all children.

(6) The formation of sound values and moral character is crucial to helping young people escape from lives of poverty, family break-up, drug abuse, crime, and school failure.

(7) In addition to offering knowledge and skills, education should contribute positively to the formation of the internal norms and values which are vital to a child's success in life and to the well-being of society.

(8) Schools should help to provide young people with a sound moral foundation which is consistent with the values of their parents. To find such a school, parents need a full range of choice to determine where their children can best be educated.

(c) PRECEDENTS.—The United States Supreme Court has determined that programs giving parents choice and increased input in their children's education, including the choice of a religious education, do not violate the Constitution. The Supreme Court has held that as long as the beneficiary decides where education funds will be spent on such individual's behalf, public funds can be used for education in a religious institution because the public entity has neither advanced nor hindered a particular religion and therefore has not violated the establishment clause of the first amendment to the Constitution. Supreme Court precedents include—

(1) Wisconsin v. Yoder, 406 U.S. 205 (1972); Pierce v. Society of Sisters, 268 U.S. 510 (1925); and Meyer v. Nebraska, 262 U.S. 390 (1923) which held that parents have the primary role in and are the primary decision makers in all areas regarding the education and upbringing of their children;

(2) Mueller v. Allen, 463 U.S. 388 (1983) which declared a Minnesota tax deduction program that provided State income tax benefits for educational expenditures by parents, including tuition in religiously affiliated schools, does not violate the Constitution;

(3) Witters v. Department of Services for the Blind, 474 U.S. 481 (1986) in which the Supreme Court ruled unanimously that public funds for the vocational training of the blind could be used at a Bible college for ministry training; and

(4) Zobrest v. Catalina Foothills School District, 509 U.S. 1 (1993) which held that a deaf child could receive an interpreter, paid for by the public, in a private religiously affiliated school under the Individual with Disabilities Education Act (20 U.S.C. 1400 et

seq.). The case held that providing an interpreter in a religiously affiliated school did not violate the establishment clause of the first amendment of the Constitution.

SEC. 2. DEFINITIONS.

As used in this Act—

(1) the term ''Board'' means the Board of Directors of the Corporation established under section 3(b)(1);

(2) the term ''Corporation'' means the District of Columbia Scholarship Corporation established under section 3(a);

(3) the term ''eligible institution''—

(A) in the case of an eligible institution serving a student who receives a tuition scholarship under section 4(c)(1), means a public, private, or independent elementary or secondary school; and

(B) in the case of an eligible institution serving a student who receives an enhanced achievement scholarship under section 4(c)(2), means an elementary or secondary school, or an entity that provides services to a student enrolled in an elementary or secondary school to enhance such student's achievement through instruction described in section 4(c)(2);

(4) the term ''parent'' includes a legal guardian or other person standing in loco parentis; and

(5) the term ''poverty line'' means the income official poverty line (as defined by the Office of Management and Budget, and revised annually in accordance with section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)) applicable to a family of the size involved.

SEC. 3. DISTRICT OF COLUMBIA SCHOLARSHIP CORPORATION.

(a) GENERAL REQUIREMENTS.—

(1) IN GENERAL.—There is authorized to be established a private, nonprofit corporation, to be known as the ''District of Columbia Scholarship Corporation'', which is neither an agency nor establishment of the United States Government or the District of Columbia Government.

(2) DUTIES.—The Corporation shall have the responsibility and authority to administer, publicize, and evaluate the scholarship program in accordance with this Act, and to determine student and school eligibility for participation in such program.

(3) CONSULTATION.—The Corporation shall exercise its authority—

(A) in a manner consistent with maximizing educational opportunities for the maximum number of interested families; and

(B) in consultation with the District of Columbia Board of Education or entity exercising administrative jurisdiction over the District of Columbia Public Schools, the Superintendent of the District of Columbia Public Schools, and other school scholarship programs in the District of Columbia.

(4) APPLICATION OF PROVISIONS.—The Corporation shall be subject to the provisions of this Act, and, to the extent consistent with this Act, to the District of Columbia Nonprofit Corporation Act (D.C. Code, sec. 29–501 et seq.).

(5) RESIDENCE.—The Corporation shall have its place of business in the District of Columbia and shall be considered, for purposes of venue in civil actions, to be a resident of the District of Columbia.

(6) FUND.—There is established in the Treasury a fund that shall be known as the District of Columbia Scholarship Fund, to be administered by the Secretary of the Treasury.

(7) DISBURSEMENT.—The Secretary of the Treasury shall make available and disburse to the Corporation, before October 15 of each fiscal year or not later than 15 days after the date of enactment of an Act making appropriations for the District of Columbia for such year, whichever occurs later, such funds as have been appropriated to the District of Columbia Scholarship Fund for the fiscal year in which such disbursement is made.

(8) AVAILABILITY.—Funds authorized to be appropriated under this Act shall remain available until expended.

(9) USES.—Funds authorized to be appropriated under this Act shall be used by the Corporation in a prudent and financially responsible manner, solely for scholarships, contracts, and administrative costs.

(10) AUTHORIZATION.—

(A) IN GENERAL.—There are authorized to be appropriated to the District of Columbia Scholarship Fund—

(i) $7,000,000 for fiscal year 1998;

(ii) $8,000,000 for fiscal year 1999; and

(iii) $10,000,000 for each of fiscal years 2000 through 2002.

(B) LIMITATION.—Not more than 7.5 percent of the amount appropriated to carry out this Act for any fiscal year may be used by the Corporation for salaries and administrative costs.

(b) ORGANIZATION AND MANAGEMENT; BOARD OF DIRECTORS.—

(1) BOARD OF DIRECTORS; MEMBERSHIP.—

(A) IN GENERAL.—The Corporation shall have a Board of Directors (referred to in this Act as the ''Board''), comprised of 7 members with 6 members of the Board appointed by the President not later than 30 days after receipt of nominations from the Speaker of the House of Representatives and the Majority Leader of the Senate.

(B) HOUSE NOMINATIONS.—The President shall appoint 3 of the members from a list of 9 individuals nominated by the Speaker of the House of Representatives in consultation with the Minority Leader of the House of Representatives.

(C) SENATE NOMINATIONS.—The President shall appoint 3 members from a list of 9 individuals nominated by the Majority Leader of the Senate in consultation with the Minority Leader of the Senate.

(D) DEADLINE.—The Speaker of the House of Representatives and Majority Leader of the Senate shall submit their nominations to the President not later than 30 days after the date of the enactment of this Act.

(E) APPOINTEE OF MAYOR.—The Mayor shall appoint 1 member of the Board not later than 60 days after the date of the enactment of this Act.

(F) POSSIBLE INTERIM MEMBERS.—If the President does not appoint the 6 members of the Board in the 30-day period described in subparagraph (A), then the Speaker of the House of Representatives and the Majority Leader of the Senate shall each appoint 2 members of the Board, and the Minority Leader of the House of Representatives and the Minority Leader of the Senate shall each appoint 1 member of the Board, from among the individuals nominated pursuant to subparagraphs (A) and (B), as the case may be. The appointees under the preceding sentence together with the appointee of the Mayor, shall serve as an interim Board with all the powers and other duties of the Board described in this Act, until the President makes the appointments as described in this subsection.

(2) POWERS.—All powers of the Corporation shall vest in and be exercised under the authority of the Board.

(3) ELECTIONS.—Members of the Board annually shall elect 1 of the members of the Board to be the Chairperson of the Board.

(4) RESIDENCY.—All members appointed to the Board shall be residents of the District of Columbia at the time of appointment and while serving on the Board.

(5) NONEMPLOYEE.—No member of the Board may be an employee of the United States Government or the District of Columbia Government when appointed to or during tenure on the Board, unless the individual is on a leave of absence from such a position while serving on the Board.

(6) INCORPORATION.—The members of the initial Board shall serve as incorporators and shall take whatever steps are necessary to establish the Corporation under the District of Columbia Nonprofit Corporation Act (D.C. Code, sec. 29–501 et seq.).

(7) GENERAL TERM.—The term of office of each member of the Board shall be 5 years, except that any member appointed to fill a vacancy occurring prior to the expiration of the term for which the predecessor was appointed shall be appointed for the remainder of such term.

(8) CONSECUTIVE TERM.—No member of the Board shall be eligible to serve in excess of 2 consecutive terms of 5 years each. A partial term shall be considered as 1 full term. Any vacancy on the Board shall not affect the Board's power, but shall be filled in a manner consistent with this Act.

(9) NO BENEFIT.—No part of the income or assets of the Corporation shall inure to the benefit of any Director, officer, or employee of the Corporation, except as salary or reasonable compensation for services.

(10) POLITICAL ACTIVITY.—The Corporation may not contribute to or otherwise support any political party or candidate for elective public office.

(11) NO OFFICERS OR EMPLOYEES.—The members of the Board shall not, by reason of such membership, be considered to be officers or employees of the United States Government or of the District of Columbia Government.

(12) STIPENDS.—The members of the Board, while attending meetings of the Board or while engaged in duties related to such meetings or other activities of the Board pursuant to this Act, shall be provided a stipend. Such stipend shall be at the rate of $150 per day for which the member of the Board is officially recorded as having worked, except that no member may be paid a total stipend amount in any calendar year in excess of $5,000.

(c) OFFICERS AND STAFF.—

(1) EXECUTIVE DIRECTOR.—The Corporation shall have an Executive Director, and such other staff, as may be appointed by the Board for terms and at rates of compensation, not to exceed level EG–16 of the Educational Service of the District of Columbia, to be fixed by the Board.

(2) STAFF.—With the approval of the Board, the Executive Director may appoint and fix the salary of such additional personnel as the Executive Director considers appropriate.

(3) ANNUAL RATE.—No staff of the Corporation may be compensated by the Corporation at an annual rate of pay greater than the annual rate of pay of the Executive Director.

(4) SERVICE.—All officers and employees of the Corporation shall serve at the pleasure of the Board.

(5) QUALIFICATION.—No political test or qualification may be used in selecting, appointing, promoting, or taking other personnel actions with respect to officers, agents, or employees of the Corporation.

(d) POWERS OF THE CORPORATION.—

(1) GENERALLY.—The Corporation is authorized to obtain grants from, and make contracts with, individuals and with private, State, and Federal agencies, organizations, and institutions.

(2) HIRING AUTHORITY.—The Corporation may hire, or accept the voluntary services of, consultants, experts, advisory boards, and panels to aid the Corporation in carrying out this Act.

(e) FINANCIAL MANAGEMENT AND RECORDS.—

(1) AUDITS.—The financial statements of the Corporation shall be—

(A) maintained in accordance with generally accepted accounting principles for nonprofit corporations; and

(B) audited annually by independent certified public accountants.

(2) REPORT.—The report for each such audit shall be included in the annual report to Congress required by section 11(c).

(f) ADMINISTRATIVE RESPONSIBILITIES.—

(1) SCHOLARSHIP APPLICATION SCHEDULE AND PROCEDURES.—Not later than 30 days after the initial Board is appointed and the first Executive Director of the Corporation is hired under this Act, the Corporation shall implement a schedule and procedures for processing applications for, and awarding, student scholarships under this Act. The schedule and procedures shall include establishing a list of certified eligible institutions, distributing scholarship information to parents and the general public (including through a newspaper of general circulation), and establishing deadlines for steps in the scholarship application and award process.

(2) INSTITUTIONAL APPLICATIONS AND ELIGIBILITY.—

(A) IN GENERAL.—An eligible institution that desires to participate in the scholarship program under this Act shall file an application with the Corporation for certification for participation in the scholarship program under this Act that shall—

(i) demonstrate that the eligible institution has operated with not less than 25 students during the 3 years preceding the year for which the determination is made unless the eligible institution is applying for certification as a new eligible institution under subparagraph (C);

(ii) contain an assurance that the eligible institution will comply with all applicable requirements of this Act;

(iii) contain an annual statement of the eligible institution's budget; and

(iv) describe the eligible institution's proposed program, including personnel qualifications and fees.

(B) CERTIFICATION.—

(i) IN GENERAL.—Except as provided in subparagraph (C), not later than 60 days after receipt of an application in accordance with subparagraph (A), the Corporation shall certify an eligible institution to participate in the scholarship program under this Act.

(ii) CONTINUATION.—An eligible institution's certification to participate in the scholarship program shall continue unless such eligible institution's certification is revoked in accordance with subparagraph (D).

(C) NEW ELIGIBLE INSTITUTION.—

(i) IN GENERAL.—An eligible institution that did not operate with at least 25 students in the 3 years preceding the year for which the determination is made may apply for a 1-year provisional certification to participate in the scholarship program under this Act for a single year by providing to the Corporation not later than July 1 of the year preceding the year for which the determination is made—

(I) a list of the eligible institution's board of directors;

(II) letters of support from not less than 10 members of the community served by such eligible institution;

(III) a business plan;

(IV) an intended course of study;

(V) assurances that the eligible institution will begin operations with not less than 25 students;

(VI) assurances that the eligible institution will comply with all applicable requirements of this Act; and

(VII) a statement that satisfies the requirements of clauses (ii) and (iv) of subparagraph (A).

(ii) CERTIFICATION.—Not later than 60 days after the date of receipt of an application described in clause (i), the Corporation shall certify in writing the eligible institution's provisional certification to participate in the scholarship program under this Act unless the Corporation determines that good cause exists to deny certification.

(iii) RENEWAL OF PROVISIONAL CERTIFICATION.—After receipt of an application under clause (i) from an eligible institution that includes a statement of the eligible institution's budget completed not earlier than 12 months before the date such application is filed, the Corporation shall renew an eligible institution's provisional certification for the second and third years of the school's participation in the scholarship program under this Act unless the Corporation finds—

(I) good cause to deny the renewal, including a finding of a pattern of violation of requirements described in paragraph (3)(A); or

(II) consistent failure of 25 percent or more of the students receiving scholarships under this Act and attending such school to make appropriate progress (as determined by the Corporation) in academic achievement.

(iv) DENIAL OF CERTIFICATION.—If provisional certification or renewal of provisional certification under this subsection is denied, then the Corporation shall provide a written explanation to the eligible institution of the reasons for such denial.

(D) REVOCATION OF ELIGIBILITY.—

(i) IN GENERAL.—The Corporation, after notice and hearing, may revoke an eligible institution's certification to participate in the scholarship program under this Act for a year succeeding the year for which the determination is made for—

(I) good cause, including a finding of a pattern of violation of program requirements described in paragraph (3)(A); or

(II) consistent failure of 25 percent or more of the students receiving scholarships under this Act and attending such school to make appropriate progress (as determined by the Corporation) in academic achievement.

(ii) EXPLANATION.—If the certification of an eligible institution is revoked, the Corporation shall provide a written explanation of the Corporation's decision to such eligible institution and require a pro rata refund of the proceeds of the scholarship funds received under this Act.

(3) PARTICIPATION REQUIREMENTS FOR ELIGIBLE INSTITUTIONS.—

(A) REQUIREMENTS.—Each eligible institution participating in the scholarship program under this Act shall—

(i) provide to the Corporation not later than June 30 of each year the most recent annual statement of the eligible institution's budget; and

(ii) charge a student that receives a scholarship under this Act not more than the cost of tuition and mandatory fees for, and transportation to attend, such eligible institution as other students who are residents of the District of Columbia and enrolled in such eligible institution.

(B) COMPLIANCE.—The Corporation may require documentation of compliance with the requirements of subparagraph (A), but neither the Corporation nor any governmental entity may impose requirements upon an eligible institution as a condition for participation in the scholarship program under this Act, other than requirements established under this Act.

SEC. 4. SCHOLARSHIPS AUTHORIZED.

(a) ELIGIBLE STUDENTS.—The Corporation is authorized to award tuition scholarships under subsection (c)(1) and enhanced achievement scholarships under subsection (c)(2) to students in kindergarten through grade 12—

(1) who are residents of the District of Columbia; and

(2) whose family income does not exceed 185 percent of the poverty line.

(b) SCHOLARSHIP PRIORITY.—

(1) FIRST.—The Corporation first shall award scholarships to students described in subsection (a) who—

(A) are enrolled in a District of Columbia public school or preparing to enter a District of Columbia public kindergarten, except that this subparagraph shall apply only for academic years 1997–1998, 1998–1999, and 1999–2000; or

(B) have received a scholarship from the Corporation for the academic year preceding the academic year for which the scholarship is awarded.

(2) SECOND.—If funds remain for a fiscal year for awarding scholarships after awarding scholarships under paragraph (1), the Corporation shall award scholarships to students who are described in subsection (a), not described in paragraph (1), and otherwise eligible for a scholarship under this Act.

(3) LOTTERY SELECTION.—The Corporation shall award scholarships to students under this subsection using a lottery selection process whenever the amount made available to carry out this Act for a fiscal year is insufficient to award a scholarship to each student who is eligible to receive a scholarship under this Act for the fiscal year.

(c) USE OF SCHOLARSHIP.—

(1) TUITION SCHOLARSHIPS.—A tuition scholarship may be used for the payment of the cost of the tuition and mandatory fees for, and transportation to attend, an eligible institution located within the geographic boundaries of the District of Columbia; Montgomery County, Maryland; Prince Georges County, Maryland; Arlington County, Virginia; Alexandria City, Virginia; Falls Church City, Virginia; Fairfax City, Virginia; or Fairfax County, Virginia.

(2) ENHANCED ACHIEVEMENT SCHOLARSHIP.—An enhanced achievement scholarship may be used only for the payment of the costs of tuition and mandatory fees for, and transportation to attend, a program of instruction provided by an eligible institution which enhances student achievement of the core curriculum and is operated outside of regular school hours to supplement the regular school program.

(e) NOT SCHOOL AID.—A scholarship under this Act shall be considered assistance to the student and shall not be considered assistance to an eligible institution.

SEC. 5. SCHOLARSHIP AWARDS.

(a) AWARDS.—From the funds made available under this Act, the Corporation shall award a scholarship to a student and make scholarship payments in accordance with section 6.

(b) NOTIFICATION.—Each eligible institution that receives the proceeds of a scholarship payment under subsection (a) shall notify the Corporation not later than 10 days after—

(1) the date that a student receiving a scholarship under this Act is enrolled, of the name, address, and grade level of such student;

(2) the date of the withdrawal or expulsion of any student receiving a scholarship under this Act, of the withdrawal or expulsion; and

(3) the date that a student receiving a scholarship under this Act is refused admission, of the reasons for such a refusal.

(c) TUITION SCHOLARSHIP.—

(1) EQUAL TO OR BELOW POVERTY LINE.—For a student whose family income is equal to or below the poverty line, a tuition scholarship may not exceed the lesser of—

(A) the cost of tuition and mandatory fees for, and transportation to attend, an eligible institution; or

(B) $3,200 for fiscal year 1998, with such amount adjusted in proportion to changes in

the Consumer Price Index for all urban consumers published by the Department of Labor for each of fiscal years 1999 through 2002.

(2) ABOVE POVERTY LINE.—For a student whose family income is greater than the poverty line, but not more than 185 percent of the poverty line, a tuition scholarship may not exceed the lesser of—

(A) 75 percent of the cost of tuition and mandatory fees for, and transportation to attend, an eligible institution; or

(B) $2,400 for fiscal year 1998, with such amount adjusted in proportion to changes in the Consumer Price Index for all urban consumers published by the Department of Labor for each of fiscal years 1999 through 2002.

(d) ENHANCED ACHIEVEMENT SCHOLARSHIP.—An enhanced achievement scholarship may not exceed the lesser of—

(1) the costs of tuition and mandatory fees for, and transportation to attend, a program of instruction at an eligible institution; or

(2) $500 for 1998, with such amount adjusted in proportion to changes in the Consumer Price Index for all urban consumers published by the Department of Labor for each of fiscal years 1999 through 2002.

SEC. 6. SCHOLARSHIP PAYMENTS.

(a) PAYMENTS.—The Corporation shall make scholarship payments to the parent of a student awarded a scholarship under this Act.

(b) DISTRIBUTION OF SCHOLARSHIP FUNDS.—Scholarship funds may be distributed by check, or another form of disbursement, issued by the Corporation and made payable directly to a parent of a student awarded a scholarship under this Act. The parent may use the scholarship funds only for payment of tuition, mandatory fees, and transportation costs as described in this Act.

(c) PRO RATA AMOUNTS FOR STUDENT WITHDRAWAL.—If a student receiving a scholarship under this Act withdraws or is expelled from an eligible institution after the proceeds of a scholarship is paid to the eligible institution, then the eligible institution shall refund to the Corporation on a pro rata basis the proportion of any such proceeds received for the remaining days of the school year. Such refund shall occur not later than 30 days after the date of the withdrawal or expulsion of the student.

SEC. 7. CIVIL RIGHTS.

(a) IN GENERAL.—An eligible institution participating in the scholarship program under this Act shall not discriminate on the basis of race, color, national origin, or sex in carrying out the provisions of this Act.

(b) APPLICABILITY AND CONSTRUCTION WITH RESPECT TO DISCRIMINATION ON THE BASIS OF SEX.—

(1) APPLICABILITY.—With respect to discrimination on the basis of sex, subsection (a) shall not apply to an eligible institution that is controlled by a religious organization if the application of subsection (a) is inconsistent with the religious tenets of the eligible institution.

(2) CONSTRUCTION.—With respect to discrimination on the basis of sex, nothing in subsection (a) shall be construed to require any person, or public or private entity to provide or pay, or to prohibit any such person or entity from providing or paying, for any benefit or service, including the use of facilities, related to an abortion. Nothing in the preceding sentence shall be construed to permit a penalty to be imposed on any person or individual because such person or individual is seeking or has received any benefit or service related to a legal abortion.

(3) SINGLE-SEX SCHOOLS, CLASSES, OR ACTIVITIES.—With respect to discrimination on the basis of sex, nothing in subsection (a) shall be construed to prevent a parent from choosing, or an eligible institution from offering, a single-sex school, class, or activity.

(c) REVOCATION.—Notwithstanding section 3(f)(2)(D), if the Corporation determines that an eligible institution participating in the scholarship program under this Act is in violation of subsection (a), then the Corporation shall revoke such eligible institution's certification to participate in the program.

SEC. 8. CHILDREN WITH DISABILITIES.

Nothing in this Act shall affect the rights of students, or the obligations of the District of Columbia public schools, under the Individuals with Disabilities Education Act (20 U.S.C. 1400 et seq.).

SEC. 9. RULE OF CONSTRUCTION.

(a) IN GENERAL.—Nothing in this Act shall be construed to prevent any eligible institution which is operated by, supervised by, controlled by, or connected to, a religious organization from employing, admitting, or giving preference to, persons of the same religion to the extent determined by such institution to promote the religious purpose for which the eligible institution is established or maintained.

(b) SECTARIAN PURPOSES.—Nothing in this Act shall be construed to prohibit the use of funds made available under this Act for sectarian educational purposes, or to require an eligible institution to remove religious art, icons, scripture, or other symbols.

SEC. 10. REPORTING REQUIREMENTS.

(a) IN GENERAL.—An eligible institution participating in the scholarship program under this Act shall report to the Corporation not later than July 30 of each year in a manner prescribed by the Corporation, the following data:

(1) Student achievement in the eligible institution's programs.

(2) Grade advancement for scholarship students.

(3) Disciplinary actions taken with respect to scholarship students.

(4) Graduation, college admission test scores, and college admission rates, if applicable for scholarship students.

(5) Types and amounts of parental involvement required for all families of scholarship students.

(6) Student attendance for scholarship and nonscholarship students.

(7) General information on curriculum, programs, facilities, credentials of personnel, and disciplinary rules at the eligible institution.

(8) Number of scholarship students enrolled.

(9) Such other information as may be required by the Corporation for program appraisal.

(b) CONFIDENTIALITY.—No personal identifiers may be used in such report, except that the Corporation may request such personal identifiers solely for the purpose of verification.

SEC. 11. PROGRAM APPRAISAL.

(a) STUDY.—Not later than 4 years after the date of enactment of this Act, the Comptroller General shall enter into a contract, with an evaluating agency that has demonstrated experience in conducting evaluations, for an independent evaluation of the scholarship program under this Act, including—

(1) a comparison of test scores between scholarship students and District of Columbia public school students of similar backgrounds, taking into account the students' academic achievement at the time of the award of their scholarships and the students' family income level;

(2) a comparison of graduation rates between scholarship students and District of Columbia public school students of similar backgrounds, taking into account the students' academic achievement at the time of the award of their scholarships and the students' family income level;

(3) the satisfaction of parents of scholarship students with the scholarship program; and

(4) the impact of the scholarship program on the District of Columbia public schools, including changes in the public school enrollment, and any improvement in the academic performance of the public schools.

(b) PUBLIC REVIEW OF DATA.—All data gathered in the course of the study described in subsection (a) shall be made available to the public upon request except that no personal identifiers shall be made public.

(c) REPORT TO CONGRESS.—Not later than September 1 of each year, the Corporation shall submit a progress report on the scholarship program to the appropriate committees of Congress. Such report shall include a review of how scholarship funds were expended, including the initial academic achievement levels of students who have participated in the scholarship program.

(d) AUTHORIZATION.—There are authorized to be appropriated for the study described in subsection (a), $250,000, which shall remain available until expended.

SEC. 12. JUDICIAL REVIEW.

(a) JURISDICTION.—

(1) IN GENERAL.—The United States District Court for the District of Columbia shall have jurisdiction in any action challenging the constitutionality of the scholarship program under this Act and shall provide expedited review.

(2) STANDING.—The parent of any student eligible to receive a scholarship under this Act shall have standing in an action challenging the constitutionality of the scholarship program under this Act.

(b) APPEAL TO SUPREME COURT.—Notwithstanding any other provision of law, any order of the United States District Court for the District of Columbia which is issued pursuant to an action brought under subsection (a) shall be reviewable by appeal directly to the Supreme Court of the United States.

SEC. 13. APPROPRIATION OF INITIAL FEDERAL CONTRIBUTION TO FUND.

There are hereby appropriated, out of any money in the Treasury not otherwise appropriated, $7,000,000 for the District of Columbia Scholarship Fund.

SEC. 14. EFFECTIVE DATE.

This Act shall be effective for each of the fiscal years 1998 through 2002.

The SPEAKER pro tempore. Pursuant to House Resolution 413, the gentleman from Texas (Mr. ARMEY) and a Member opposed, the gentlewoman from the District of Columbia (Ms. NORTON), each will control 1 hour.

The Chair recognizes the gentleman from Texas (Mr. ARMEY).

Mr. ARMEY. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, S. 1502 represents a legislative effort that was first introduced in this body in 1995 by former Representative Steve Gunderson from Wisconsin. We have continued to introduce this bill and consider it off and on, most recently in this body as an amendment to the D.C. appropriations bill last year. The bill was passed in the other body at the close of last year's session and has been available to the House for consideration at the desk since that time.

Mr. Speaker, what this legislation does is provide $7 million worth of additional funding to the Washington,

D.C. School District specifically for the assistance of low-income families in the District, that they might have greater ability within their own family to provide educational opportunities for their children.

In the first half of the bill, we make available for 2,000 Washington, D.C. families scholarships for up to $3,200 available by random selection to low-income families in D.C. It is important that we emphasize that these scholarships are available only to lower income families of D.C., so that they may be able with those scholarships to exercise the same choice and discretion over the education of their children as is done regularly in this city by wealthy families.

D.C., as my colleagues know, is an interesting city in that while it has some outstanding schools, it has other schools that are in fact tragic failures for the children. All too often those children that are left in these difficult schools are the children of the very poorest citizens of the District. D.C. is a city where you have a contrast of affluence as over and against low-income families, where the higher income families all too often exercise the prerogatives made available to them by their higher incomes to take their children to nonpublic educational facilities and to move their children around. We think that that opportunity should not be an opportunity that exists only in the hands of wealthy people but should be made available to each child. We believe that each and every child is God's child and should have as much opportunity.

We have also had an opportunity by working with families through the efforts of the privately funded Washington Scholarship Fund and other efforts such as my own effort in Tools for Tomorrow to meet with the children and to meet with their parents. We see the frustration, we see the concern, we see the hope for these. Indeed, the Washington Scholarship Fund just a few months ago announced in D.C. without fanfare and without any marketing effort that there would be an additional 1,000 scholarships available to low-income families.

□ 1200

By word of mouth this information passed through the neighborhoods, and before long they had almost 8,000 applicants. Yesterday, the 1,000 scholarships were announced as they were selected randomly, and 1,000 of these almost 8,000 families had a great joy in their lives that is reported in the morning's paper. So that we ask initially in this bill to make that opportunity available to an additional 2,000 families.

Second part of this bill makes possible for an additional 2,000 families to use scholarship resources from this special fund of new money for the purposes of hiring tutors and mentors for their children and for the purposes of acquiring educational facilities for their children to supplement the almost frightening deficiencies that we all too often find in the schools.

This is a situation where the need is clearly demonstrated, the desire to do better is clearly demonstrated on the part of a large number of families. The children are there, and the children are anxiously awaiting the opportunity that we can make to them, and the educational slots in the over 80 schools are there and available to the children. Since this is new money added to the D.C. education budget, it is inconceivable to me that anybody could oppose the Congress of the United States with its unique jurisdictional relationship to this city making this opportunity available to these children.

In closing my remarks, let me say very emphatically, Madam Speaker, as emphatically as I may, this legislative effort, this $7 million, these 2,000 scholarships, these 2,000 attendant scholarships are not about politics, they are not about my party, they are not about their party, they are certainly not about me, for I will never be hunting a vote in this city. They are about the children and, quite frankly, only about the children.

And I guess the question that I would put before this body in my opening remarks is, are we willing to put other things second to the children? Can we rise to the occasion of simply looking at the children, seeing their beautiful little faces, with their hope and their optimism, and say there is no consideration that we can weigh against that?

Nothing can be as great as the needs of these children and our commitment to them.

Madam Speaker, I reserve the balance of my time.

Ms. NORTON. Madam Speaker, I yield myself such time as I may consume.

Madam Speaker, let me begin by briefly explaining what S. 1502, the D.C. Voucher Bill before us this morning, would do. The bill would divert $7 million from the Federal Treasury in fiscal year 1998 and $45 million over 5 years and funnel these resources to religious and private schools. The bill not only diverts funds from the Treasury, where they might be available for public schools, S. 1502 also potentially diverts money from the District of Columbia. Under the bill, religious and private schools in Virginia and Maryland could receive students with tuition paid by D.C. vouchers.

S. 1502 also would create a new unheard of, unprecedented layer of bureaucracy. Instead of delegating the task of administering this voucher program to an existing institution or to a pro bono organization, an entirely new bureaucracy costing $500,000 annually is required by the bill. A corporation, consisting entirely of political appointees not responsible to D.C. residents or even to the parents involved, would be responsible for administering the voucher program and disbursing the federal funds.

Despite the fact that these are local schools, almost none of these appointments would be made by a local official. Of the seven appointees, only one would be appointed by a D.C. official. The remaining six would be appointed by the President of the United States, but even he would have to make his appointments from lists submitted by the Speaker of the House and the Majority Leader of the Senate, none of whom have been elected by any parent or any resident in the District of Columbia.

Since these appointees are simply distributing vouchers, it is not clear why it is appropriate for the task to be done by political appointees at all.

Although home rule has been regularly violated ever since its inception in 1974, total Federal control over the mere administration of such a local program is without precedent and is completely at odds with principles of devolution espoused by the Republican majority.

Astonishingly, these appointees would each be paid up to $5,000, although the vouchers they would be distributing range from only $3,200 for tuition to $500 for tutoring. At best, the bill would allow only 3 percent of D.C. public school students, 2,000 out of nearly 80,000, to apply for vouchers to attend religious and private schools. There is no requirement that these schools take these students and no requirement that these schools make any effort to retain these students or work to eliminate any problems they may have instead of expelling them, as is required of the public schools. Choice, therefore, would not rest with the parents but with the religious and private schools that will apply their own standards for admission and retention of each child.

The bill erodes antidiscrimination laws such as title VI, title IX and the Age Discrimination Act by providing that, despite the Federal subsidies to the schools, vouchers are not State aid for purposes of the bill. Although the bill contains an antidiscrimination provision, a person who suffers discrimination would be deprived of the Federal enforcement mechanism available to public school students and would be without any administrative mechanism to enforce her civil rights. Her only recourse would be to file a costly civil suit in Federal court, a remedy virtually unavailable to the low-income families to whom these vouchers are directed.

In addition, the bill expressly permits tax dollars to support sex discrimination by funding single sex programs. There are no safeguards in the bill to prevent a cottage industry of new and untested religious and private schools from competing for and receiving these federally funded vouchers. There is no provision for accountability for the funds to the Federal Government which grants them or accountability to anyone else.

The sponsors of S. 1502 identify the Cleveland voucher program as a model for their bill. That program is almost identical. It had 2,000 students, and the

amounts were roughly comparable, $2,500 vouchers for tuition and $260 tutoring vouchers per student. An evaluation commission by the State of Ohio found, and I am quoting, If the background and demographic factors, including previous achievement, are accounted for, there are no significant differences in third grade achievement between the scholarship students and their Cleveland school peers, end quote.

In no academic subject, reading, mathematics, social studies or science, did the voucher students do any better than their public school peers. Central to the Cleveland program was a feature that its framers hoped would save its constitutionality. As with the D.C. vouchers, the funds would go to the parent, not the religious school. However, in 1997, the Court of Appeals of Ohio, relying both on the State constitution and the Constitution of the United States, ruled that publicly funded vouchers were unconstitutional because they violate the first amendment requirement that State funds and actions not be entangled with the operations of religiously sponsored programs.

The Ohio court held, and I am quoting, Because the scholarship program provides direct and substantial nonneutral government aid to sectarian schools, we hold that it has the primary effect of advancing religion in violation of the establishment clause, end quote.

The only other court to rule on vouchers, the Wisconsin Court of Appeals, reached the same conclusion and went even further. That court noted that even though, quote, some parents of students participating in the program may have their children exempted from religious activities at sectarian schools, that does not alter the fact that money drawn from the State treasury would underwrite precisely those activities for other program students, end quote.

The Ohio court was unanimous, and the Wisconsin court decision was four to one, both striking down publicly funded vouchers like those before us on constitutional grounds.

These decisions protect religion as much as the government in order to assure that complete freedom from government regulation, oversight and accountability is always the case for religious institutions in our country. Moreover, ever since President Clinton has been in office, he has consistently opposed vouchers on the principle that public funds should go to public schools. Because this bill represents an attempt to gain a foothold in the federal budget and begin a drain of Federal resources to religious and private schools, S. 1502 will be vetoed. The statement of policy delivered this morning said, and I quote, If this bill were presented to the President, the President's senior advisers would recommend that the bill be vetoed, end quote.

Thus, the bill before us has little chance of becoming law, because virtually identical bills have been found unconstitutional and because the President of the United States has promised a veto. Unfortunately, the D.C. students who applied were not told of these impediments and have had their hopes raised. This is at least the third attempt by the Republican majority to impose vouchers on the District of Columbia, a jurisdiction powerless to stop them because the District has no representation in the Senate and because the vote on the House floor that I won square and fair and that the federal courts said was entirely constitutional in the 103rd Congress was taken from me when the Republicans assumed the majority in the 104th Congress.

District residents, like their Congresswoman, have been very critical of their public schools, but our residents identify strongly with their public schools and are determined to strengthen them. In 1996, the Control Board took drastic action in ousting the elected school board and imposing an entirely new regime precisely for the purpose of forging a top-to-bottom reform of the public school system.

A new superintendent from Seattle, Washington, Arlene Ackerman, has just initiated a dramatic revitalization designed to rapidly raise student achievements. For example, D.C. students are to read 25 books or the equivalent next year. I challenge every Member of the House to see to it that every child in their districts reads even half that many books next year.

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The Summer Stars program (Students and Teachers Achieving Results), will make D.C. one of the very first jurisdictions in the United States to eliminate social promotion by putting in its place a program not only to remediate as many as 20,000 children this summer, but also to catch others before failure sets in. To their credit, President Clinton and the Department of Education have funded half of the $10 million required to fund this innovative program. Although this is just the kind of radical change Congress has been calling for, no congressional funds have been offered to fund any part of this effort. Suggestions that congressional support would greatly assist this program have fallen on deaf ears.

District of Columbia residents, like the residents who participated in all the 19 other statewide referenda, have rejected public subsidies for religious and private schools. The other jurisdictions are, Alaska, California, Colorado, Idaho, Maryland, Massachusetts, Michigan, Missouri, Nebraska, New York, Oregon, Utah, and Washington State. In five States where two referenda were held, California, Maryland, Massachusetts, Oregon and Washington, voucher proponents lost worse on the second vote than they did on the first. In all, there have been 20 statewide referenda and 20 resounding defeats.

In the District of Columbia, public subsidies for private and religious schools lost by the largest margin, 9 to 1, and yet this Member, over her objection, is faced with this bill, this afternoon.

As many as 7,500 low-income families have applied for scholarships in the District. This response is entirely natural and predictable. There are few low-income, or, for that matter, middle-income families in cities or suburbs today who would not come forward if they saw full-page advertisements in the newspapers and TV commercials calling for people to come and get free scholarships to go to private or religious schools. Private schools, whether in city or suburb today, usually have a better reputation than corresponding public schools.

The District of Columbia schools are in very poor condition, and I challenge any Member of this body to have the knowledge of how poor, to have been more critical or to have tried harder to raise them. But these schools mirror the condition of virtually every big-city school system in the country, no better and no worse. In fact, the $7,000 per pupil expenditure in the District is the second lowest in the region. In this region, for example, the city of Alexandria, I say to the gentleman from Virginia (Mr. MORAN), has a per pupil expenditure of $9,000, while my schools have $7,000.

As the District is showing, there are ways to rapidly accelerate reform of schools, but there are also ways to rescue children today while D.C. schools are being fixed. Just yesterday, two philanthropists contributed $6 million in private funds for scholarships for District kids like those who have applied for these vouchers, which every Member in this body knows will not be available. I stand ready to work with the majority, not only on District school reform, as I did on the D.C. charter bill in 1996, and the Riggs-Roemer charter bill last year; I stand ready to work with the majority again, and I welcome their assistance in selecting any approach that must have their agreement as much as mine.

The reading teachers for the lowest performing schools and the Porter-Obey program that I attempted to offer as a substitute for this voucher bill is but one example. I will go further. I am prepared to help raise private funds for private school students. In short, I am prepared to work with my colleagues in a collegial and bipartisan approach to improve schools in my district. I ask them to remember and to respect that it may be your capital of the United States, but it is my district. In the spirit of devolution, of local control, and the deference routinely afforded other Members, I ask that in seeking to help the families I represent, you work through me and with me. You will find me a willing and amiable partner.

Madam Speaker, I reserve the balance of my time.

Mr. ARMEY. Madam Speaker, I yield 1 minute to the gentleman from Florida (Mr. MILLER), a distinguished educator.

Mr. MILLER of Florida. Madam Speaker, I rise today in strong support of the gentleman from Texas (Mr. ARMEY)'s bill to save the D.C. schoolchildren. D.C. schoolchildren deserve a chance to succeed. No one debates that simple fact. However, it takes courage to overcome the obstacles that stand in the way of so many children in the District.

Some argue that by just giving more money, we can solve the problems, but if money was the answer, the D.C. school system should be among America's best. The sad truth is that the D.C. schools are among America's worst.

The D.C. youngsters attend schools of despair where they are more likely to encounter drugs or violence than an opportunity to succeed. We have the power to change that, but it takes courage to vote with one's heart and not the politically easy vote. The cynics sitting there wringing their hands and promising to reform the system from within are not helping any children. All they are doing is helping the teachers' union continue the downward spiral of education in this Nation's capital.

Today, we must all show the courage to save the children by taking on the status quo. We must vote to save the kids. Support the bill.

Ms. NORTON. Madam Speaker, I yield 2 minutes to the gentleman from Ohio (Mr. STOKES).

Mr. STOKES. Madam Speaker, I thank the gentlewoman from the District of Columbia for yielding me this time. I want to take a moment just to congratulate her for the extraordinary leadership she has been giving to all of us on this issue.

Madam Speaker, I know from experience that school voucher programs are expensive, they do not work, and as the Ohio Court of Appeals determined, they are unconstitutional. A State-supported voucher initiative in my district which the Republicans have heralded as a success has been little benefit to the low-income students it was intended to reach. In fact, a recently released independent audit and evaluation of the Cleveland school program brought to light several critical facts about the program that should be considered in this debate.

The audit found a flood of management flaws, including problems that ranged from the widespread and very costly use of taxis to transport kids to and from school, to the failure to verify financial eligibility, to inadequate measures to monitor student attendance.

The audit shows a 41 percent cost overrun in the Cleveland voucher program that has resulted in this school year's costs being pushed from $7.1 million to $10 million. The cause of this misspending of State tax dollars includes the fact that approximately 36 percent of the nearly 3,000 voucher students used taxis to get to their private schools, costing $18 to $15 a day and totaling nearly $1.5 million. In addition, taxi companies charged the State even when students were absent if the parents did not notify the companies in advance.

Madam Speaker, I am a product of the Cleveland public schools. I walked 3 miles to school every day. That education I got in the Cleveland public school system enables me to be able to stand here in the well of the House of Representatives today. The results of the evaluation of the Cleveland voucher program show that this program has attracted better achieving students; I urge a no vote on this bill.

Mr. ARMEY. Madam Speaker, I yield 2 minutes to the distinguished gentleman from California (Mr. CUNNINGHAM), an ace fighter pilot and dedicated public schoolteacher.

Mr. CUNNINGHAM. Madam Speaker, I would add my wife is a public school teacher as well with a doctorate degree.

Madam Speaker, I had a high regard for General Julius Becton who led D.C. in an almost impossible task, and have worked with Arlene Ackerman who is going to take his place. But I want to say, Bishop McKinney came, an African American from San Diego, that has a school of at-risk black children in the school system, at-risk children that over 90 percent of them go on to school, and they work with special vouchers in the program.

I live in Washington, D.C., and I have met some good teachers, and I have met where they work to have good schools. That is true in any city, and we can find bad schools in any city. But I want to tell my colleagues, per capita, the schools in D.C. are worse. Sixty years old, the average. They have not done a very good job of managing their own city. Roofs that they had to close down the systems, and I get sick and tired of saying we are going to take money away from public education when we could have saved 35 percent for school construction out of public education by waiving Davis-Bacon to repair and build schools, but would they do it? No, because the unions did not want it. Thirty-five percent saving of money, but they would not even do it. They would not even vote to have the NEA pay its fair share of taxes in D.C. so that that money would go to the school, because, quote, that was a union.

But I want to tell my colleagues, they are behind the power curve. I lived up by the train station. My car was broken into twice. Someone died and was shot right outside the driveway. Two ladies were mugged going into the area. A large portion of the students graduating from D.C. are functionally illiterate, and that is not what we want. We want to give them an opportunity.

Madam Speaker, the wealthy do have a choice. The President, the Vice President, and guess what, the delegate to D.C. have their children in private schools. Give the students that are trapped the same opportunity.

CONFERENCE REPORT ON H.R. 3579, 1998

Mr. LIVINGSTON submitted the following conference report and statement on the bill (H.R. 3579) making emergency supplemental appropriations for the fiscal year ending September 30, 1998, and for other purposes.

CONFERENCE REPORT (H. REPT. 105–504)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 3579) ''making emergency supplemental appropriations for the fiscal year ending September 30, 1998, and for other purposes'' having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

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

In lieu of the matter stricken and inserted by said amendment, insert:

That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, for the fiscal year ending September 30, 1998, and for other purposes, namely:

TITLE I—EMERGENCY SUPPLEMENTAL APPROPRIATIONS FOR THE DEPARTMENT OF DEFENSE

CHAPTER 1

DEPARTMENT OF DEFENSE—MILITARY

MILITARY PERSONNEL

MILITARY PERSONNEL, ARMY

For an additional amount for ''Military Personnel, Army'', $184,000,000: Provided, That such amount is designated by the Congress as an emergency requirement pursuant to section 251(b)(2)(A) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

MILITARY PERSONNEL, NAVY

For an additional amount for ''Military Personnel, Navy'', $22,300,000: Provided, That such amount is designated by the Congress as an emergency requirement pursuant to section 251(b)(2)(A) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

MILITARY PERSONNEL, MARINE CORPS

For an additional amount for ''Military Personnel, Marine Corps'', $5,100,000: Provided, That such amount is designated by the Congress as an emergency requirement pursuant to section 251(b)(2)(A) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

MILITARY PERSONNEL, AIR FORCE

For an additional amount for ''Military Personnel, Air Force'', $10,900,000: Provided, That such amount is designated by the Congress as an emergency requirement pursuant to section 251(b)(2)(A) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

RESERVE PERSONNEL, NAVY

For an additional amount for ''Reserve Personnel, Navy'', $4,100,000: Provided, That such amount is designated by the Congress as an emergency requirement pursuant to section 251(b)(2)(A) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

OPERATION AND MAINTENANCE

OPERATION AND MAINTENANCE, ARMY

For an additional amount for ''Operation and Maintenance, Army'', $1,886,000: Provided, That

such amount is designated by the Congress as an emergency requirement pursuant to section 251(b)(2)(A) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

OPERATION AND MAINTENANCE, NAVY

For an additional amount for ''Operation and Maintenance, Navy'', $48,100,000: Provided, That such amount is designated by the Congress as an emergency requirement pursuant to section 251(b)(2)(A) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

OPERATION AND MAINTENANCE, AIR FORCE

For an additional amount for ''Operation and Maintenance, Air Force'', $27,400,000: Provided, That such amount is designated by the Congress as an emergency requirement pursuant to section 251(b)(2)(A) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

OPERATION AND MAINTENANCE, DEFENSE-WIDE

(INCLUDING TRANSFER OF FUNDS)

For an additional amount for ''Operation and Maintenance, Defense-Wide'', $1,390,000: Provided, That such amount is designated by the Congress as an emergency requirement pursuant to section 251(b)(2)(A) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

For an additional amount for ''Operation and Maintenance, Defense-Wide'', $125,528,000, for emergency expenses resulting from natural disasters in the United States: Provided, That the Secretary of Defense may transfer these funds to current applicable operation and maintenance and working capital funds appropriations, to be merged with and available for the same purposes and for the same time period as the appropriation to which transferred: Provided further, That the transfer authority provided in this provision is in addition to any transfer authority available to the Department of Defense: Provided further, That the entire amount is designated by the Congress as an emergency requirement pursuant to section 251(b)(2)(A) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended: Provided further, That the entire amount shall be available only to the extent that an official budget request for $125,528,000, that includes designation of the entire amount of the request as an emergency requirement as defined in the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, is transmitted by the President to the Congress.

OPERATION AND MAINTENANCE, ARMY RESERVE

For an additional amount for ''Operation and Maintenance, Army Reserve'', $650,000: Provided, That such amount is designated by the Congress as an emergency requirement pursuant to section 251(b)(2)(A) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

OPERATION AND MAINTENANCE, AIR FORCE RESERVE

For an additional amount for ''Operation and Maintenance, Air Force Reserve'', $229,000: Provided, That such amount is designated by the Congress as an emergency requirement pursuant to section 251(b)(2)(A) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

OPERATION AND MAINTENANCE, ARMY NATIONAL GUARD

For an additional amount for ''Operation and Maintenance, Army National Guard'', $175,000: Provided, That such amount is designated by the Congress as an emergency requirement pursuant to section 251(b)(2)(A) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

OVERSEAS CONTINGENCY OPERATIONS TRANSFER FUND

(INCLUDING TRANSFER OF FUNDS)

For an additional amount for ''Overseas Contingency Operations Transfer Fund'', $1,814,100,000, to remain available until expended: Provided, That such amount is designated by the Congress as an emergency requirement pursuant to section 251(b)(2)(A) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended: Provided further, That the Secretary of Defense may transfer these funds to fiscal year 1998 appropriations for operation and maintenance, working capital funds, the Defense Health Program, procurement, and research, development, test and evaluation: Provided further, That the funds transferred shall be merged with and shall be available for the same purposes and for the same time period as the appropriation to which transferred, except that funds made available for or transferred to classified programs shall remain available until September 30, 1999: Provided further, That the transfer authority provided under this heading is in addition to any other transfer authority contained in Public Law 105–56.

REVOLVING AND MANAGEMENT FUNDS

NAVY WORKING CAPITAL FUND

For an additional amount for ''Navy Working Capital Fund'', $23,017,000: Provided, That such amount is designated by the Congress as an emergency requirement pursuant to section 251(b)(2)(A) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

DEFENSE-WIDE WORKING CAPITAL FUND

For an additional amount for ''Defense-Wide Working Capital Fund'', $1,000,000: Provided, That such amount is designated by the Congress as an emergency requirement pursuant to section 251(b)(2)(A) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

OTHER DEPARTMENT OF DEFENSE PROGRAMS

DEFENSE HEALTH PROGRAM

For an additional amount for ''Defense Health Program'', $1,900,000: Provided, That such amount is designated by the Congress as an emergency requirement pursuant to section 251(b)(2)(A) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

GENERAL PROVISIONS—THIS CHAPTER

SECTION 1. In addition to the amounts provided in Public Law 105–56, $36,500,000 is appropriated under the heading ''Overseas Humanitarian, Disaster, and Civic Aid'': Provided, That from the funds made available under that heading, the Secretary of Defense shall make a grant in the amount of $16,500,000 to the American Red Cross for Armed Forces emergency services: Provided further, That from the funds made available under that heading, the Secretary of Defense shall make a grant in the amount of $20,000,000 to the American Red Cross for reimbursement for disaster relief and recovery expenditures at overseas locations: Provided further, That the entire amount shall be available only to the extent that an official budget request for $36,500,000, that includes designation of the entire amount of the request as an emergency requirement as defined in the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, is transmitted by the President to the Congress: Provided further, That the entire amount is designated by the Congress as an emergency requirement pursuant to section 251(b)(2)(A) of such Act.

SEC. 2. Funds appropriated by this Act, or made available by the transfer of funds in this Act, for intelligence activities are deemed to be specifically authorized by the Congress for purposes of section 504 of the National Security Act of 1947 (50 U.S.C. 414).

SEC. 3. In addition to the amounts appropriated to the Department of Defense under Public Law 105–56, there is hereby appropriated $47,000,000 for the ''Reserve Mobilization Income Insurance Fund'', to remain available until expended: Provided, That such amount is designated by the Congress as an emergency requirement pursuant to section 251(b)(2)(A) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended: Provided further, That the entire amount shall be available only to the extent that an official budget request for $47,000,000, that includes designation of the entire amount of the request as an emergency requirement as defined in the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, is transmitted by the President to the Congress.

SEC. 4. The President is urged to encourage other nations who are allies and friends of the United States to contribute to the burden being borne by the United States in preventing the government of Iraq from using Weapons of Mass Destruction, which pose a threat to the world community. The President is also urged to seek financial, in-kind and other contributions to help defray the costs being incurred by the United States in this operation. For this purpose, a special account shall be established in the Treasury which will accept such financial contributions, and from which funds will be subject to obligation through the normal appropriations process. The Secretary of Defense, after consultation with the Secretary of State, shall provide a report to the Congress within 60 days after enactment as to the status of this effort, and shall make a comprehensive account of the efforts made and results obtained to share the burden of the common defense. The Director of the Office of Management and Budget shall report to the Congress within 30 days as to the establishment of such burden-sharing account in the Department of the Treasury.

(INCLUDING TRANSFER OF FUNDS)

SEC. 5. (a) QUALITY ASSURANCE REPORT ON MILITARY HEALTH CARE.—The Secretary of Defense shall appoint an independent panel of experts to evaluate recent measures taken by the Acting Assistant Secretary of Defense for Health Affairs and the Surgeons General of the Army, Navy and Air Force to improve the quality of care provided by the Military Health Services System.

(b) MEMBERSHIP.—(1) The panel shall be composed of nine members appointed by the Secretary of Defense. At least five of those members shall be persons who are highly qualified in the medical arts, have experience in setting health care standards, and possess a demonstrated understanding of the military health care system and its unique mission requirements. The remaining members shall be persons who are current beneficiaries of the Military Health Services System.

(2) The Secretary shall designate one member to serve as chairperson of the panel.

(3) The Secretary shall appoint the members of this panel not later than 45 days after enactment of this Act.

(c) FUNCTIONS OF THE PANEL.—The panel shall review the Department of Defense Access and Quality Improvement Initiative announced in early 1998 (together with other related quality improvement actions) to assess whether all reasonable measures have been taken to ensure that the Military Health Services System delivers health care services in accordance with consistently high professional standards. The panel shall specifically assess actions of the Department to accomplish the following objectives of that initiative and related management actions:

(1) Upgrade professional education and training requirements for military physicians and other health care providers;

(2) Establish ''Centers of Excellence'' for complicated surgical procedures;

(3) Make timely and complete reports to the National Practitioner Data Bank and eliminate associated reporting backlogs;

(4) Assure that Military Health Services System providers are properly licensed and have appropriate credentials;

(5) Reestablish the Quality Management Report to aid in early identification of compliance problems;

(6) Improve communications with beneficiaries to provide comprehensive and objective information on the quality of care being provided;

(7) Strengthen the National Quality Management Program;

(8) Ensure that all laboratory work meets professional standards; and

(9) Ensure the accuracy of patient data and information.

(d) REPORT.—Not later than six months after the date on which the panel is established, the panel shall submit to the Secretary a report setting forth its findings and conclusions, and the reasons therefor, and such recommendations it deems appropriate. The Secretary shall forward the report of the panel to Congress not later than 15 days after the date on which the Secretary receives it, together with the Secretary's comments on the report.

(e) PANEL ADMINISTRATION.—(1) The members of the panel shall be allowed travel expenses, including per diem in lieu of subsistence, at rates authorized by law for employees of agencies while away from their homes or regular places of business in the performance of services for the panel.

(2) Upon request of the chairperson of the panel, the Secretary of Defense may detail to the panel, on a nonreimbursable basis, personnel of the Department of Defense to assist the panel in carrying out its duties. The Secretary of Defense shall furnish to the panel such administrative and support services as may be requested by the chairman of the panel.

(f) PANEL FINANCING.—Of the funds appropriated in Public Law 105–56 for ''Research, Development, Test and Evaluation, Navy'', $4,700,000 shall be transferred to ''Defense Health Program'', to be available through fiscal year 1999, only for administrative costs of this panel and for the express purpose of initiating or accelerating any activity identified by the panel that will improve the quality of health care provided by the Military Health Services System.

(TRANSFER OF FUNDS)

SEC. 6. Of the funds appropriated in Public Law 105–56, under the heading ''Chemical Agents and Munitions Destruction, Defense'' for Operation and maintenance, $40,000,000 shall be transferred to ''Operation and Maintenance, Defense-Wide''.

SEC. 7. (a) Congress urges the President to seek concurrence among the members of the North Atlantic Treaty Organization (NATO) on arrangements that set forth—

(1) the benchmarks for achieving a sustainable peace process that are detailed in the report accompanying the certification that was made by the President to Congress on March 3, 1998;

(2) estimated target dates for achieving the benchmarks; and

(3) a process for NATO to review progress toward achieving the benchmarks.

(b) The President shall submit to Congress—

(1) not later than June 30, 1998, a report on efforts to gain agreement on arrangements described in subsection (a), and such report should include an explanation of the Administration's view of whether it would promote United States interests to adopt firm schedules or deadlines for achieving such benchmarks; and

(2) semiannually after that report, so long as United States ground combat forces continue to participate in the Stabilization Force for Bosnia (SFOR), a report on the progress made toward achieving the benchmarks referred to in subsection (a)(1), including any developments which may affect the ability of the relevant parties to achieve the benchmarks in a timely manner.

(c) The Congress urges the President to ensure that efforts to meet the estimated target dates described in this section do not jeopardize the safety of United States Armed Forces in Bosnia.

(d) The enactment of this section does not reflect approval or disapproval of the benchmarks submitted by the President in the certification to Congress transmitted on March 3, 1998.

SEC. 8. Notwithstanding any other provision of law, in the case of a person who is selected for training in a State program conducted under the National Guard Challenge Program and who obtains a general education diploma in connection with such training, the general education diploma shall be treated as equivalent to a high school diploma for purposes of determining the eligibility of the person for enlistment in the Armed Forces.

SEC. 9. In addition to the amounts provided in Public Law 105–56, $179,000,000 is appropriated under the heading ''Research, Development, Test and Evaluation, Defense-Wide'': Provided, That the additional amount shall be made available for enhancements to selected theater missile defense programs to counter enhanced ballistic missile threats: Provided further, That of the additional amount appropriated, $45,000,000 shall be made available only for the purpose of adjusting the cost-share of the parties under the Agreement between the Department of Defense and the Ministry of Defence of Israel for the Arrow Deployability Program: Provided further, That of the additional amount appropriated, $38,000,000 shall be made available only for the Sea-Based Wide Area Defense (Navy Upper-Tier) Program: Provided further, That the entire amount shall be available only to the extent that an official budget request for $179,000,000, that includes designation of the entire amount of the request as an emergency requirement as defined in the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, is transmitted by the President to the Congress: Provided further, That the entire amount is designated by the Congress as an emergency requirement pursuant to section 251(b)(2)(A) of such Act.

SEC. 10. (a)(1) The Secretary of Defense may enter into a lease or acquire any other interest in the parcels of land described in paragraph (2). The parcels consist in aggregate of approximately 90 acres.

(2) The parcels of land referred to in paragraph (1) are the following land used for the commercial production of cranberries:

(A) The parcels known as the Mashpee bogs, located on the Quashnet River adjacent to the Massachusetts Military Reservation, Massachusetts.

(B) The parcels known as the Falmouth bogs, located on the Coonamessett River adjacent to the Massachusetts Military Reservation, Massachusetts.

(3) The term of any lease or other interest acquired under paragraph (1) may not exceed two years.

(4) Any lease or other real property interest acquired under paragraph (1) shall be subject to such other terms and conditions as are agreed upon jointly by the Secretary and the person or entity entering into the lease or extending the interest.

(b) Of the amounts appropriated or otherwise made available for the Department of Defense for fiscal year 1998, up to $2,000,000 may be available to acquire interest under subsection (a).

SEC. 11. In addition to the amounts provided in Public Law 105–56, $272,500,000 is appropriated under the heading ''Aircraft Procurement, Navy'': Provided, That the additional amount shall be made available only for the procurement of eight F/A–18 aircraft for the United States Marine Corps: Provided further, That the entire amount shall be available only to the extent that an official budget request for $272,500,000, that includes designation of the entire amount of the request as an emergency requirement as defined in the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, is transmitted by the President to the Congress: Provided further, That the entire amount is designated by the Congress as an emergency requirement pursuant to section 251(b)(2)(A) of such Act.

SEC. 12. Funds appropriated in fiscal year 1997, 1998 and hereafter for the Pacific Disaster Center may be obligated to carry out such missions as the Secretary of Defense may specify for disaster information management supporting mitigation, preparedness, response and recovery from this federal facility and assuring critical infrastructure availability and humanitarian assistance at the federal, state, local and regional levels in the geographic area of responsibility of the Commander in Chief, Pacific and beyond in support of the Global Disaster Information Network as appropriate.

(INCLUDING TRANSFER OF FUNDS)

SEC. 13. Of the funds provided in Public Law 105–56 for ''Research, Development, Test and Evaluation, Navy'', $300,000 shall be transferred to ''Operation and Maintenance, Defense-Wide'': Provided, That the Secretary of Defense shall make grants from the ''Operation and Maintenance, Defense-Wide'' account in the total amount of not to exceed $300,000 to the Outdoor Odyssey at Roaring Run to initiate a youth development and leadership program.

SEC. 14. Notwithstanding section 7306 of title 10 United States Code, and any other provision of law, of the funds made available to the Department of the Navy by Public Law 105–56, $3,000,000 may be used only for disposal of residual fuel contained on the U.S.S. Alabama.

SEC. 15. Notwithstanding any other provision of law, funds appropriated for the Defense Health Program for fiscal year 1998 may be used to provide health benefits under section 1086 of title 10, United States Code, to a person who is described in paragraph (1) of subsection (d) of such section, would be eligible for health benefits under such section in the absence of such paragraph (1), and satisfies the requirements of subparagraphs (A) and (B) of paragraph (2) of such subsection (d), if the Secretary of Defense considers that the provision of health benefits under such section is appropriate to ensure health care coverage for such a person who may have been unaware of the termination of the person's eligibility for such health benefits.

(INCLUDING TRANSFER OF FUNDS)

SEC. 16. In addition to the amounts provided in Public Law 105–56, $28,000,000, to remain available until expended, is appropriated and shall be available for deposit in the International Trust Fund of the Republic of Slovenia, Mine Clearance, and Assistance to Mine Victims in Bosnia and Herzegovina (the ''Fund'') and other land mine-affected countries in the region: Provided, That the entire amount shall be available only to the extent an official budget request, for a specific dollar amount, that includes a designation of the entire amount as an emergency requirement as defined in the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, is transmitted to the Congress by the President: Provided further, That the entire amount is designated by the Congress as an emergency requirement pursuant to section 251(b)(2)(A) of such Act: Provided further, That the amount designated as an emergency shall be transferred to the Department of State for administration: Provided further, That such amount may be deposited in the Fund in two equal annual installments, upon emergency designation, only if the President certifies annually to the Congress of the United States that such amounts could be used effectively and for objectives consistent with ongoing efforts to carry out humanitarian demining activities in and around Bosnia: Provided further, That such amount may be deposited in the Fund only to the extent of deposits of matching amounts in that Fund by other governments, entities, or persons.

SEC. 17. It is the sense of the Congress that none of the funds appropriated or otherwise made available by this Act may be made available for the conduct of offensive operations by United States Armed Forces against Iraq for the purpose of obtaining compliance by Iraq with

United Nations Security Council Resolutions relating to inspection and destruction of weapons of mass destruction in Iraq unless such operations are specifically authorized by a law enacted after the date of the enactment of this Act.

SEC. 18. CAVALESE, ITALY AIR TRAGEDY.—The United States Congress expresses regret and extends its deepest sympathies to the families of the victims for the tragic incident involving Marine Corps aircraft near Cavalese, Italy on February 3, 1998. The Secretary of Defense shall make available on a timely basis all legal and other technical assistance necessary to facilitate the expeditious processing and resolution of legitimate claims for wrongful death, loss of business and profits, and property damage under the procedures set forth under the NATO Status of Forces Agreement. The Secretary of Defense shall ensure that any claim to replace the destroyed funicular system before the upcoming winter tourist season be considered on a priority basis.

CHAPTER 2

DEPARTMENT OF DEFENSE—MILITARY CONSTRUCTION

MILITARY CONSTRUCTION, ARMY NATIONAL GUARD

For an additional amount for ''Military Construction, Army National Guard'' to cover costs arising from storm related damage, $3,700,000, to be available only to the extent that an official budget request for a specific dollar amount that includes designation of the entire amount of the request as an emergency requirement as defined in the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, is transmitted by the President to the Congress: Provided, That the entire amount is designated by the Congress as an emergency requirement pursuant to section 251(b)(2)(A) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

FAMILY HOUSING, NAVY AND MARINE CORPS

For an additional amount for ''Family Housing, Navy and Marine Corps'' to cover costs arising from Typhoon Paka related damage, $15,600,000: Provided, That such amount is designated by the Congress as an emergency requirement pursuant to section 251(b)(2)(A) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

For an additional amount for ''Family Housing, Navy and Marine Corps'' to cover costs arising from El Niño related damage, $2,500,000, to be available only to the extent that an official budget request for a specific dollar amount that includes designation of the entire amount of the request as an emergency requirement as defined in the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, is transmitted by the President to the Congress: Provided, That the entire amount is designated by the Congress as an emergency requirement pursuant to section 251(b)(2)(A) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

FAMILY HOUSING, AIR FORCE

For an additional amount for ''Family Housing, Air Force'' to cover costs arising from Typhoon Paka related damage, $1,500,000: Provided, That such amount is designated by the Congress as an emergency requirement pursuant to section 251(b)(2)(A) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

For an additional amount for ''Family Housing, Air Force'' to cover costs arising from El Niño related damage, $900,000, to be available only to the extent that an official budget request for a specific dollar amount that includes designation of the entire amount of the request as an emergency requirement as defined in the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, is transmitted by the President to the Congress: Provided, That the entire amount is designated by the Congress as an emergency requirement pursuant to section 251(b)(2)(A) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

BASE REALIGNMENT AND CLOSURE ACCOUNT, PART III

For an additional amount for ''Base Realignment and Closure Account, Part III'' to cover costs arising from El Niño related damage, $1,020,000, to be available only to the extent that an official budget request for a specific dollar amount that includes designation of the entire amount of the request as an emergency requirement as defined in the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, is transmitted by the President to the Congress: Provided, That the entire amount is designated by the Congress as an emergency requirement pursuant to section 251(b)(2)(A) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

GENERAL PROVISION—THIS CHAPTER

SEC. 20. Notwithstanding any other provision of law, using amounts appropriated in Public Law 104–196 for ''Military Construction, Navy'', for the military construction project for North Island Naval Air Station, California, and contributions (if any) provided by the State of California and local governments to support that project, the Secretary of the Navy, in cooperation with local governments, shall carry out beach replenishment in connection with that project using sand obtained from any location. The contributions (if any) provided by the State of California and local governments shall be available only for beach replenishment activities performed after the date of the enactment of this Act.

TITLE II—EMERGENCY SUPPLEMENTAL APPROPRIATIONS

CHAPTER 1

DEPARTMENT OF AGRICULTURE

FARM SERVICE AGENCY

AGRICULTURAL CREDIT INSURANCE FUND PROGRAM ACCOUNT

For additional gross obligations for the principal amount of emergency insured loans authorized by 7 U.S.C. 1928–1929, to be available from funds in the Agricultural Credit Insurance Fund, for losses in fiscal year 1998 resulting from natural disasters, $87,400,000.

For the additional cost of emergency insured loans, including the cost of modifying loans as defined in section 502 of the Congressional Budget Act of 1974, $21,000,000, to remain available until expended: Provided, That the entire amount shall be available only to the extent that an official budget request for $21,000,000, that includes designation of the entire amount of the request as an emergency requirement as defined in the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, is transmitted by the President to the Congress: Provided further, That the entire amount is designated by the Congress as an emergency requirement pursuant to section 251(b)(2)(A) of such Act.

EMERGENCY CONSERVATION PROGRAM

For an additional amount for the ''Emergency Conservation Program'' for expenses resulting from natural disasters, $30,000,000, to remain available until expended: Provided, That the entire amount shall be available only to the extent that an official budget request for $30,000,000, that includes designation of the entire amount of the request as an emergency requirement as defined in the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, is transmitted by the President to the Congress: Provided further, That the entire amount is designated by the Congress as an emergency requirement pursuant to section 251(b)(2)(A) of such Act.

For an additional amount for the ''Emergency Conservation Program'' to provide cost-sharing assistance to maple producers to replace taps and tubing that were damaged by ice storms in northeastern States in 1998, $4,000,000, to remain available until expended: Provided, That the entire amount shall be available only to the extent that an official budget request for $4,000,000, that includes designation of the entire amount of the request as an emergency requirement as defined in the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, is transmitted by the President to the Congress: Provided further, That the entire amount is designated by the Congress as an emergency requirement pursuant to section 251(b)(2)(A) of such Act.

TREE ASSISTANCE PROGRAM

An amount of $14,000,000 is provided for assistance to replace or rehabilitate trees, excluding trees used for pulp and/or timber, and vineyards damaged by natural disasters: Provided, That the entire amount shall be available only to the extent that an official budget request for $14,000,000, that includes designation of the entire amount of the request as an emergency requirement as defined in the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, is transmitted by the President to the Congress: Provided further, That the entire amount is designated by the Congress as an emergency requirement pursuant to section 251(b)(2)(A) of such Act.

COMMODITY CREDIT CORPORATION FUND

LIVESTOCK DISASTER ASSISTANCE PROGRAM

Effective only for losses incurred beginning on November 27, 1997, through the date of enactment of this Act, $4,000,000 to implement a livestock indemnity program to compensate producers for losses of livestock (including ratites) due to natural disasters designated pursuant to a Presidential or Secretarial declaration requested during such a period in a manner similar to catastrophic loss coverage available for other commodities under 7 U.S.C. 1508(b): Provided, That the entire amount shall be available only to the extent that an official budget request for $4,000,000, that includes designation of the entire amount of the request as an emergency requirement as defined in the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, is transmitted by the President to the Congress: Provided further, That the entire amount is designated by the Congress as an emergency requirement pursuant to section 251(b)(2)(A) of such Act.

DAIRY PRODUCTION DISASTER ASSISTANCE PROGRAM

Effective only for natural disasters beginning on November 27, 1997, through the date of enactment of this Act, $6,800,000 to implement a dairy production indemnity program to compensate producers at a payment rate of $4.00 per hundredweight for losses of milk that had been produced but not marketed or for diminished production (including diminished future production due to mastitis) due to natural disasters designated pursuant to a Presidential or Secretarial declaration requested during such period: Provided, That payments for diminished production shall be determined on a per head basis derived from a comparison to a like production period from the previous year, the disaster period is 180 days starting with the date of the disasters and the payment rate shall be $4.00 per hundredweight of milk: Provided further, That the entire amount shall be available only to the extent that an official budget request for $6,800,000, that includes designation of the entire amount of the request as an emergency requirement as defined in the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, is transmitted by the President to the Congress: Provided further, That the entire amount is designated by the Congress as an emergency requirement pursuant to section 251(b)(2)(A) of such Act.

NATURAL RESOURCES CONSERVATION SERVICE

WATERSHED AND FLOOD PREVENTION OPERATIONS

For an additional amount for ''Watershed and Flood Prevention Operations'' to repair damages to the waterways and watersheds resulting from natural disasters, $80,000,000, to remain available until expended: Provided, That the entire amount shall be available only to the extent that an official budget request for $80,000,000, that includes designation of the entire amount of the request as an emergency requirement as defined in the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, is transmitted by the President to the Congress: Provided further, That the entire amount is designated by the Congress as an emergency requirement pursuant to section 251(b)(2)(A) of such Act.

CHAPTER 2

UNITED STATES INFORMATION AGENCY

INTERNATIONAL BROADCASTING OPERATIONS

For an additional amount for ''International Broadcasting Operations'', $5,000,000, to remain available until September 30, 1999, for a grant to Radio Free Europe/Radio Liberty for surrogate radio broadcasting to the Iraqi people: Provided, That such broadcasting shall be designated ''Radio Free Iraq'': Provided further, That within 30 days of enactment into law of this Act the Broadcasting Board of Governors shall submit a detailed report to the appropriate committees of Congress on plans to establish a surrogate broadcasting service to Iraq: Provided further, That such amount is designated by Congress as an emergency requirement pursuant to section 251(b)(2)(A) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended: Provided further, That the entire amount shall be available only to the extent that an official budget request for a specific dollar amount, that includes designation of the entire amount of the request as an emergency requirement as defined in the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, is transmitted by the President to Congress.

CHAPTER 3

DEPARTMENT OF DEFENSE—CIVIL

DEPARTMENT OF THE ARMY

CORPS OF ENGINEERS—CIVIL

OPERATION AND MAINTENANCE, GENERAL

For emergency repairs due to flooding and other natural disasters, $105,185,000, to remain available until expended, of which such amounts for eligible navigation projects which may be derived from the Harbor Maintenance Trust Fund pursuant to Public Law 99–662, shall be derived from that Fund: Provided, That the entire amount shall be available only to the extent an official budget request for a specific dollar amount that includes designation of the entire amount of the request as an emergency requirement as defined in the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, is transmitted by the President to Congress: Provided further, That the entire amount is designated by Congress as an emergency requirement pursuant to section 251(b)(2)(A) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

DEPARTMENT OF THE INTERIOR

BUREAU OF RECLAMATION

WATER AND RELATED RESOURCES

For an additional amount for ''Water and Related Resources'' to repair damage caused by floods and other natural disasters, $4,520,000, to remain available until expended, which shall be available only to the extent that an official budget request for a specific dollar amount that includes designation of the entire amount of the request as an emergency requirement as defined in the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, is transmitted by the President to Congress: Provided, That the entire amount is designated by Congress as an emergency requirement pursuant to section 251(b)(2)(A) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

CHAPTER 4

DEPARTMENT OF THE INTERIOR

BUREAU OF LAND MANAGEMENT

CONSTRUCTION

For an additional amount for ''Construction'', $1,837,000, to remain available until expended, to repair damage caused by floods and other natural disasters: Provided, That the entire amount shall be available only to the extent that an official budget request that includes designation of the entire amount as an emergency requirement as defined in the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, is transmitted by the President to the Congress: Provided further, That the entire amount is designated by the Congress as an emergency requirement pursuant to section 251(b)(2)(A) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

UNITED STATES FISH AND WILDLIFE SERVICE

CONSTRUCTION

For an additional amount for ''Construction'', $32,818,000, to remain available until expended, to repair damage caused by floods and other natural disasters: Provided, That of such amount, $29,130,000 shall be available only to the extent that an official budget request that includes designation of the entire amount as an emergency requirement as defined in the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, is transmitted by the President to the Congress: Provided further, That the entire amount is designated by the Congress as an emergency requirement pursuant to section 251(b)(2)(A) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

NATIONAL PARK SERVICE

CONSTRUCTION

For an additional amount for ''Construction'' to repair damage caused by floods and other natural disasters, $9,506,000, to remain available until expended: Provided, That the entire amount shall be available only to the extent that an official budget request that includes designation of the entire amount as an emergency requirement as defined in the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, is transmitted by the President to the Congress: Provided further, That the entire amount is designated by the Congress as an emergency requirement pursuant to section 251(b)(2)(A) of such Act.

UNITED STATES GEOLOGICAL SURVEY

SURVEYS, INVESTIGATIONS, AND RESEARCH

For an additional amount for ''Surveys, Investigations, and Research'' for emergency expenses resulting from floods and other natural disasters, $1,198,000, to remain available until expended: Provided, That the entire amount shall be available only to the extent that an official budget request that includes designation of the entire amount as an emergency requirement as defined in the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, is transmitted by the President to the Congress: Provided further, That the entire amount is designated by the Congress as an emergency requirement pursuant to section 251(b)(2)(A) of such Act.

BUREAU OF INDIAN AFFAIRS

CONSTRUCTION

For an additional amount for ''Construction'', $1,065,000, to remain available until expended, of which $700,000 is to repair damage caused by floods and other natural disasters, and $365,000 is for replacement of fixtures and testing for and remediation of Polylchlorinated biphenyls (PCBs) in Bureau of Indian Affairs schools and administrative facilities: Provided, That the entire amount shall be available only to the extent that an official budget request that includes designation of the entire amount as an emergency requirement as defined in the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, is transmitted by the President to the Congress: Provided further, That the entire amount is designated by the Congress as an emergency requirement pursuant to section 251(b)(2)(A) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

DEPARTMENT OF AGRICULTURE

FOREST SERVICE

STATE AND PRIVATE FORESTRY

For an additional amount for ''State and Private Forestry'' for emergency expenses resulting from damages from ice storms, tornadoes and other natural disasters, $48,000,000, to remain available until expended: Provided, That of such amount, $28,000,000 shall be available only to the extent that an official budget request that includes designation of the entire amount as an emergency requirement as defined in the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, is transmitted by the President to the Congress: Provided further, That the entire amount is designated by the Congress as an emergency requirement pursuant to section 251(b)(2)(A) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

NATIONAL FOREST SYSTEM

For an additional amount for the ''National Forest System'' for emergency expenses resulting from damages from ice storms, tornadoes and other natural disasters, $10,461,000, to remain available until expended: Provided, That of such amount, $5,461,000 shall be available only to the extent that an official budget request that includes designation of the entire amount as an emergency requirement as defined in the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, is transmitted by the President to the Congress: Provided further, That the entire amount is designated by the Congress as an emergency requirement pursuant to section 251(b)(2)(A) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

WILDLAND FIRE MANAGEMENT

For an additional amount for ''Wildland Fire Management'' for emergency expenses for forest fire presuppression activities on National Forest System lands, for emergency fire suppression on or adjacent to such lands or other lands under fire protection agreement, and for emergency rehabilitation of burned-over National Forest System lands, in response to damages caused by windstorms in Texas, $2,000,000, to remain available until expended: Provided, That the entire amount shall be available only to the extent that an official budget request that includes designation of the entire amount as an emergency requirement as defined in the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, is transmitted by the President to the Congress: Provided further, That the entire amount is designated by the Congress as an emergency requirement pursuant to section 251(b)(2)(A) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

DEPARTMENT OF ENERGY

STRATEGIC PETROLEUM RESERVE

The paragraph under this head in Public Law 105–83 is amended by inserting before the period, '': Provided further, That the drawdown and sale of oil from the Strategic Petroleum Reserve shall be prohibited to the extent that such actions are determined by the President to be imprudent in light of current market conditions and that an official budget request for a prohibition of the drawdown and sale of oil from the Strategic Petroleum Reserve and including a designation of the entire request and the $207,500,000 of revenue foregone as an emergency requirement as defined in the Balanced

Budget and Emergency Deficit Control Act of 1985, as amended, is transmitted by the President to the Congress: Provided further, That the entire amount is designated by the Congress as an emergency requirement pursuant to section 251(b)(2)(A) of such Act''.

CHAPTER 5

DEPARTMENT OF TRANSPORTATION

FEDERAL HIGHWAY ADMINISTRATION

FEDERAL-AID HIGHWAYS

EMERGENCY RELIEF PROGRAM

(HIGHWAY TRUST FUND)

For an additional amount for the Emergency Relief Program for emergency expenses resulting from floods and other natural disasters, as authorized by 23 U.S.C. 125, $259,000,000, to be derived from the Highway Trust Fund and to remain available until expended: Provided, That the entire amount is designated by Congress as an emergency requirement pursuant to section 251(b)(2)(A) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended: Provided further, That of such amount, $35,000,000 shall be available only to the extent that an official budget request for a specific dollar amount that includes designation of the entire amount of the request as an emergency requirement as defined in such Act is transmitted by the President to the Congress: Provided further, That any obligations for the Emergency Relief Program shall not be subject to the prohibition against obligations in section 2(e)(3)(A) and (D) of the Surface Transportation Extension Act of 1997: Provided further, That 23 U.S.C. 125(b)(1) shall not apply to projects resulting from flooding during the fall of 1997 through the winter of 1998 in California: Provided further, That if sufficient carryover balances for the necessary expenses for administration and operation (including motor carrier safety program operations) of the Federal Highway Administration, the National Highway Traffic Safety Administration, and the Bureau of Transportation Statistics are not available, and pending the reauthorization of the Federal-aid highways program, the Secretary of Transportation may borrow such sums as may be necessary for such expenses from the unobligated balances of discretionary allocations for the Federal-aid highways program made available by this Act.

FEDERAL RAILROAD ADMINISTRATION

EMERGENCY RAILROAD REHABILITATION AND REPAIR

For necessary expenses to repair and rebuild freight rail lines of regional and short line railroads or a State entity damaged by floods that occurred between and including September 1996 and March 1998, $9,800,000, to be awarded to the States subject to the discretion of the Secretary on a case-by-case basis: Provided, That funds provided under this head shall be available for rehabilitation of railroad rights-of-way, bridges, and other facilities which are part of the general railroad system of transportation, and primarily used by railroads to move freight traffic: Provided further, That railroad rights-of-way, bridges, and other facilities owned by class I railroads are not eligible for funding under this head unless the rights-of-way, bridges, or other facilities are under contract lease to a class II or class III railroad under which the lessee is responsible for all maintenance costs of the line: Provided further, That railroad rights-of-way, bridges, and other facilities owned by passenger railroads, or by tourist, scenic, or historic railroads are not eligible for funding under this head: Provided further, That these funds shall be available only to the extent an official budget request, for a specific dollar amount, that includes designation of the entire amount as an emergency requirement as defined in the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, is transmitted by the President to the Congress: Provided further, That the entire amount is designated by Congress as an emergency requirement pursuant to section 251(b)(2)(A) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended: Provided further, That all funds made available under this head are to remain available until September 30, 1998.

CHAPTER 6

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

COMMUNITY PLANNING AND DEVELOPMENT

COMMUNITY DEVELOPMENT BLOCK GRANTS

For an additional amount for ''Community development block grants'', as authorized under title I of the Housing and Community Development Act of 1974, $130,000,000, which shall remain available until September 30, 2001, for use only for disaster relief, long-term recovery, and mitigation in communities affected by Presidentially declared natural disasters designated during fiscal year 1998, except for those activities reimbursable by or for which funds are made available by the Federal Emergency Management Agency, the Small Business Administration, or the Army Corps of Engineers: Provided, That in administering these amounts and except as provided in the next proviso, the Secretary of Housing and Urban Development (the Secretary) may waive or specify alternative requirements for, any provision of any statute or regulation that the Secretary administers in connection with the obligation by the Secretary or the use by the recipient of these funds, except for statutory requirements related to civil rights, fair housing and nondiscrimination, the environment, and labor standards, upon a finding that such waiver is required to facilitate the use of such funds and would not be inconsistent with the overall purpose of the statute: Provided further, That the Secretary may waive the requirements that activities benefit persons of low and moderate income, except that at least 50 percent of the funds under this head must benefit primarily persons of low and moderate income unless the Secretary makes a finding of compelling need: Provided further, That all funds under this head shall be allocated by the Secretary to States to be administered by each State in conjunction with its Federal Emergency Management Agency program or its community development block grants program or by the entity designated by its Chief Executive Officer to administer the HOME Investment Partnerships Program: Provided further, That each State shall provide not less than 25 percent in nonfederal public matching funds or its equivalent value (other than administrative costs) for any funds allocated to the State under this head: Provided further, That, in conjunction with the Director of the Federal Emergency Management Agency, the Secretary shall allocate funds based on the unmet needs identified by the Director as those which have not or will not be addressed by other Federal disaster assistance programs: Provided further, That, in conjunction with the Director, the Secretary shall utilize annual disaster cost estimates in order that the funds under this head shall be available, to the maximum extent feasible, to assist States with all Presidentially declared disasters designated during this fiscal year: Provided further, That the Secretary shall publish a notice in the Federal Register governing the allocation and use of the community development block grants funds made available under this head for disaster areas: Provided further, That 10 days prior to distribution of funds, the Secretary and the Director shall submit a list to the House and Senate Appropriations Subcommittees on VA, HUD and Independent Agencies, setting forth the proposed uses of funds and the most recent estimates of unmet needs (including all uses of waivers and the reasons therefore): Provided further, That the Secretary and the Director shall submit quarterly reports to the Subcommittees regarding the actual projects, localities and needs for which funds have been provided: Provided further, That these reports shall be based upon quarterly reports submitted to HUD and the Director by each State receiving funds under this head: Provided further, That the entire amount shall be available only to the extent an official budget request, that includes designation of the entire amount of the request as an emergency requirement as defined by the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, is transmitted by the President to the Congress: Provided further, That the entire amount is designated by the Congress as an emergency requirement pursuant to section 251(b)(2)(A) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

INDEPENDENT AGENCY

FEDERAL EMERGENCY MANAGEMENT AGENCY

DISASTER RELIEF

For an additional amount for ''Disaster relief'', $1,600,000,000, to remain available until expended: Provided, That these funds shall be available only to the extent that an official budget request for a specific amount, that includes designation of the entire amount of the request as an emergency requirement as defined in the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, is transmitted by the President to Congress: Provided further, That the entire amount appropriated herein is designated by Congress as an emergency requirement pursuant to section 251(b)(2)(A) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

CHAPTER 7

RESCISSIONS

DEPARTMENT OF TRANSPORTATION

FEDERAL AVIATION ADMINISTRATION

GRANTS-IN-AID FOR AIRPORTS

(AIRPORT AND AIRWAY TRUST FUND)

(RESCISSION OF CONTRACT AUTHORIZATION)

Of the unobligated balances authorized under 49 U.S.C. 48103 as amended, $241,000,000 are rescinded.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

PUBLIC AND INDIAN HOUSING

SECTION 8 RESERVE PRESERVATION ACCOUNT

(RESCISSION)

Of the amounts recaptured under this heading during fiscal year 1998 and prior years, $2,347,190,000 are rescinded.

TITLE III—SUPPLEMENTAL APPROPRIATIONS

CHAPTER 1

DEPARTMENT OF AGRICULTURE

OFFICE OF THE SECRETARY

During fiscal year 1998, not to exceed $543,000 from funds available to the Secretary of Agriculture to provide compensation to agriculture producers and other persons under section 105(b) of the Federal Plant Pest Act (7 U.S.C. 150dd(b)) may be available for payments to any person who had wheat stored in a storage facility that was subject to an emergency action notice issued by the Secretary relating to the presence or presumed presence of Karnal bunt to compensate the person for economic losses incurred as a result of the effect of the notice on the operation of the storage facility (including wheat plowed under in calendar year 1996) after issuance of an emergency action notice due to Karnal bunt. The determination by the Secretary of the amount of any compensation to be paid under this section shall be final.

DEPARTMENTAL ADMINISTRATION

For an additional amount for ''Departmental Administration'', $2,000,000.

OFFICE OF THE GENERAL COUNSEL

For an additional amount for the ''Office of the General Counsel'', $235,000.

GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION

INSPECTION AND WEIGHING SERVICES

For expenses necessary to recapitalize the revolving fund established under section 7(j)(1) of the United States Grain Standards Act (7 U.S.C. 79(j)(1)), $1,500,000.

FARM SERVICE AGENCY

AGRICULTURAL CREDIT INSURANCE FUND PROGRAM ACCOUNT

For additional gross obligations for the principal amount of direct and guaranteed loans as authorized by 7 U.S.C. 1928–1929, to be available from funds in the Agricultural Credit Insurance Fund, as follows: farm ownership loans, $43,320,000, of which $25,000,000 shall be available for guaranteed loans; operating loans, $105,000,000, of which $35,000,000 shall be for subsidized guaranteed loans; and for boll weevil eradication program loans as authorized by 7 U.S.C. 1989, $18,814,000.

For the additional cost of direct and guaranteed loans, including the cost of modifying loans as defined in section 502 of the Congressional Budget Act of 1974, as follows: farm ownership loans, $3,356,000, of which $967,000 shall be for guaranteed loans; operating loans, $7,973,000, of which $3,374,000 shall be for subsidized guaranteed loans; and for boll weevil eradication program loans as authorized by 7 U.S.C. 1989, $222,000.

FOOD STAMP PROGRAM

Of the amounts made available under this head in Public Law 105–86, funds for employment and training shall remain available until expended as authorized by section 16(h)(1) of the Food Stamp Act.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

FOOD AND DRUG ADMINISTRATION

SALARIES AND EXPENSES

For an additional amount for ''Salaries and expenses'' from fees collected pursuant to section 736 of the Federal Food, Drug, and Cosmetic Act, not to exceed $25,918,000, to remain available until expended: Provided, That fees derived from applications received during fiscal year 1998 shall be credited to the appropriation current in the year in which fees are collected and subject to the fiscal year 1998 limitation.

GENERAL PROVISIONS—THIS CHAPTER

SEC. 1001. Notwithstanding any other provision of law, permanent employees of county committees employed during fiscal year 1998 pursuant to 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) shall be considered as having Federal Civil Service status only for the purpose of applying for United States Department of Agriculture Civil Service vacancies.

SEC. 1002. Notwithstanding any other provision of law regarding a competitive research, education, or extension grant program of the Department of Agriculture, the Secretary may use grant program funds, as necessary, to supplement funds otherwise available for program administration, to pay for the costs associated with peer review of grant proposals under the program.

CHAPTER 2

DEPARTMENT OF ENERGY

DEPARTMENTAL ADMINISTRATION

Such additional amounts as necessary, not to exceed $5,408,000, to cover increases in the estimated amount of cost of Work For Others notwithstanding the provisions of the Anti-Deficiency Act (31 U.S.C. 1511 et seq.): Provided, That such increases in cost of Work For Others are offset by revenue increases of the same or greater amount derived from fees authorized by sections 31 and 33 of the Atomic Energy Act of 1954 (42 U.S.C. 2051 and 2053), to remain available until expended.

GENERAL PROVISIONS—THIS CHAPTER

SEC. 2001. Notwithstanding any other provisions of law, no fully allocated funding policy shall be applied to projects for which funds were identified in the Conference Report (House Report 105–271) accompanying the Energy and Water Development Appropriations Act, 1998, Public Law 105–62 (111 Stat. 1320, et seq.), under the Construction, General; Operation and Maintenance, General; and Flood Control, Mississippi River and Tributaries, appropriation accounts: Provided, That the Secretary of the Army, acting through the Chief of Engineers, is directed to undertake these projects using continuing contracts, as authorized in section 10 of the Rivers and Harbors Act of September 22, 1922 (33 U.S.C. 621).

SEC. 2002. The Secretary of the Army, acting through the Chief of Engineers, is directed to use available funds, up to the maximum amount authorized per project under Section 205 of the Flood Control Act of 1948, as amended, to provide a level of enhanced flood protection at Elba, Alabama.

SEC. 2003. Section 2 of the Emergency Drought Relief Act of 1996 (Public Law 104–318; 110 Stat. 3862) is amended by adding at the end the following new section:

''(c) EXTENSION OF PERIODS FOR REPAYMENT.—Notwithstanding any provision of the Reclamation Project Act of 1939 (43 U.S.C. 485 et seq.), the Secretary of the Interior—

''(1) shall extend the period for repayment by the City of Corpus Christi, Texas, and the Nueces River Authority under contract No. 6–07–01–x0675, relating to the Nueces River reclamation project, Texas, until—

''(A) August 1, 2029 for repayment pursuant to the municipal and industrial water supply benefits portion of the contract; and

''(B) until August 1, 2044 for repayment pursuant to the fish and wildlife and recreation benefits portion of the contract, and

''(2) shall extend the period for repayment by the Canadian River Municipal Water Authority under contract No. 14–06–500–485 relating to the Canadian River reclamation project, Texas, until October 1, 2021.''.

SEC. 2004. Section 303 of the Energy and Water Development Appropriations Act, 1998 (Public Law 105–62), does not apply to the worker transition plan for the Pinellas Plant site.

CHAPTER 3

DEPARTMENT OF THE INTERIOR

NATIONAL PARK SERVICE

OPERATION OF THE NATIONAL PARK SYSTEM

For an additional amount for ''Operation of the National Park System'', $340,000, to remain available until expended, to provide for public access at Katmai National Park and Preserve and for litigation costs related to the disposition of an allotment within the Park.

MINERALS MANAGEMENT SERVICE

ROYALTY AND OFFSHORE MINERALS MANAGEMENT

For an additional amount for ''Royalty and Offshore Minerals Management'' to meet increased demand and workload requirements stemming from higher than anticipated leasing activity in the Gulf of Mexico, $6,675,000, to remain available until expended, to be derived from increased receipts resulting from increases to rates in effect on August 5, 1993, from rate increases to fee collections for Outer Continental Shelf administrative activities performed by the Minerals Management Service over and above the rates in effect on September 30, 1993, and from additional fees for Outer Continental Shelf administrative activities established after September 30, 1993.

OFFICE OF SURFACE MINING RECLAMATION AND ENFORCEMENT

ABANDONED MINE RECLAMATION FUND

(TRANSFER OF FUNDS)

For an additional amount for the ''Abandoned Mine Reclamation Fund'', $3,163,000, to be derived by transfer from amounts available in Public Law 105–83 under the heading, ''Regulation and Technology'', and to be subject to the same terms and conditions of the account to which transferred.

BUREAU OF INDIAN AFFAIRS

OPERATION OF INDIAN PROGRAMS

For an additional amount for ''Operation of Indian Programs'', $1,050,000, to remain available until expended, for the cost of document collection and production, including electronic imaging, required to support litigation involving individual Indian trust fund accounts.

OFFICE OF SPECIAL TRUSTEE FOR AMERICAN INDIANS

FEDERAL TRUST PROGRAMS

For an additional amount for ''Federal Trust Programs'', $4,650,000, to remain available until expended, for the cost of document collection and production, including electronic imaging, required to support litigation involving individual Indian trust fund accounts.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

INDIAN HEALTH SERVICE

INDIAN HEALTH SERVICES

For an additional amount for ''Indian Health Services'', $100,000, to remain available until expended, for suicide prevention counseling.

GENERAL PROVISIONS—THIS CHAPTER

SEC. 3001. Section 330C(c) of subpart I of part D of title III of the Public Health Service Act (42 U.S.C. 254b et seq.), as amended by section 4922 of Public Law 105–33, is further amended by inserting '', to remain available until expended,'' after the words ''fiscal years 1998 through 2002, $30,000,000''.

SEC. 3002. Construction of the Trappers Loop connector road, and any related actions, by any Federal or state agency or other entity are deemed to be non-discretionary actions authorized and directed by Congress under title III, section 304(e)(3) of the Omnibus Parks and Public Lands Management Act of 1996 (110 Stat. 4093).

SEC. 3003. Neither the issuance by the United States of an easement on and across National Forest lands for the Boulder City Pipeline (also known as Lakewood Pipeline) nor the acceptance of such easement by the City of Boulder, Colorado, nor the relocation of such pipeline on such easement, shall cause, be construed as, or result in the abandonment, termination, relinquishment, revocation, limitation, or diminution of any rights claimed by such city pursuant to or as a result of any prior grant, including the Act of July 26, 1866 (43 U.S.C. 661) and the Acts authorizing the conveyance of such city of the Silver Lake Watershed. The alignment of the relocated pipeline shall be considered neither more nor less within the scope of any prior grants than the alignment of the pipeline existing prior to the issuance of such easement.

SEC. 3004. Notwithstanding any other provision of law, the Secretary of the Interior, through the Bureau of Indian Affairs, may hereafter directly transfer to Indian tribes in North and South Dakota portable housing units at the Grand Forks Air Force Base in North Dakota that have been declared excess by the Department of Defense and requested for transfer by the Department of the Interior: Provided, That the Department of the Interior shall not be responsible for rehabilitation of the portable housing units or remediation of any potentially hazardous substances.

SEC. 3005. PETROGLYPH NATIONAL MONUMENT. (a) SHORT TITLE.—This section may be cited as the ''Petroglyph National Monument Boundary Adjustment Act''.

(b) FINDINGS.—Congress finds that—

(1) the purposes for which Petroglyph National Monument (referred to in this section as ''the monument'') was established continue to be valid;

(2) it is of mutual benefit to the trustee institutions of the New Mexico State Trust lands and the National Park Service for land exchange negotiations to be completed with all due diligence, resulting in the transfer of all State Trust lands within the boundaries of the monument to the United States in accordance with State and Federal law;

(3) because the city of Albuquerque, New Mexico, has acquired substantial acreage within the monument boundaries, purchased with State and municipal funds, the consolidation of land ownership and jurisdiction under the National Park Service will require the consent of the city of Albuquerque, and options for National Park Service acquisition that are not currently available;

(4) corridors for the development of Paseo del Norte and Unser Boulevard are depicted on the map referred to in section 102(a) of the Petroglyph National Monument Establishment Act of 1990 (Public Law 101–313; 16 U.S.C. 431 note), and the alignment of the roadways was anticipated by Congress before the date of enactment of the Act;

(5) it was the expectation of the principal proponents of the monument, including the cities of Albuquerque and Rio Rancho, New Mexico, and the National Park Service, that passage of the Petroglyph National Monument Establishment Act of 1990 (Public Law 101–313; 16 U.S.C. 431 note) would allow the city of Albuquerque—

(A) to utilize the Paseo del Norte and Unser Boulevard corridors through the monument; and

(B) to design and construct infrastructure within the corridors with the cultural and natural resources of the monument in mind;

(6) the city of Albuquerque has not provided for the establishment of rights-of-way for the Paseo del Norte and Unser Boulevard corridors under the Joint Powers Agreement (JPANO 78–521.81–277A), which expanded the boundary of the monument to include the Piedras Marcadas and Boca Negra units, pursuant to section 104 of the Petroglyph National Monument Establishment Act of 1990 (Public Law 101–313; 16 U.S.C. 431 note);

(7) the National Park Service has identified the realignment of Unser Boulevard, depicted on the map referred to in section 102(a) of the Petroglyph National Monument Establishment Act of 1990 (Public Law 101–313; 16 U.S.C. 431 note), as serving a park purpose in the General Management Plan/Development Concept Plan for Petroglyph National Monument;

(8) the establishment of a citizens' advisory committee prior to construction of the Unser Boulevard South project, which runs along the eastern boundary of the Atrisco Unit of the monument, allowed the citizens of Albuquerque and the National Park Service to provide significant and meaningful input into the parkway design of the road, and that similar proceedings should occur prior to construction within the Paseo del Norte corridor;

(9) parkway standards approved by the city of Albuquerque for the construction of Unser Boulevard South along the eastern boundary of the Atrisco Unit of the monument would be appropriate for a road passing through the Paseo del Norte corridor;

(10) adequate planning and cooperation between the city of Albuquerque and the National Park Service is essential to avoid resource degradation within the monument resulting from storm water runoff, and drainage conveyances through the monument should be designed and located to provide sufficient capacity for effective runoff management; and

(11) the monument will best be managed for the benefit and enjoyment of present and future generations with cooperation between the city of Albuquerque, the State of New Mexico, and the National Park Service.

(c) PLANNING AUTHORITY.—

(1) STORM WATER DRAINAGE.—Not later than 180 days after the date of enactment of this Act, the Secretary of the Interior, acting through the Director of the National Park Service (referred to in this section as the ''Secretary''), and the city of Albuquerque, New Mexico, shall enter into negotiations to provide for the management of storm water runoff and drainage within the monument, including the design and construction of any storm water corridors, conveyances, and easements within the monument boundaries.

(2) ROAD DESIGN.—

(A) If the city of Albuquerque decides to proceed with the construction of a roadway within the area excluded from the monument by the amendment made by subsection (d), the design criteria shall be similar to those provided for the Unser Boulevard South project along the eastern boundary of the Atrisco Unit, taking into account topographic differences and the lane, speed and noise requirements of the heavier traffic load that is anticipated for Paseo del Norte, as referenced in section A–2 of the Unser Middle Transportation Corridor Record of Decision prepared by the city of Albuquerque dated December 1993.

(B) At least 180 days before the initiation of any road construction within the area excluded from the monument by the amendment made by subsection (d), the city of Albuquerque shall notify the Direct of the National Park Service (hereinafter ''the Director''), who may submit suggested modifications to the design specifications of the road construction project within the area excluded from the monument by the amendment made by subsection (d).

(C) If after 180 days, an agreement on the design specifications is not reached by the city of Albuquerque and the Director, the city may contract with the head of the Department of Civil Engineering at the University of New Mexico, to design a road to meet the design criteria referred to in subparagraph (A). The design specifications developed by the Department of Civil Engineering shall be deemed to have met the requirements of this paragraph, and the city may proceed with the construction project, in accordance with those design specifications.

(d) ACQUISITION AUTHORITY; BOUNDARY ADJUSTMENT; ADMINISTRATION AND MANAGEMENT OF THE MONUMENT.—

(1) ACQUISITION AUTHORITY.—Section 103(a) of the Petroglyph National Monument Establishment Act of 1990 (Public Law 101–313, 16 U.S.C. 431 note) is amended—

(A) by striking ''(a) The Secretary'' and inserting the following:

''(a) AUTHORITY.—

''(1) IN GENERAL.—Subject to paragraph (2), the Secretary'';

(B) by striking '', except that lands or interests therein owned by the State or a political subdivision thereof may be acquired only by donation or exchange''; and

(C) by adding at the end the following:

''(2) LAND OWNED BY THE STATE OR A POLITICAL SUBDIVISION.—No land or interest in land owned by the State or a political subdivision of the State may be acquired by purchase before—

''(A) the State or political subdivision holding title to the land or interest in land identifies the land or interest in land for disposal; and

''(B)(i) all private land within the monument boundary for which there is a willing seller is acquired; or

''(ii) 2 years have elapsed after the date on which the Secretary has made a final offer (for which funds are available) to acquire all remaining private land at fair market value.''.

(2) BOUNDARY ADJUSTMENT.—Section 104(a) of the Petroglyph National Monument Establishment Act of 1990 (Public Law 101–313; 16 U.S.C. 431 note) is amended—

(A) by redesignating paragraphs (1) and (2) as subparagraphs (A) and (B), respectively, and indenting appropriately;

(B) by inserting ''(1)'' after ''(a)''; and

(C) by adding at the end the following:

''(2)(A) Notwithstanding paragraph (1), effective as of the date of enactment of this subparagraph—

''(i) the boundary of the monument is adjusted to exclude the Paseo Del Norte corridor in the Piedras Marcadas Unit described in Exhibit B of the document described in subparagraph (B); and

''(ii) the inclusion of the Paseo Del Norte corridor within the boundary of the monument before the date of enactment of this paragraph shall have no effect on any future ownership, use, or management of the corridor.

''(B) The document described in this subparagraph is the document entitled 'Petroglyph National Monument Roadway/Utility Corridors', dated October 30, 1997, on file with the Secretary of the Interior and the mayor of the city of Albuquerque, New Mexico.''.

(e) ADMINISTRATION AND MANAGEMENT OF THE MONUMENT.—Section 105 of the Petroglyph National Monument Establishment Act of 1990 (Public Law 101–313, 16 U.S.C. 431 note) is amended by adding at the end the following:

''(f) BOCA NEGRA AND PIEDRAS MARCADAS UNITS.—If the binding agreement providing for the expansion of the monument pursuant to section 104 is amended, in accordance with the terms of the agreement, to transfer to the National Park Service responsibility for operation, maintenance, and repair of any or all property within the Boca Negra or Piedras Marcadas unit of the monument, the Secretary may employ, at a comparable grade and salary within the National Park Service, any willing employees of the city assigned to the unit.''.

(f) DOUBLE EAGLE II AIRPORT ACCESS ROAD.—The Administrator of the Federal Aviation Administration shall allow the use of the access road to the Double Eagle II Airport in existence on the date of enactment of this Act for visitor access to the monument.

SEC. 3006. COUNTY PAYMENT MITIGATION—TRANSPORTATION SYSTEM MORATORIUM. (a)(1) This section provides compensation for loss of revenues that would have been provided to counties if no road moratorium, as described in subsection (a)(2), were implemented or no substitute sales offered as described in subsection (b)(1). This section does not endorse or prohibit the road building moratorium nor does it affect the applicability of existing law to any moratorium.

(2) The Chief of the Forest Service, Department of Agriculture, in his sole discretion, may offer any timber sales that were scheduled October 1, 1997, or thereafter, to be offered in fiscal year 1998 or fiscal year 1999 even if such sales would have been delayed or halted as a result of any moratorium (resulting from the Federal Register proposal of January 28, 1998, pages 4351–4354) on construction of roads in roadless areas within the National Forest System adopted as policy or by regulation that would otherwise be applicable to such sales.

(3) Any sales offered pursuant to subsection (a)(2) shall—

(A) comply with all applicable laws and regulations and be consistent with applicable land and resource management plans, except any regulations or plan amendments which establish or implement the moratorium referred to in subsection (a)(2); and

(B) be subject to administrative appeals pursuant to part 215 of title 36 of the Code of Federal Regulations and to judicial review.

(b)(1) For any previously scheduled sales that are not offered pursuant to subsection (a)(2), the Chief may, to the extent practicable, offer substitute sales within the same State in fiscal year 1998 or fiscal year 1999. Such substitute sales shall be subject to the requirements of subsection (a)(3).

(2)(A) The Chief shall pay as soon as practicable after fiscal year 1998 and fiscal year 1999 to any State in which sales previously scheduled to be offered that are referred to in, but not offered pursuant to, subsection (a)(2) would have occurred, 25 percentum of any anticipated receipts from such sales that—

(i) were scheduled from fiscal year 1998 or fiscal year 1999 sales in the absence of any moratorium referred to in subsection (a)(2); and

(ii) are not offset by revenues received in such fiscal years from substitute projects authorized pursuant to subsection (b)(1).

(B) After reporting the amount of funds required to make any payments required by subsection (b)(2)(A), and the source from which such funds are to be derived, to the Committees on Appropriations of the House of Representatives and the Senate, the Chief shall make any payments required by subsection (b)(2)(A) from any funds available to the Forest Service in fiscal year 1998 or fiscal year 1999, subject to approval of the Committees on Appropriations of the House of Representatives and Senate, that are not specifically earmarked for another purpose by the applicable appropriation Act or a committee or conference report thereon.

(C) Any State which receives payments required by subsection (b)(2)(A) shall expend such funds only in the manner, and for the purposes, prescribed in section 500 of title 16 of the United States Code.

(c)(1) During the term of the moratorium referred to in subsection (a)(2), the Chief shall prepare and submit to the Committees on Appropriations of the House of Representatives and the Senate a report on each of the following—

(A) a study of whether standards and guidelines in existing land and resource management plans compel or encourage entry into roadless areas within the National Forest System for the purpose of constructing roads or undertaking any other ground-disturbing activities;

(B) an inventory of all roads within the National Forest System and the uses which they serve, in a format that will inform and facilitate the development of a long-term Forest Service transportation policy; and

(C) a comprehensive and detailed analysis of the economic and social effects of the moratorium referred to in subsection (a)(2) on county, State, and regional levels.

SEC. 3007. PROVISION OF CERTAIN HEALTH CARE SERVICES FOR ALASKA NATIVES. Section 203(a) of the Michigan Indian Land Claims Settlement Act (Public Law 105–143; 111 Stat. 2666) is amended—

(1) by inserting ''other than community based alcohol services,'' after ''Ketchikan Gateway Borough,''; and

(2) by inserting at the end the following new sentence: ''Notwithstanding any other provision of law, such contract or compact shall provide services to all Indian and Alaska Native beneficiaries of the Indian Health Service in the Ketchikan Gateway Borough without the need for resolutions of support from any Indian tribe as defined in the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b(e)).''.

SEC. 3008. Section 326(a) of the Act making Appropriations for the Department of the Interior and related agencies for the fiscal year ending September 30, 1998 and for other purposes (Public Law 105–83; 111 Stat. 1543) is amended by striking ''with any Alaska Native village or Alaska Native village corporation'' and inserting ''to any Indian tribe as defined in the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b(e))''.

SEC. 3009. None of the funds in this or any other Act shall be used to issue a notice of final rulemaking prior to October 1, 1998 with respect to the valuation of crude oil for royalty purposes, including without limitation a rulemaking derived from proposed rules published in 63 Federal Register 6113 (1998), 62 Federal Register 36030, and 62 Federal Register 3742 (1997).

CHAPTER 4

DEPARTMENT OF HEALTH AND HUMAN SERVICES

CENTERS FOR DISEASE CONTROL AND PREVENTION

DISEASE CONTROL, RESEARCH, AND TRAINING

For an additional amount for the Centers for Disease Control and Prevention, ''disease control, research, and training'', $9,000,000.

HEALTH CARE FINANCING ADMINISTRATION

PROGRAM MANAGEMENT

For an additional amount for ''Program management'', $2,200,000.

Title II of Public Law 105–78 is amended under this heading by striking the fourth proviso and inserting the following new proviso: ''Provided further, That $20,000,000 appropriated under this heading for the transition to a single Part A and Part B processing system and $20,000,000 to be used only to the extent needed for Year 2000 century date change conversion requirements of external contractor systems shall remain available until expended:''.

OFFICE OF THE SECRETARY

GENERAL DEPARTMENTAL MANAGEMENT

Of the funds appropriated under the heading ''general departmental management'' in Public Law 105–78 to carry out title XX of the Public Health Service Act, $10,831,000 shall be for activities specified under section 2003(b)(2), of which $9,131,000 shall be for prevention service demonstration grants under section 510(b)(2) of title V of the Social Security Act, as amended, without application of the limitation of section 2010(c) of said title XX.

DEPARTMENT OF EDUCATION

SPECIAL EDUCATION

Public Law 105–78, under the heading ''special education'' is amended by inserting before the period the following: '': Provided further, That $600,000 of the funds provided under section 672 of the Act shall be for the Early Childhood Development Project of the National Easter Seal Society for the Mississippi Delta Region, which funds shall be used to provide training, technical support, services, and equipment to address personnel and other needs''.

GENERAL PROVISIONS—THIS CHAPTER

SEC. 4001. (a) If a State child health plan under title XXI of the Social Security Act is approved on or after October 1, 1998, and before October 1, 1999, for purposes of such title (including allotments under section 2104(b) of such title) the plan shall be treated as having been approved with respect to amounts allotted under such title for fiscal year 1998, as well as for fiscal year 1999.

(b) The appropriation in section 2104(a)(1) of such title for fiscal year 1998 shall remain available to be obligated through September 30, 1999.

SEC. 4002. Notwithstanding any other provision of law, the Department of Health and Human Services shall permit the submission of public comments until August 31, 1998, on the final rule entitled ''Organ Procurement and Transplantation Network'' published by the Department in the Federal Register on April 2, 1998 (63 Fed. Reg. 16295 et seq.), and such rule shall not become effective before October 1, 1998, after the end of such comment period.

CHAPTER 5

LEGISLATIVE BRANCH

CONGRESSIONAL OPERATIONS

HOUSE OF REPRESENTATIVES

PAYMENTS TO WIDOWS AND HEIRS OF DECEASED MEMBERS OF CONGRESS

For payment to Lois G. Capps, widow of Walter H. Capps, late a Representative of the State of California, $133,600.

For payment to Mary Bono, widow of Sonny Bono, late a Representative of the State of California, $136,700.

ARCHITECT OF THE CAPITOL

CAPITOL BUILDINGS AND GROUNDS

CAPITOL BUILDINGS

SALARIES AND EXPENSES

For an additional amount for ''Capitol Buildings Salaries and Expenses'', $7,500,000, to remain available until expended, to begin repairs and rehabilitation of the Capitol dome: Provided, That this additional amount shall be available for obligation without regard to section 3709 of the Revised Statutes, as amended.

CAPITOL GROUNDS

(INCLUDING TRANSFER OF FUNDS)

For necessary expenses for the design, installation and maintenance of the Capitol Square perimeter security plan, $20,000,000 (of which not to exceed $4,000,000 shall be transferred upon request of the Capitol Police Board to the Capitol Police Board, ''Capitol Police'', ''General Expenses'' for physical security measures associated with the Capitol Square perimeter security plan) to remain available until expended, subject to the review and approval by the appropriate House and Senate authorities: Provided, That this additional amount shall be available for obligation without regard to section 3709 of the Revised Statutes, as amended.

CHAPTER 6

DEPARTMENT OF TRANSPORTATION

OFFICE OF THE SECRETARY

AMTRAK REFORM COUNCIL

For necessary expenses of the Amtrak Reform Council, including the independent assessment of Amtrak, authorized under sections 202, 203, and 409 of Public Law 105–134, $2,450,000, to remain available until September 30, 1999: Provided, That not to exceed $400,000 shall be transferred to the Department of Transportation Inspector General for the new responsibilities associated with section 409(c) of Public Law 105–134.

FEDERAL AVIATION ADMINISTRATION

FACILITIES AND EQUIPMENT

(AIRPORT AND AIRWAY TRUST FUND)

For an additional amount for Facilities and Equipment for expenses relating to Year 2000 computer hardware and software problems, $25,000,000, to remain available until September 30, 1999.

RESEARCH AND SPECIAL PROGRAMS ADMINISTRATION

RESEARCH AND SPECIAL PROGRAMS

For an additional amount for Emergency Transportation activities, $1,000,000, to remain available until expended: Provided, That of these funds, $400,000 shall be available only for costs associated with construction and establishment of an emergency transportation response center in Arab, Alabama; $550,000 shall be available only for costs associated with purchase and establishment of a mobile emergency response system to be administered jointly by the Alabama Department of Transportation and the Alabama Emergency Management Agency; and $50,000 shall be for Research and Special Programs Administration administrative costs associated with these projects.

RELATED AGENCY

NATIONAL TRANSPORTATION SAFETY BOARD

SALARIES AND EXPENSES

For an additional amount for ''Salaries and Expenses'' for necessary expenses resulting from the crash of TWA Flight 800, $5,400,000: Provided, That the entire amount is available only for costs associated with rental of the facility in Calverton, New York, of which not to exceed $500,000 is for security expenses: Provided further, That no funds or unobligated balances are available to provide for or permit flight operations at the Calverton airfield.

GENERAL PROVISION—THIS CHAPTER

SEC. 6001. Of the balances available to the Federal Transit Administration from previous

appropriations Acts, $1,000,000 shall be made available for a comprehensive transportation investment analysis of the primary urban corridor from Ewa to east Honolulu, Hawaii: Provided, That these funds shall remain available until September 30, 2001.

CHAPTER 7

DEPARTMENT OF THE TREASURY

AUTOMATION ENHANCEMENT

YEAR 2000 CENTURY DATE CHANGE CONVERSION

For necessary expenses of the Department of the Treasury for Year 2000 century date change conversion requirements, $35,500,000, to remain available until September 30, 2000.

FINANCIAL MANAGEMENT SERVICE

SALARIES AND EXPENSES

For an additional amount for ''Salaries and Expenses'', for Year 2000 century date change conversion requirements, $5,300,000, to remain available until September 30, 2000.

GENERAL PROVISIONS—THIS CHAPTER

SEC. 7001. FEDERAL EMPLOYEE VOLUNTARY EARLY RETIREMENT.

(a) CIVIL SERVICE RETIREMENT SYSTEM.—Effective for purposes of the period beginning on the date of enactment of this Act and ending on September 30, 1999, paragraph (2) of section 8336(d) of title 5, United States Code, shall be applied as if it had been amended to read as follows:

''(2)(A) has been employed continuously, by the agency in which the employee is serving, for at least the 31-day period ending on the date on which such agency requests the determination referred to in subparagraph (D);

''(B) is serving under an appointment that is not time limited;

''(C) has not been duly notified that such employee is to be involuntarily separated for misconduct or unacceptable performance;

''(D) is separated from the service voluntarily during a period in which, as determined by the Office of Personnel Management (upon request of the agency) under regulations prescribed by the Office—

''(i) such agency (or, if applicable, the component in which the employee is serving) is undergoing a major reorganization, a major reduction in force, or a major transfer of function; and

''(ii) a significant percentage of the employees serving in such agency (or component) will be separated or subject to an immediate reduction in the rate of basic pay (without regard to subchapter VI of chapter 53, or comparable provisions); and

''(E) as determined by the agency under regulations prescribed by the Office, is within the scope of the offer of voluntary early retirement, which may be made on the basis of—

''(i) one or more organizational units;

''(ii) one or more occupational series or levels;

''(iii) one or more geographical locations;

''(iv) other similar nonpersonal factors the Office determines appropriate; or

''(v) any appropriate combination of such factors;''.

(b) FEDERAL EMPLOYEES' RETIREMENT SYSTEM.—Effective for purposes of the period beginning on the date of enactment of this Act and ending on September 30, 1999, subparagraph (B) of section 8414(b)(1) of title 5, United States Code, shall be applied as if it had been amended to read as follows:

''(B)(i) has been employed continuously, by the agency in which the employee is serving, for at least the 31-day period ending on the date on which such agency requests the determination referred to in clause (iv);

''(ii) is serving under an appointment that is not time limited;

''(iii) has not been duly notified that such employee is to be involuntarily separated for misconduct or unacceptable performance;

''(iv) is separated from the service voluntarily during a period in which, as determined by the Office of Personnel Management (upon request of the agency) under regulations prescribed by the Office—

''(I) such agency (or, if applicable, the component in which the employee is serving) is undergoing a major reorganization, a major reduction in force, or a major transfer of function; and

''(II) a significant percentage of the employees serving in such agency (or component) will be separated or subject to an immediate reduction in the rate of basic pay (without regard to subchapter VI of chapter 53, or comparable provisions); and

''(v) as determined by the agency under regulations prescribed by the Office, is within the scope of the offer of voluntary early retirement, which may be made on the basis of—

''(I) one or more organizational units;

''(II) one or more occupational series or levels;

''(III) one or more geographical locations;

''(IV) other similar nonpersonal factors the Office determines appropriate; or

''(V) any appropriate combination of such factors;''.

SEC. 7002. Notwithstanding section 2164 of title 10, United States Code, the Department of Defense shall permit the two dependent children of deceased United States Customs Senior Special Agent Manuel Zurita attending the Antilles Consolidated School System at Fort Buchanan, Puerto Rico, to complete their primary and secondary education at this school system without cost to such children or any parent, relative, or guardian of such children. The United States Customs Service shall reimburse the Department of Defense for reasonable educational expenses to cover these costs.

CHAPTER 8

DEPARTMENT OF VETERANS AFFAIRS

VETERANS BENEFITS ADMINISTRATION

COMPENSATION AND PENSIONS

For an additional amount for ''Compensation and pensions'', $550,000,000, to remain available until expended.

INDEPENDENT AGENCIES

ENVIRONMENTAL PROTECTION AGENCY

STATE AND TRIBAL ASSISTANCE GRANTS

Notwithstanding any other provision of law, eligible recipients of the funds appropriated to the Environmental Protection Agency in the State and Tribal Assistance Grants account since fiscal year 1997 and hereafter for multimedia or single media grants, other than Performance Partnership Grants authorized pursuant to Public Law 104–134 and Public Law 105–65, for pollution prevention, control, and abatement and related activities have been and shall be those entities eligible for grants under the Agency's organic statutes.

ADMINISTRATIVE PROVISION

No requirements set forth in any carbon monoxide Federal implementation plan (FIP) that are based on the Clean Air Act as in effect prior to the 1990 amendments to such Act may be imposed in the State of Arizona.

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

HUMAN SPACE FLIGHT

(TRANSFER OF FUNDS)

The Administrator of the National Aeronautics and Space Administration shall transfer from amounts made available for NASA in Public Law 105–65 under the heading, ''Mission support'', $53,000,000 to ''Human space flight'' for Space Station activities, to be merged with and to be available for the same purposes of such account: Provided, That the total amount available for Space Station activities in fiscal year 1998 shall be up to $2,441,300,000.

GENERAL PROVISIONS—THIS CHAPTER

SEC. 8001. Section 206 of the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1998 (Pub. L. 105–65; October 27, 1997) is amended by inserting the following before the final period: '', and for loans and grants for economic development in and around 18th and Vine''.

SEC. 8002. HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS. (a) Notwithstanding any other provision of law, with respect to the amount allocated for fiscal year 1998, and the amounts that would otherwise be allocated for fiscal year 1999, to the City of Philadelphia, Pennsylvania on behalf of the Philadelphia, PA–NJ Primary Metropolitan Statistical Area (in this section referred to as the ''metropolitan area''), under section 854(c) of the AIDS Housing Opportunity Act (42 U.S.C. 12903(c)), the Secretary of Housing and Urban Development shall adjust such amounts by allocating to the State of New Jersey the proportion of the metropolitan area's amount that is based on the number of cases of AIDS reported in the portion of the metropolitan area that is located in New Jersey.

(b) The State of New Jersey shall use amounts allocated to the State under this section to carry out eligible activities under section 855 of the AIDS Housing Opportunity Act (42 U.S.C. 12904) in the portion of the metropolitan area that is located in New Jersey.

SEC. 8003. RATIFICATION OF INTERNET INTELLECTUAL INFRASTRUCTURE FEE. (a) The 30 percent portion of the fee charged by Network Solutions, Inc. between September 14, 1995 and March 31, 1998 for registration or renewal of an Internet second-level domain name, which portion was to be expended for the preservation and enhancement of the intellectual infrastructure of the Internet under a cooperative agreement with the National Science Foundation, and which portion was held to have been collected without authority in William Thomas et al. v. Network Solutions, Inc. and National Science Foundation, Civ. No. 97–2412, is hereby legalized and ratified and confirmed as fully to all intents and purposes as if the same had, by prior act of Congress, been specifically authorized and directed.

(b) The National Science Foundation is authorized and directed to deposit all money remaining in the Internet Intellectual Infrastructure Fund into the Treasury and credit that amount to its Fiscal Year 1998 Research and Related Activities appropriation to be available until expended for the support of networking activities, including the Next Generation Internet.

CHAPTER 9

RESCISSIONS AND OFFSET

DEPARTMENT OF AGRICULTURE

AGRICULTURAL RESEARCH SERVICE

(RESCISSION)

Of the funds made available under this heading in Public Law 105–86, $223,000 are rescinded.

ANIMAL AND PLANT HEALTH INSPECTION SERVICE

SALARIES AND EXPENSES

(RESCISSION)

Of the funds made available under this heading in Public Law 105–86, $350,000 are rescinded.

AGRICULTURAL MARKETING SERVICE

MARKETING SERVICES

(RESCISSION)

Of the funds made available under this heading in Public Law 105–86, $25,000 are rescinded.

GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION

SALARIES AND EXPENSES

(RESCISSION)

Of the funds made available under this heading in Public Law 105–86, $38,000 are rescinded.

FOOD SAFETY AND INSPECTION SERVICE

(RESCISSION)

Of the funds made available under this heading in Public Law 105–86, $502,000 are rescinded.

FARM SERVICE AGENCY

SALARIES AND EXPENSES

(RESCISSION)

Of the funds made available under this heading in Public Law 105–86, $1,080,000 are rescinded.

AGRICULTURAL CREDIT INSURANCE FUND PROGRAM ACCOUNT

(RESCISSION)

Of the funds made available for the cost of the unsubsidized guaranteed operating loans under this heading in Public Law 105–86, $8,273,000 are rescinded.

NATURAL RESOURCES CONSERVATION SERVICE

CONSERVATION OPERATIONS

(RESCISSION)

Of the funds made available under this heading in Public Law 105–86, $378,000 are rescinded.

RURAL HOUSING SERVICE

SALARIES AND EXPENSES

(RESCISSION)

Of the funds made available under this heading in Public Law 105–86, $846,000 are rescinded.

FOOD PROGRAM ADMINISTRATION

(RESCISSION)

Of the funds made available under this heading in Public Law 105–86, $114,000 are rescinded.

DEPARTMENT OF THE INTERIOR

BUREAU OF LAND MANAGEMENT

MANAGEMENT OF LANDS AND RESOURCES

(RESCISSION)

Of the funds made available under this heading in Public Law 104–208, $1,188,000 are rescinded.

OREGON AND CALIFORNIA GRANT LANDS

(RESCISSION)

Of the funds made available under this heading in Public Law 104–208, $2,500,000 are rescinded.

UNITED STATES FISH AND WILDLIFE SERVICE

RESOURCE MANAGEMENT

(RESCISSION)

Of the funds made available under this heading in Public Law 105–18, $250,000 are rescinded.

CONSTRUCTION

(RESCISSION)

Of the funds made available under this heading in Public Law 104–208, $1,188,000 are rescinded.

NATIONAL PARK SERVICE

CONSTRUCTION

(RESCISSION)

Of the funds made available under this heading in Public Law 104–208, $1,638,000 are rescinded.

BUREAU OF MINES

MINES AND MINERALS

(RESCISSION)

The following amounts, totaling $1,605,000, are rescinded from funds made available under this heading: in Public Law 103–332, $1,255,000; in Public Law 103–138, $60,000; in Public Law 102–381, $173,000; and in Public Law 102–154, $117,000.

BUREAU OF INDIAN AFFAIRS

CONSTRUCTION

(RESCISSION)

Of the funds made available under this heading in Public Law 104–208, $837,000 are rescinded.

DEPARTMENT OF AGRICULTURE

FOREST SERVICE

FOREST AND RANGELAND RESEARCH

(RESCISSION)

Of the funds made available under this heading in Public Law 105–83, $148,000 are rescinded.

STATE AND PRIVATE FORESTRY

(RESCISSION)

Of the funds made available under this heading in Public Law 105–83, $59,000 are rescinded.

NATIONAL FOREST SYSTEM

(RESCISSION)

Of the funds made available under this heading in Public Law 105–83, $1,094,000 are rescinded.

WILDLAND FIRE MANAGEMENT

(RESCISSION)

Of the funds made available under this heading in Public Law 105–83, $148,000 are rescinded.

RECONSTRUCTION AND CONSTRUCTION

(RESCISSION)

Of the funds made available under this heading in Public Law 105–83, $30,000 are rescinded.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

HEALTH RESOURCES AND SERVICES ADMINISTRATION

HEALTH PROFESSIONS EDUCATION FUND

(RESCISSION)

Of the funds made available under the Health Professions Education Fund appropriation account, $11,200,000 are rescinded.

DEPARTMENT OF TRANSPORTATION

OFFICE OF THE SECRETARY

PAYMENTS TO AIR CARRIERS

(RESCISSION)

Of the funds made available under this heading in Public Law 101–516 and subsequently obligated, $2,500,000 shall be deobligated and are hereby rescinded.

PAYMENTS TO AIR CARRIERS

(AIRPORT AND AIRWAY TRUST FUND)

(RESCISSION OF CONTRACT AUTHORIZATION)

Of the budgetary resources provided for ''Small Community Air Service'' by Public Law 101–508 for fiscal years prior to fiscal year 1998, $3,000,000 are rescinded.

FEDERAL AVIATION ADMINISTRATION

FACILITIES, ENGINEERING, AND DEVELOPMENT

(RESCISSION)

Of the funds made available under this heading in previous appropriations Acts, $500,000 are rescinded.

GRANTS-IN-AID FOR AIRPORTS

(AIRPORT AND AIRWAY TRUST FUND)

(RESCISSION OF CONTRACT AUTHORIZATION)

Of the unobligated balances authorized under 49 U.S.C. 48103 as amended, $54,000,000 are rescinded.

FEDERAL RAILROAD ADMINISTRATION

CONRAIL LABOR PROTECTION

(RESCISSION)

Of the funds made available under this heading in previous appropriations Acts, $508,234 are rescinded.

DEPARTMENT OF THE TREASURY

UNITED STATES CUSTOMS SERVICE

SALARIES AND EXPENSES

(RESCISSION)

Of the funds made available under this heading in Public Law 104–208, as amended by Public Law 105–18, $6,000,000 are rescinded.

OPERATIONS AND MAINTENANCE, CUSTOMS P–3 DRUG INTERDICTION PROGRAM

(RESCISSION)

Of the funds made available under this heading in Public Law 102–393, $4,470,000 are rescinded.

INTERNAL REVENUE SERVICE

INFORMATION TECHNOLOGY INVESTMENTS

(RESCISSION)

Of the funds made available under this heading in Public Law 105–61, $30,330,000 are rescinded.

GENERAL PROVISION—THIS CHAPTER

SEC. 9001. None of the funds appropriated or otherwise made available in Public Law 105–86 shall be used to pay the salaries and expenses of personnel to carry out a conservation farm option program as authorized by section 335 of Public Law 104–127 in excess of $11,000,000.

GENERAL PROVISIONS—THIS TITLE

SEC. 10001. No part of any appropriation contained in this Act shall remain available for obligation beyond the current fiscal year unless expressly so provided herein.

SEC. 10002. None of the funds appropriated or otherwise made available in this or any prior Act may be obligated or expended by the Patent and Trademark Office to plan for the lease of new facilities until 30 days after the submission of a report, to be delivered not later than May 15, 1998, to the Committees on Appropriations, on the space plans and detailed cost estimate for the build-out of the new facilities: Provided, That such funds shall be made available only in accordance with section 605 of Public Law 105–119.

SEC. 10003. Section 203 of the National Sea Grant College Program Act (33 U.S.C. 1122) is amended by—

(1) striking paragraph (5) and redesignating paragraphs (6) through (17) as paragraphs (5) through (16);

(2) redesignating subparagraphs (C) through (F) of paragraph (7), as redesignated, as subparagraphs (D) through (G); and

(3) inserting after subparagraph (B) of paragraph (7), as redesignated, the following:

''(C) Lake Champlain (to the extent that such resources have hydrological, biological, physical, or geological characteristics and problems similar or related to those of the Great Lakes);''.

SEC. 10004. (a) Any agency listed in section 404(b) of the Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Act, 1998, Public Law 105–119, may transfer any amount to the Department of State, subject to the limitations of subsection (b) of this section, for the purpose of making technical adjustments to the amounts transferred by section 404 of such Act.

(b) Funds transferred pursuant to subsection (a) shall not exceed $12,000,000, of which not to exceed $3,500,000 may be transferred from the United States Information Agency, of which not to exceed $3,600,000 may be transferred from the Defense Intelligence Agency, of which not to exceed $1,600,000 may be transferred from the Defense Security Assistance Agency, of which not to exceed $900,000 may be transferred from the Peace Corps, and of which not to exceed $500,000 may be transferred from any other single agency listed in section 404(b) of Public Law 105–119.

(c) A transfer of funds pursuant to this section shall not require any notification or certification to Congress or any committee of Congress, notwithstanding any other provision of law.

SEC. 10005. Section 584 of the Foreign Operations, Export Financing, and Related Programs Appropriations Act, 1997 (Public Law 104–208; 110 Stat. 3009–171) is amended—

(1) in subsection (a)—

(A) by striking ''For purposes'' and inserting ''Notwithstanding any other provision of law, for purposes''; and

(B) by striking ''fiscal year 1997'' and inserting ''fiscal years 1998 and 1999''; and

(2) by amending subsection (b) to read as follows:

''(b) ALIENS COVERED.—

''(1) IN GENERAL.— An alien described in this subsection is an alien who—

''(A) is the son or daughter of a qualified national;

''(B) is 21 years of age or older; and

''(C) was unmarried as of the date of acceptance of the alien's parent for resettlement under the Orderly Departure Program.

''(2) QUALIFIED NATIONAL.—For purposes of paragraph (1), the term 'qualified national' means a national of Vietnam who—

''(A)(i) was formerly interned in a reeducation camp in Vietnam by the Government of the Socialist Republic of Vietnam; or

''(ii) is the widow or widower of an individual described in clause (i); and

''(B)(i) qualified for refugee processing under the reeducation camp internees subprogram of the Orderly Departure Program; and

''(ii) on or after April 1, 1995, is accepted—

''(I) for resettlement as a refugee; or

''(II) for admission as an immigrant under the Orderly Departure Program.''.

SEC. 10006. The President shall instruct the United States Representatives to the World Trade Organization to seek the adoption of procedures that will ensure broader application of the principles of transparency and openness in the activities of the organization, including by urging the World Trade Organization General Council to—

(1) permit appropriate meetings of the Council, the Ministerial Conference, dispute settlement panels, and the Appellate Body to be made open to the public; and

(2) provide for timely public summaries of the matters discussed and decisions made in any closed meeting of the Conference or Council.

DISTRICT OF COLUMBIA CHIEF OF POLICE

SEC. 10007. (a) EMPLOYMENT CONTRACT.—Paragraph 2 of section 1 of the Act entitled ''An Act relating to the Metropolitan police of the District of Columbia'', approved February 28, 1901 (DC Code, sec. 4–104), and any other provision of law affecting the employment of the Chief of the Metropolitan Police Department of the District of Columbia shall not apply to the Chief of the Department to the extent that such paragraph or provision is inconsistent with the terms of an employment agreement entered into between the Chief, the Mayor of the District of Columbia, and the District of Columbia Financial Responsibility and Management Assistance Authority.

(b) APPOINTMENT AND REMOVAL DURING CONTROL YEAR.—

(1) APPOINTMENT.—During a control year, the Chief of the Metropolitan Police Department of the District of Columbia shall be appointed by the Mayor of the District of Columbia as follows:

(A) Prior to appointment, the District of Columbia Financial Responsibility and Management Assistance Authority (hereafter in this subsection referred to as the ''Authority'') may submit recommendations for the appointment to the Mayor.

(B) In consultation with the Authority and the Council of the District of Columbia, the Mayor shall nominate an individual for appointment and notify the Council of the nomination.

(C) After the expiration of the 7-day period which begins on the date the Mayor notifies the Council of the nomination under subparagraph (B), the Mayor shall notify the Authority of the nomination.

(D) The nomination shall be effective subject to approval by a majority vote of the Authority.

(2) REMOVAL.—During a control year, the Chief of the Metropolitan Police Department of the District of Columbia may be removed by the Authority or by the Mayor with the approval of the Authority.

(3) CONTROL YEAR DEFINED.—In this subsection, the term ''control year'' has the meaning given such term in section 305(4) of the District of Columbia Financial Responsibility and Management Assistance Act of 1995.

(c) EFFECTIVE DATE.—This section shall be effective as of April 21, 1998.

SEC. 10008. SUPPORT FOR DEMOCRATIC OPPOSITION IN IRAQ. Notwithstanding any other provision of law, of the funds made available under the heading ''Economic Support Fund'' in Public Law 105–118, $5,000,000 shall be made available for assistance to the Iraqi democratic opposition for such activities as organization, training, communication and dissemination of information, developing and implementing agreements among opposition groups, compiling information to support the indictment of Iraqi officials for war crimes, and for related purposes: Provided, That within 30 days of enactment into law of this Act the Secretary of State shall submit a detailed report to the appropriate committees of Congress on plans to establish a program to support the democratic opposition in Iraq.

This Act may be cited as the ''1998 Supplemental Appropriations and Rescissions Act''.

And the Senate agree to the same.

BOB LIVINGSTON,
JOSEPH M. MCDADE,
BILL YOUNG,
RALPH REGULA,
JERRY LEWIS,
JOHN EDWARD PORTER,
HAROLD ROGERS,
JOE SKEEN,
FRANK R. WOLF,
JIM KOLBE,
RON PACKARD,
SONNY CALLAHAN,
JAMES T. WALSH,
JOHN P. MURTHA
(except for IMF and section 8 housing rescission),
Managers on the Part of the House.

TED STEVENS,
THAD COCHRAN,
ARLEN SPECTER,
PETE V. DOMENICI,
C.S. BOND,
SLADE GORTON,
MITCH MCCONNELL,
CONRAD BURNS,
RICHARD C. SHELBY,
JUDD GREGG,
R.F. BENNETT,
BEN NIGHTHORSE CAMPBELL,
LARRY CRAIG,
LAUCH FAIRCLOTH,
KAY BAILEY HUTCHISON,
ROBERT C. BYRD,
D.K. INOUYE,
ERNEST F. HOLLINGS,
PATRICK J. LEAHY,
DALE BUMPERS,
FRANK R. LAUTENBERG,
TOM HARKIN,
BARBARA A. MIKULSKI,
HARRY REID,
BYRON L. DORGAN,
Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 3579) making emergency supplemental appropriations for the fiscal year ending September 30, 1998, and for other purposes, submit the following joint statement to the House and Senate in explanation of the effects of the action agreed upon by the managers and recommended in the accompanying report.

Report language included by the House in the report accompanying H.R. 3579 (H. Rept. 105–469) which is not changed by the report accompanying S. 1768 (S. Rept. 105–168), and Senate report language not changed by the conference are approved by the committee of conference. The statement of the managers, while repeating some report language for emphasis, is not intended to negate the language referred to above unless expressly provided herein.

TITLE I—EMERGENCY SUPPLEMENTAL APPROPRIATIONS FOR THE DEPARTMENT OF DEFENSE

CHAPTER 1

DEPARTMENT OF DEFENSE—MILITARY

Chapter 1 of the conference agreement recommends a total of $2,834,775,000 in new budget authority for the Department of Defense, for costs resulting from ongoing contingency operations in Southwest Asia and Bosnia, storm damage at defense facilities, and other urgent requirements. Chapter 2 of this conference agreement contains additional emergency appropriations associated with military construction.

Of the funds provided in this Chapter, the conferees recommend $2,040,500,000 in emergency supplemental appropriations for finance personnel and operations and maintenance costs associated with contingency operations in Southwest Asia and Bosnia. In addition, the conferees recommend a total of $231,275,000 for the repair of defense facilities damaged by natural disasters. Of this amount, $125,528,000 is designated as contingent emergency appropriations, to be made available upon the President's submission of a subsequent budget request designating the entire amount as an emergency requirement.

The following table provides details of the emergency supplemental appropriations in this Chapter for contingency operations and natural disasters.

SUPPLEMENTAL APPROPRIATIONS, DEPARTMENT OF DEFENSE

[In thousands of dollars]

	Budget request	House	Senate	Conference
Contingency operations—Military personnel:				
Army	184,000	184,000	184,000	184,000
Navy	22,300	22,300	22,300	22,300
Marine Corps	5,100	5,100	5,100	5,100
Air Force	10,900	10,900	10,900	10,900
Navy Reserve	4,100	4,100	4,100	4,100
Total	226,400	226,400	226,400	226,400
Overseas Contingency Operations Transfer Fund	1,621,900	1,829,900	1,556,000	1,814,100
Total, contingency operations	1,848,300	2,056,300	1,782,400	2,040,500
Natural disasters:				
Operation and maintenance:				
Army	1,886	2,586	1,886	1,886
Navy	48,100	53,800	33,272	48,100
Marine Corps	0	26,810	0	0
Air Force	27,400	49,200	21,509	27,400
Defense-Wide	1,390	1,390	1,390	1,390

SUPPLEMENTAL APPROPRIATIONS, DEPARTMENT OF DEFENSE—Continued

[In thousands of dollars]

	Budget request	House	Senate	Conference
Defense-Wide (El Nino, Ft Stewart)	50,000	0	44,000	125,528
Army Reserve	650	650	650	650
Air Force Reserve	229	229	229	229
Army National Guard	175	5,925	175	175
Air National Guard	0	975	0	0
Total	129,830	141,565	103,111	205,358
Working capital funds:				
Navy Working Capital Fund	23,017	30,467	23,017	23,017
Defense-Wide Working Capital Fund	1,000	1,000	1,000	1,000
Total	24,017	31,467	24,017	24,017
Defense Health Program	1,900	1,900	1,900	1,900
Total, Natural Disaster Relief	155,747	174,932	129,028	231,275

CONTINGENCY OPERATIONS FUNDING

The conferees agree to reduce the Department of Defense budget request for contingency operations in Southwest Asia by $50,000,000 for drawdown authority that will not be required in support of U.S. operations. The conferees also agree to reduce the budget request for operations in Bosnia by $7,900,000 for excessive infrastructure development costs.

DISASTER RELIEF TRANSFER ACCOUNT

Under the heading ''Operation and Maintenance, Defense-Wide'', the conference agreement includes $125,528,000, which is available for transfer to the applicable appropriations accounts, to cover the cost of storm damage at military facilities. This amount reflects updated storm damage costs provided by the Department of Defense. The following table displays the revised estimates of the storm damage caused by El Nino and tornadoes at Fort Stewart, Georgia. The conferees recognize that more complete damage assessments may require the Department to adjust the priority for funding between these accounts.

[In thousands of dollars]

	El Nino	Ft. Stewart	Total
Operation and maintenance, Army	700	40,300	41,000
Operation and maintenance, Navy	6,861	.....	6,861
Operation and maintenance, Marine Corps	27,185	.....	27,185
Operation and maintenance, Air Force	21,800	.....	21,800
Operation and maintenance, Army National Guard	5,750	3,200	8,950
Operation and maintenance, Air National Guard	975	.....	975
Navy Working Capital Fund	18,757	.....	18,757
Total	82,028	43,500	125,528

EMERGENCY USE OF FUNDS FOR INFRASTRUCTURE PROJECTS

The conferees direct that funds provided to the Overseas Contingency Operations Transfer Fund may not be used to construct or modify any facility or project where the costs exceed $2,000,000. Funds for such military construction projects in the Southwest Asia or Bosnia theaters of operations shall be requested by the Department of Defense and approved through the usual authorization and appropriation process.

LOGCAP

The conferees are aware that the Army recently has entered into a Logistics Civil Augmentation Program (LOGCAP) contract with a new contractor to provide various world-wide logistics services. The conferees understand that despite this new contract, the previous LOGCAP provider was allowed to continue providing services in the Bosnia theater of operations due to the possibility that U.S. forces could be withdrawn within a matter of months. Given the President's decision to extend the Bosnia mission indefinitely, the conferees direct the Army to carefully reassess the costs and benefits of its decision to retain the old LOGCAP contractor in Bosnia and to take action to change its Bosnia contractor if appropriate. The Secretary of Defense shall report to the congressional defense committees by June 1, 1998, on the results of this review.

CLASSIFIED PROGRAMS

The conference agreement concerning classified activities requested by the Administration is contained in a classified annex to this statement of the managers.

RESERVE MOBILIZATION INCOME INSURANCE FUND

In section 3 of the General Provisions, the conferees recommend $47,000,000 for the Reserve Mobilization Income Insurance Fund instead of $37,000,000 as proposed by the House. The Senate did not address this issue. The Department of Defense has recently advised the conferees that $47,000,000 is required to cover all remaining obligations for pending and future member appeals for this program. The conferees believe that this additional funding will resolve the outstanding financial obligations for those Reservists who participated in this program.

ENHANCEMENTS TO SELECTED THEATER MISSILE DEFENSE PROGRAMS

In section 9 of the General Provisions, the conferees agree to provide $179,000,000 for selected theater missile defense programs. The conferees direct that the following amounts shall be made available only for the following purposes: $35,000,000 for Patriot/Aegis/GBR integration; $15,000,000 for Patriot Remote Launch; $40,000,000 for PAC–3 and Navy Area Demonstration; $6,000,000 for Enhanced Early Warning; $38,000,000 for Navy Theater Wide Missile Defense (Navy Upper-Tier); and $45,000,000 for the Arrow Deployability Program. The additional investment in the Arrow Deployability Program is made available for the purpose of purchasing components for a third Arrow battery.

YOUTH DEVELOPMENT AND LEADERSHIP PROGRAM

In section 13 of the General Provisions, the conferees agree to provide $300,000 for the Office of the Assistant Secretary of Defense (Reserve Affairs) to initiate the Outdoor Odyssey Youth Development and Leadership program. These funds are to be derived by transfer from the fiscal year 1998 Navy research, development, test and evaluation account (surface combatant combat system engineering, TBMD/UYQ–70). Funds are to assist a non-profit corporation to acquire suitable property and facilities and to initiate operation of a youth training program patterned after successful Marine Corps and Army National Guard methods and procedures. Special emphasis is expected to be given towards educating and recruiting qualified youth for possible duty in the armed forces. The conferees direct that funds for property acquisition be obligated within thirty days of enactment.

DISABLED HEALTH CARE

The conferees are aware that many CHAMPUS beneficiaries under the age of 65, who are entitled to Medicare on the basis of disability, do not know they must purchase Medicare Part B in order to have CHAMPUS as a secondary payer to Medicare. The Department has recently identified these beneficiaries and notified them of their ineligibility for CHAMPUS. However, notices were sent out on March 20, 1998, just prior to the Medicare enrollment closing date of March 31, 1998. The conferees believe this may not have provided beneficiaries sufficient time to enroll in Part B. In addition, for those who have enrolled, there will be a gap in coverage before the Part B policy takes effect. Therefore, the conferees have included section 15 in the General Provisions that will permit the use of fiscal year 1998 Defense Health Program funds to cover this potential temporary gap in health care for the disabled until they are covered or enrolled in Medicare Part B.

BOSNIA DEMINING

In section 16 of the General Provisions, the conferees agree to provide $28,000,000 to be deposited in the International Trust Fund of the Republic of Slovenia for Demining, Mine Clearance, and Assistance to Mine Victims in Bosnia and Herzegovina. The United States program and amounts appropriated will be administered by the State Department. Funding shall be deposited in two equal installments to the extent others have contributed matching amounts. It is the conferees' intent that the amounts deposited and interest earned may be expended by the Republic of Slovenia only in consultation with the United States Government and with the concurrence of the Fund's Board of Advisors. Any submission to the United States government for reimbursement of funds appropriated in this act must be made utilizing an internationally recognized accounting method in compliance with accepted United States government accounting standards and principals. The conferees recommend that the President nominate, after consultation with the United States Congress, at least two citizens of the United States for membership on the Fund's Board of Advisors, and that membership on the Board shall be proportionate to the percentage of the United States government's contribution to the Fund.

The conferees agree that in the use of these funds, all economically feasible and commercially available equipment may be considered for demining activities. Some portion of these funds is directed for the flail method of demining. This method includes a robotically-controlled, skid-steer mobile

unit with a flail attachment that detonates mines without human risk. Funds may be used to procure this type of equipment. To provide necessary support facilities, the conferees direct that funds also be made available for the Ultimate Building Machine system currently used by the armed forces to rapidly construct low cost, durable, semi-permanent structures.

BIOENVIRONMENTAL RESEARCH

The fiscal year 1998 Defense Appropriations Act provided $5,000,000 to the Defense Special Weapons Agency for bioenvironmental research. The conferees direct that this funding be used only for continuation of the Agency's core five year, integrated bioenvironmental hazards research program that focuses primarily on the development of biosensors and biomarkers of exposure for human and ecological bioenvironmental problems relevant to DoD.

AIR BATTLE CAPTAIN PROGRAM

The conferees are concerned that the Army is not complying with directives of the conferees on the fiscal year 1998 Defense Appropriations Act and those of the Senate on this bill regarding the Air Battle Captain program. The conferees are disturbed with the apparent decision not to comply with these directives. The conferees reiterate their strongly held view that the Army shall obligate funds to cover the ongoing program and to initiate the recruitment of new students for the fall 1998 program.

WHITE SANDS MISSILE RANGE

The conferees understand that the White Sands Missile Range is the progress of completing civilian personnel drawdowns to reach personnel levels assumed in the fiscal year 1999 Department of Defense budget. The conferees direct that the Army take no actions to implement any personnel reductions below the levels assumed in the fiscal year 1999 Department of Defense budget without notifying the congressional defense committees 45 days prior to taking any such action.

GENERAL PROVISIONS—THIS CHAPTER

The conferees agree to delete language, as proposed by the House, which limits the availability of funds provided in this chapter to the current fiscal year unless otherwise specified.

The conferees agree to retain section 1, as proposed by the Senate, which provides funds to ''Overseas Humanitarian, Disaster, and Civic Aid'' for a grant to the American Red Cross for Armed Forces emergency services and for reimbursement for disaster relief at overseas locations.

The conferees agree to restore section 2, as proposed by the House, which provides technical language regarding obligation of funds in this Act for intelligence-related programs.

The conferees agree to delete language, as proposed by the Senate, which requires the Secretary of the Army to comply with a 1991 Memorandum of Agreement with the Washington State Parks and Recreation Commission concerning the Yakima Training Center.

The conferees agree to restore and amend section 3, as proposed by the House, to provide $47,000,000 for the Reserve Mobilization Income Insurance Fund.

The conferees agree to retain section 4, as proposed by the Senate, which urges the president to seek burdensharing contributions from other nations to help defray the cost of United States deployments in the Gulf region.

The conferees agree to restore and amend section 5, as proposed by the House, which establishes an independent panel to evaluate the quality of health care initiatives begun by the Department of Defense.

The conferees agree to retain section 6, as proposed by the Senate, which transfers funds from ''Chemical Agents and Munitions Destruction, Defense'' to ''Operation and Maintenance, Defense-Wide'' for civil military programs.

The conferees agree to delete language, as proposed by the Senate, which prohibits the Army from proceeding with civilian personnel reductions at all Army Test Ranges.

The conferees agree to retain and amend section 7, as proposed by the Senate, which urges the President to enter into an agreement with NATO regarding a schedule for achieving benchmarks for a continued United States force presence in Bosnia.

The conferees agree to retain section 8, as proposed by the Senate, which concerns participants of the National Guard Youth Challenge Program and their eligibility for enlistment in the military.

The conferees agree to retain and amend section 9, as proposed by the Senate, which provides funds for selected theater missile defense programs.

The conferees agree to retain section 10, as proposed by the Senate, which allows the Secretary of Defense to lease land near the Massachusetts Military Reservation.

The conferees agree to delete language, as proposed by the Senate, concerning the termination date of the National Defense Panel.

The conferees agree to retain section 11, as proposed by the Senate, which provides funds for ''Aircraft Procurement, Navy'' for eight F/A–18 aircraft for the Marine Corps.

The conferees agree to include section 12 concerning obligation of funds for disaster information management.

The conferees agree to include section 13 concerning a youth development and leadership program.

The conferees agree to include section 14 which allows the Department of Defense to dispose of residual fuel.

The conferees agree to include section 15 concerning CHAMPUS beneficiaries, under the age of 65, who are entitled to Medicare on the basis of disability.

The conferees agree to retain and amend section 16, as proposed by the Senate, which provides funds for demining, mine clearance, and assistance to mine victims in Bosnia and Herzegovina.

The conferees agree to restore and amend section 17, as proposed by the House, which expresses the sense of the Congress that the conduct of offensive operations by United States forces against Iraq should be specifically authorized by law.

The conferees agree to include section 18 which directs the Department of Defense to expeditiously process claims as a result of the air tragedy in Italy.

CHAPTER 2

DEPARTMENT OF DEFENSE—MILITARY CONSTRUCTION

The conferees provide a total of $25,220,000, of which $17,100,000 is designated as an emergency, for damage related to Typhoon Paka, and $8,120,000 is provided as a contingent emergency for storm damage, as follows:

MILITARY CONSTRUCTION, ARMY NATIONAL GUARD

The conferees provide $3,700,000 as a contingent emergency appropriation in order to demolish and replace buildings destroyed by storm damage at Fort Stewart, Georgia.

FAMILY HOUSING, NAVY AND MARINE CORPS

The conferees recommend $15,600,000, as requested, for repair of family housing units, fences, damaged landscaping, and debris removal at Naval Station Marianas, Guam, as a result of Typhoon Paka. In addition, the conferees recommend $2,500,000 as a contingent emergency, for repair of foundation slabs, pipes, erosion, and family housing units in California, associated with damages from El Niño.

FAMILY HOUSING, AIR FORCE

The conferees recommend $1,500,000, as requested, for the repair of family housing units, debris removal, and replacement of furnishings at Andersen AFB, Guam, as a result of Typhoon Paka. In addition, the conferees recommend $900,000 for repair of family housing at Vandenberg AFB, California, associated with damages from El Niño. This funding was requested under ''Operation and Maintenance, Defense-wide'', as a contingent emergency.

BASE REALIGNMENT AND CLOSURE ACCOUNT, PART III

The conferees recommend $1,020,000 for repairs to an ongoing project to provide an Aircraft Parking Apron at Camp Pendleton Marine Corps Air Station, California, for replacement of a protective berm surrounding the fuel farm facility, which was damaged as a result of El Niño. This funding was requested under ''Operation and Maintenance, Defense-wide'', as a contingent emergency.

FAMILY HOUSING IMPROVEMENT FUND

The Department of Defense is delaying the execution of family housing construction projects for which funds have been appropriated, for possible transfer into the Family Housing Improvement Fund. Funds that were appropriated for specific construction projects should be executed as justified to the Congress. The conferees support the Department's privatization efforts through the authorities that reside in the Fund, but intend that previously approved construction projects proceed in order to improve the quality of life for service members and their families at the earliest possible date.

The President's Budget for fiscal year 1999 indicates that the Family Housing Improvement Fund had an unobligated balance of $28,000,000 available at the beginning of fiscal year 1998, and that no further funds would be transferred into the Fund during fiscal year 1998. Thus, based on the Administration's budget, this balance is sufficient to carry out planned activities throughout fiscal year 1998, and the execution of previously approved construction projects will cause no delays in privatization efforts. The conferees intend to review the operation of the Fund in detail in action on the budget request for fiscal year 1999.

The conferees note that, on April 22, 1998, the Department of the Army cancelled the proposed award of the whole-installation capital venture initiative project at Fort Carson, Colorado. This contact would have been the first exercise of the authority sought by the Department of Defense and enacted in the National Defense Authorization Act for fiscal year 1996 on February 10, 1996 (section 2801 of Public Law 104–106, 10 U.S.C. 2871). The Army's decision was based upon litigation in the U.S. Court of Federal Claims, and has resulted in re-examination of the acquisition process. The Army is now studying corrective action alternatives including a return to best and final offers and resolicitation. The conferees are concerned about this development, and will follow further events closely in order to review the operation of this program and the Department of Defense's management of Service activities.

CAMP PENDLETON MARINE CORPS BASE, CALIFORNIA

The conferees direct that not later than 30 days after enactment, the Secretary of the Navy provide a report detailing the cost of the 1993 flood, any corrective actions taken subsequent to the flood, the cost of the corrective actions, and the impact of the current flooding on the bridge replacement and river flood control, Santa Margarita construction projects as authorized and appropriated in fiscal year 1998.

PICATINNY ARSENAL, NEW JERSEY

In fiscal year 1998, $1,300,000 was provided for design of the Armament Software Engineering Center (ASEC) at Picatinny Arsenal. The conferees urge the Department of the Army to release this funding without delay.

GENERAL PROVISION

Sec. 20. The conferees have included a provision relating to a project at North Island Naval Air Station, California, for which funds were appropriated in Public Law 104–196.

TITLE II—EMERGENCY SUPPLEMENTAL APPROPRIATIONS

CHAPTER 1

DEPARTMENT OF AGRICULTURE

FARM SERVICE AGENCY

AGRICULTURAL CREDIT INSURANCE FUND PROGRAM ACCOUNT

EMERGENCY INSURED LOANS

The conference agreement provides a subsidy of $21,000,000 for emergency insured loans as proposed by both the House and Senate. The subsidy will support an estimated loan level of $87,400,000. The conference agreement deletes supplemental appropriations of $5,400,000 for subsidized guaranteed operating loans and $3,200,000 for direct farm operating loans as proposed by the Senate.

EMERGENCY CONSERVATION PROGRAM

The conference agreement provides $30,000,000 for the emergency conservation program instead of $20,000,000 as proposed by the House and $60,000,000 as proposed by the Senate. The conference agreement also includes $4,000,000 for maple producers to replace taps and tubing damaged by ice storms in the northeast instead of $4,480,000 as proposed by the Senate. The House bill had no similar provision.

TREE ASSISTANCE PROGRAM

The conference agreement provides $14,000,000 for the tree assistance program instead of $4,700,000 as proposed by the House and $8,700,000 as proposed by the Senate.

The conference agreement also adds bill language to exclude producers from receiving assistance for trees used for pulp and/or timber.

COMMODITY CREDIT CORPORATION FUND

LIVESTOCK DISASTER ASSISTANCE PROGRAM

The conference agreement provides $4,000,000 for livestock disaster assistance as proposed by both the House and Senate.

The conference agreement also makes producers of ratites eligible for compensation under this program as proposed by the House.

DAIRY PRODUCTION DISASTER ASSISTANCE PROGRAM

The conference agreement provides $6,800,000 for dairy production disaster assistance as proposed by the House instead of $10,000,000 as proposed by the Senate.

The conference agreement contains bill language to permit not more than $4.00 per hundredweight as compensation for diminished production or for milk produced but not marketed.

NATURAL RESOURCES CONSERVATION SERVICE

WATERSHED AND FLOOD PREVENTION OPERATIONS

The conference agreement provides $80,000,000 for watershed and flood prevention operations instead of $65,000,000 as proposed by the House and $100,000,000 as proposed by the Senate.

CHAPTER 2

UNITED STATES INFORMATION AGENCY

INTERNATIONAL BROADCASTING OPERATIONS

The conference agreement includes an additional $5,000,000, as proposed in the Senate bill, for the ''International Broadcasting Operations'' account of the United States Information Agency, to remain available until September 30, 1999, for the establishment of surrogate radio broadcasting to the Iraqi people by Radio Free Europe/Radio Liberty, which shall be designated ''Radio Free Iraq''. The House bill had no similar provision. The conferees agree that this funding shall provide for the total costs of such a broadcast service in fiscal years 1998 and 1999, including start-up costs, RFE/RL operational costs, and engineering and transmission costs incurred by the International Broadcasting Bureau. The conference agreement also requires the Broadcasting Board of Governors to submit a detailed report to the Congress, within 30 days of enactment, containing plans for the establishment and operation of such a broadcast service within the amount provided. The conference agreement designates this amount as an emergency requirement, and provides that the entire amount shall be available only to the extent that the President transmits to the Congress an official budget request, designating the request as an emergency requirement.

CHAPTER 3

DEPARTMENT OF DEFENSE—CIVIL

DEPARTMENT OF THE ARMY

CORPS OF ENGINEERS—CIVIL

CONSTRUCTION, GENERAL

The conference agreement deletes language proposed by the Senate appropriating: $8,000,000 for Archusa Dam in Mississippi; $25,000,000 for levee and waterway repairs at Elba and Geneva, Alabama; $2,500,000 for river and shoreline repairs along the Missouri River in South Dakota; $1,100,000 for levee repairs at Suisun Marsh, California; $1,400,000 for maintenance dredging at Apra Harbor, Guam; and $500,000 for repair of Mackville Dam in Vermont. The conferees note that supplemental funding for the Suisun Marsh project is provided to the Bureau of Reclamation in this chapter under the paragraph entitled ''Water and Related Resources.'' The conferees do not intend to preclude the Corps from undertaking emergency repair work where appropriate, to the extent authorized by law.

OPERATION AND MAINTENANCE, GENERAL

The conference agreement appropriates $105,185,000 instead of $84,457,000 as recommended by the House and $30,000,000 as recommended by the Senate. The agreement deletes language proposed by the Senate providing for a transfer from the Flood Control and Coastal Emergencies account to the Operation and Maintenance, General account.

DEPARTMENT OF THE INTERIOR

BUREAU OF RECLAMATION

WATER AND RELATED RESOURCES

The conference agreement appropriates $4,520,000 as recommended by the House to repair damage caused by floods and other natural disasters.

CHAPTER 4

DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES

The managers understand that the estimates, which form the basis for many of these emergency appropriations, are based on preliminary damage determinations. Refinements and re-estimates, possibly resulting in allocations different from preliminary projections, may be necessary. The managers expect funds to be provided consistent with established priorities. Before proceeding with final allocations to the field, the managers expect the agencies to provide a report that identifies all of the projects considered for funding, including any changes from earlier estimates.

DEPARTMENT OF THE INTERIOR

BUREAU OF LAND MANAGEMENT

CONSTRUCTION

The managers have provided $1,837,000 for construction, contingent on a Presidential declaration of emergency, as proposed by the Senate. The House proposed no funds for this purpose.

UNITED STATES FISH AND WILDLIFE SERVICE

CONSTRUCTION

The managers have provided $32,818,000 for construction as proposed by the Senate instead of $28,938,000 as proposed by the House. Of that amount, $29,130,000 is contingent on a Presidential declaration of emergency. The allocation of these funds should be based on the most recent estimates and agency priorities, in accordance with the direction at the beginning of this chapter.

NATIONAL PARK SERVICE

CONSTRUCTION

The managers have provided $9,506,000 for construction as proposed by the Senate instead of $8,500,000 as proposed by the House. These funds are contingent on a Presidential declaration of emergency.

UNITED STATES GEOLOGICAL SURVEY

SURVEYS, INVESTIGATIONS, AND RESEARCH

The managers have provided $1,198,000 for surveys, investigations, and research as proposed by the Senate instead of $1,000,000 as proposed by the House. These funds are contingent on a Presidential declaration of emergency.

BUREAU OF INDIAN AFFAIRS

CONSTRUCTION

The managers have provided $1,065,000 for construction, continent on a Presidential declaration of emergency, as proposed by the Senate. The House proposed no funds for this purpose.

DEPARTMENT OF AGRICULTURE

FOREST SERVICE

STATE AND PRIVATE FORESTRY

The managers have provided $48,000,000 for State and private forestry as proposed by both the House and the Senate. Of that amount $28,000,000 is contingent on a Presidential declaration of emergency.

NATIONAL FOREST SYSTEM

The managers have provided $10,461,000 for the National forest system as proposed by both the House instead of $10,000,000 as proposed by the Senate. Of that amount $5,461,000 is contingent on a Presidential declaration of emergency.

The managers have not included $2,000,000 in non-emergency payments to States as proposed by the Senate. The House had no similar provision. This issue is discussed in more detail in section 3006 under General Provisions for Chapter 3 in Title III.

WILDLAND FIRE MANAGEMENT

The managers have provided $2,000,000 for wildlife fire management, contingent on a Presidential declaration of emergency, as proposed by the Senate. The House proposed no funds for this purpose. A technical correction has also been made to the appropriations language.

DEPARTMENT OF ENERGY

STRATEGIC PETROLEUM RESERVE

The managers have included language which, upon a Presidential declaration of emergency, would negate the sale of Strategic Petroleum Reserve oil to pay for Reserve operations in fiscal year 1998. The language modifies a provision included by the Senate. The House had no similar provision.

CHAPTER 4A

DEPARTMENT OF HEALTH AND HUMAN SERVICES

CENTERS FOR DISEASE CONTROL AND PREVENTION

DISEASE CONTROL, RESEARCH AND TRAINING

The conference agreement deletes a provision in the Senate bill that provided $9,000,000 for polio eradication activities in Africa. The Senate bill declared the full amount of the appropriation an emergency for the purposes of the Budget Act and made obligation of the funds contingent upon a formal designation of the funds by the President as an emergency for the purposes of the Budget Act. The House bill contained no similar provision. Chapter 4 of Title III of the conference agreement provides a regular appropriation of $9,000,000 for polio eradication activities in Africa. These funds are not designated as an emergency for the purposes of the Budget Act.

CHAPTER 5

DEPARTMENT OF TRANSPORTATION

FEDERAL HIGHWAY ADMINISTRATION

FEDERAL-AID HIGHWAYS

EMERGENCY RELIEF PROGRAM

(HIGHWAY TRUST FUND)

The conference agreement provides $259,000,000 in emergency appropriations for the emergency relief program to repair highway damage resulting from recent natural disasters nationwide. Of the amount provided, $224,000,000 has been designated by the President as an emergency requirement pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985, as amended. The conference agreement provides that the remaining $35,000,000 is available only if designated by the President as an emergency requirement.

The conference agreement deletes language proposed by the Senate that provides that no announcement of allocation of emergency relief funds shall be made prior to 15 days after notification to the House and Senate Transportation Appropriations Subcommittees, the Senate Environment and Public Works Committee, and the House Transportation and Infrastructure Committee. The House bill contained no similar provision.

The conference agreement includes a provision that permits the Secretary of Transportation to borrow, pending the reauthorization of the Intermodal Surface Transportation Efficiency Act of 1991, such sums as may be necessary for administrative expenses of the Federal Highway Administration, the National Highway Traffic Safety Administration, and the Bureau of Transportation Statistics from the unobligated balances of discretionary allocations for the federal-aid highways program made available by this Act. The conferees further expect the Federal Highway Administration to proceed with highway research and development programs and projects to the extent to which funding is available after consultation with the House and Senate Committees on Appropriations.

The conference agreement waives the per-state per-disaster limitation for projects resulting from the fall of 1997 through the winter of 1998 flooding in California, as proposed by the House. The Senate bill proposed to waive the limitation to projects resulting from the fall of 1997 and winter of 1998 flooding in the western states.

FEDERAL RAILROAD ADMINISTRATION

EMERGENCY RAILROAD REHABILITATION AND REPAIR

The conference agreement provides $9,800,000 for emergency railroad rehabilitation and repair. These funds are available for flood and storm-related damages incurred by class II and III railroads from September 1, 1996 through March 31, 1998. The House bill provided $9,000,000, of which $2,650,000 was for flood damages in the Northern Plains states in March and April 1997, and $6,350,000 was for El Nino related damages in the fall of 1997 and winter of 1998. The Senate bill provided $10,600,000, of which $5,250,000 was for flood damages in California, West Virginia, and the Northern Plains states, and $5,350,000 was for storm damages in the fall of 1997 through the winter of 1998.

The conferees believe that, to the maximum extent possible, insurance should provide for damages incurred by railroads from floods and other natural disasters. Generally, the Department of Transportation should not be responsible for reimbursing privately owned railroads for these damages. A long-term approach on how to handle these damages should be developed. As such, the conferees direct the Secretary of Transportation to report to the House and Senate Appropriations Committees not later than December 31, 1998 on how future emergency railroad repair costs should be borne by the railroad industry and their underwriters. The Senate included this provision in bill language.

CHAPTER 6

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

COMMUNITY PLANNING AND DEVELOPMENT

COMMUNITY DEVELOPMENT BLOCK GRANTS

Appropriates $130,000,000 for Community Development Block Grants to be used for disaster relief, long term recovery and mitigation in communities designated as Presidentially declared natural disasters during fiscal year 1998. The House had proposed $20,000,000 and the Senate had proposed $260,000,000. The House limited assistance to states affected by the January 1998 Northeast ice storm.

HUD is provided broad waiver authority, including the authority to waive statutory requirements that activities benefit persons of low and moderate income. States are required to provide a 25 percent match in nonfederal public funds, to administer the funds for unmet needs in conjunction with its FEMA program or its community development block grant program and to use annual disaster cost estimates. HUD must notify the VA, HUD and Independent Agencies Subcommittees on Appropriations 10 days prior to distribution of funds regarding how these funds are to be utilized and the most recent estimate of unmet needs. Additionally, HUD and FEMA must submit quarterly reports regarding the actual uses of the funds. These reports are to be based on quarterly reports submitted to HUD by the States that received funds.

The conferees have serious misgivings about providing CDBG funds for disaster mitigation, particularly given the waiver authority and the possibility that the majority of the funds will be spent to cover the repair costs of investor-owned utility companies.

In an attempt to deal with this concern, language is included by the conferees to require HUD to submit to the VA/HUD subcommittees a list of the amounts of funds provided and the locality to which the funds are provided. HUD is directed, however, to allocate the funds in a fair manner to each jurisdiction that is eligible to receive them.

INDEPENDENT AGENCY

FEDERAL EMERGENCY MANAGEMENT AGENCY

DISASTER RELIEF

Appropriates $1,600,000,000 for disaster relief as proposed by the Senate. The House had provided no funding for disaster relief. The amount provided is available only to the extent that an official budget request for a specific amount, which includes designation of the entire amount of the request as an emergency, is transmitted by the President to Congress.

The conferees are concerned about the problems of providing emergency temporary housing to migrant farm workers in California and urge FEMA to take into account the special needs of migrant farm worker disaster victims.

Finally, the conferees urge FEMA to approve expeditiously state requests under section 404 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act for buyout relocations designed to reduce overall disaster costs in future years.

CHAPTER 7

RESCISSIONS

DEPARTMENT OF EDUCATION

BILINGUAL AND IMMIGRANT EDUCATION

The conference agreement does not include a rescission of $75,200,000 as included in the House bill. The Senate bill included no similar provision.

DEPARTMENT OF TRANSPORTATION

FEDERAL AVIATION ADMINISTRATION

GRANTS-IN-AID FOR AIRPORTS

(AIRPORT AND AIRWAY TRUST FUND)

(RESCISSION OF CONTRACT AUTHORIZATION)

The conference agreement rescinds $241,000,000 in contract authority under title II. When combined with the rescission included under title III, the total rescission of contract authority in this bill is $295,000,000.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

PUBLIC AND INDIAN HOUSING

SECTION 8 RESERVE PRESERVATION ACCOUNT

(RESCISSION)

Rescinds $2,347,190,000 from the Section 8 Reserve Preservation Account. The House proposed rescinding $2,193,600,000 from this account. The Senate did not include a similar rescission.

These funds represent excess section 8 reserves that are unnecessary during the remaining portion of the current fiscal year. In fiscal year 1999, however, section 8 renewal needs are $10,800,000,000. As proposed by the President, the excess reserves could be used to reduce the fiscal year 1999 request, and thereby reduce the total appropriation for fiscal year 1999. Clearly, the conferees understand that the section 8 renewal account must be fully funded in order to protect the homes of those families who rely on the assistance.

INDEPENDENT AGENCY

CORPORATION FOR NATIONAL AND COMMUNITY SERVICE

NATIONAL AND COMMUNITY SERVICE PROGRAMS OPERATING EXPENSES

(RESCISSION)

Deletes language proposed by the House and stricken by the Senate rescinding $250,000,000 of fiscal year 1998 funds for National and Community Service Programs Operating Expenses.

TITLE III—SUPPLEMENTAL APPROPRIATIONS

CHAPTER 1

DEPARTMENT OF AGRICULTURE

OFFICE OF THE SECRETARY

The conference agreement provides $543,000 to compensate wheat producers for economic losses associated with the presence or presumed presence of Karnal bunt instead of up to $5,000,000 as proposed in the House-reported bill, H.R. 3580. The Senate bill had no similar provision.

DEPARTMENTAL ADMINISTRATION

The conference agreement provides $2,000,000 for Departmental Administration as proposed by the Senate instead of $4,300,000 as proposed in the House-reported bill, H.R. 3580.

OFFICE OF THE GENERAL COUNSEL

The conference agreement provides $235,000 for the Office of the General Counsel as proposed in the House-reported bill, H.R. 3580, and by the Senate.

GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION

INSPECTION AND WEIGHING SERVICES

The conference agreement provides $1,500,000 to recapitalize the revolving fund of the Grain Inspection, Packers and Stockyards Administration to accommodate losses in fiscal year 1998 and ensure the reserve has sufficient funds to carry out the provisions of the U.S. Grain Standards and Agricultural Marketing Acts. The House and Senate bills contained no similar provision.

FARM SERVICE AGENCY

AGRICULTURAL CREDIT INSURANCE FUND PROGRAM ACCOUNT

The conference agreement provides a subsidy of $2,389,000 for direct farm ownership loans instead of $2,608,000 as proposed by the Senate and $5,144,000 as proposed in the House reported bill, H.R. 3580. The subsidy will support an estimated loan level of $18,320,000.

The conference agreement provides a subsidy of $967,000 for guaranteed farm ownership loans as proposed in the House-reported bill, H.R. 3580, instead of $966,197 as proposed by the Senate. The subsidy will support an estimated loan level of $25,000,000.

The conference agreement provides a subsidy of $222,000 for boll weevil eradication loans as proposed in the House-reported bill, H.R. 3580, and by the Senate. The subsidy will support an estimated loan level of $18,814,000.

The conference agreement provides a subsidy of $4,599,000 for direct farm operating loans instead of $3,162,000 as proposed by the Senate and $626,000 as proposed in the House-reported bill, H.R. 3580. The subsidy will support an estimated loan level of $70,000,000.

The conference agreement provides a subsidy of $3,374,000 for guaranteed subsidized farm operating loans as proposed in the House-reported bill, H.R. 3580. The Senate proposed a contingent emergency appropriation of $5,400,000. The subsidy will support an estimated loan level of $35,000,000.

The Secretary of Agriculture is directed to revise the emergency loan program regulations to allow applicants who have suffered through natural disasters over the last several years and/or have a majority of the crops grown on leased land to be eligible to receive an emergency loan in fiscal year 1998 with reduced or waived security requirements. The conferees further expect the Secretary and congressional committees of jurisdiction to correct any unfair requirement of borrower ineligibility due to a lawful exercise of rights provided by the Agricultural Credit Act of 1987.

The conferees are concerned about reports that county-loss restrictions or other restrictions in the Non-insured Assistance Program (NAP) have worked against providing such last-resort disaster assistance to farmers in areas of high value specialty crop production. The Department is directed to report by July 1, 1998, NAP expenditures by state during the last two fiscal years, the degree to which program restrictions have affected the distribution of funds to any state, and to make recommendations to the Committee for program changes that would prevent such inequities in the distribution of funds.

FOOD STAMP PROGRAM

The conference agreement deletes the words ''as amended'' which were included in the House-reported bill, H.R. 3580.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

FOOD AND DRUG ADMINISTRATION

SALARIES AND EXPENSES

The conference agreement provides language to allow the Food and Drug Administration to collect and spend an additional $25,918,000 in prescription drug user fees in fiscal year 1998 as proposed by the Senate instead of $15,596,000 as proposed in the House-reported bill, H.R. 3580.

The conference agreement also provides that fees derived from applications received during fiscal year 1998 shall be credited to the appropriation current in the year in which fees are collected and subject to the fiscal year 1998 limitation as proposed by the House.

GENERAL PROVISIONS—THIS CHAPTER

The conference agreement provides that permanent employees of county committees employed during fiscal year 1998 shall be considered as having Federal Civil Service status only for the purpose of applying for United States Department of Agriculture Civil Service vacancies as proposed by the Senate. The House bill contained no similar provision.

The conference agreement provides bill language to permit funds for the Cooperative State Research, Education, and Extension Service competitively-awarded grants program to be used to pay for peer panel and review costs associated with that program. The House and Senate bills contained no similar provision.

CHAPTER 2

DEPARTMENT OF ENERGY

DEPARTMENTAL ADMINISTRATION

The conference agreement includes language proposed by the Senate to provide the Department of Energy the authority to increase the cost of work for other programs within the Department Administration account by $5,408,000, provided that the increased costs are offset by revenue increases of the same or greater amount.

ATOMIC ENERGY DEFENSE ACTIVITIES

WEAPONS ACTIVITIES

The conference agreement deletes the language proposed by the Senate to provide $4,000,000 for the development and demonstration of dielectric wall accelerator technology.

DEFENSE ENVIRONMENTAL RESTORATION AND WASTE MANAGEMENT

The conferees direct the Department of Energy to find additional funding to accelerate the transfer of materials from the waste tanks at the Hanford site in Washington, and submit expeditiously a reprogramming request for this activity. Funding for this reprogramming is to be derived from within available balances in the defense environmental management accounts of the Department.

GENERAL PROVISIONS—THIS CHAPTER

Section 2001. The conference agreement includes language vitiating OMB guidance prohibiting the award of continuing contracts for construction projects identified in the Conference Report accompanying the Energy and Water Development Appropriations Act, 1998. An explanation of this provision is included at page 5 of House Report 105–470.

Section 2002. The conference agreement includes language directing the Secretary of the Army to use up to the maximum amount authorized per project under the Section 205 continuing authorities program of the Corps of Engineers to provide a level of enhanced flood protection at Elba, Alabama. Given the urgent situation, the conferees direct the Secretary to incorporate as part of any cost-sharing agreement for flood damage prevention a provision which permits the non-Federal sponsor to use other available Federal funding sources to satisfy the non-Federal share.

Section 2003. The conference report includes language recommended by the Senate making a technical correction to legislation extending the periods of repayments of the Nueces River and Canadian River reclamation project in Texas.

Section 2004. The conference agreement includes language proposed by the Senate exempting the worker transition plan for Federal employees at the Pinellas Plant in Florida from section 303 of Public Law 105–62, the Energy and Water Development Appropriations Act, 1998. The work force restructuring plan to support the accelerated closure of the plant was developed prior to enactment of the fiscal year 1998 appropriation.

Provision not included in the conference agreement. The conference agreement deletes language recommended by the House and Senate prohibiting the Corps of Engineers from performing certain work at the Kennewick Man discovery site. The conferees understand that the work has already been completed.

CHAPTER 2A

INTERNATIONAL MONETARY FUND

The Senate amendment provided appropriations of $14,500,000,000 for an increase in the United States quota at the International Monetary Fund and $3,400,000,000 for the proposed New Arrangements to Borrow, as requested by the President. The House bill did not address these matters.

The House Appropriations Committee has reported H.R. 3580, a non-emergency supplemental appropriations bill that includes amounts for the International Monetary Fund and the New Arrangements to Borrow that are identical with the appropriations in the Senate amendment.

The managers have deferred consideration of these matters without prejudice until later in the 105th Congress, with the understanding that the House will first consider both the quota increase for the International Monetary Fund and the request for the New Arrangements to Borrow.

CHAPTER 3

DEPARTMENT OF THE INTERIOR

NATIONAL PARK SERVICE

OPERATION OF THE NATIONAL PARK SYSTEM

The managers have provided $340,000 for operation of the National park system to be used to lease lands in Katmai National Park and Preserve. The managers note that a Federal district court recently upheld an application for an allotment of key lands in Katmai National Park and Preserve, and are advised that the location of the private lands will create a major disruption to park visitors in the upcoming season. The managers therefore have provided $340,000 to enable the Park Service to lease the inholdings, depicted in United States Survey 7623, in order to provide full public access, and to cover costs related to the recent litigation.

To prevent the need to provide these lease moneys on an annual basis, the managers direct the Secretary of the Interior to begin immediate negotiations to secure permanent full public access through acquisition of the inholding depicted in United States Survey 7623, permanent conservation and access easements on the inholdings, land exchange,

or a combination thereof. By July 1, 1998 the Secretary should report to the House and Senate Committees on Appropriations on progress toward such an acquisition arrangement and inform the Committees whether a Declaration of Taking is necessary and would lead to a timely acquisition for the 1999 visitor season. If no agreement has been signed by July 15, 1998, the Secretary should advise the Committees of all other alternatives and any additional authority necessary for the Park Service or any other land management agency.

MINERALS MANAGEMENT SERVICE

ROYALTY AND OFFSHORE MINERALS MANAGEMENT

The managers have provided $6,675,000 for royalty and offshore minerals management as proposed by both the House and the Senate. These funds are to be derived from increased receipts.

The managers are aware of the success of the past four lease sales in the Gulf of Mexico and understand that, since enactment of the Deep Water Royalty Relief Act, revenues from lease sales in the deep water have been more than $1.2 billion in excess of estimates. Furthermore, the managers expect that existing financial terms will be maintained for lease sales in the remaining incentive period, including minimum bids and royalty rates.

OFFICE OF SURFACE MINING RECLAMATION AND ENFORCEMENT

ABANDONED MINE RECLAMATION FUND

(TRANSFER OF FUNDS)

The managers have provided $3,163,000 for the abandoned mine reclamation fund as proposed by both the House and the Senate. These funds are to be derived by transfer from the regulation and technology account.

BUREAU OF INDIAN AFFAIRS

OPERATION OF INDIAN PROGRAMS

The managers have provided $1,050,000 for operation of Indian programs as proposed by both the House and the Senate.

OFFICE OF SPECIAL TRUSTEE FOR AMERICAN INDIANS

FEDERAL TRUST PROGRAMS

The managers have provided $4,650,000 for Federal trust programs as proposed by both the House and the Senate.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

INDIAN HEALTH SERVICE

INDIAN HEALTH SERVICES

The managers have provided $100,000 for Indian health services as proposed by the Senate. The House proposed no funds for this purpose.

The managers are concerned about the alarming rate of suicide attempts in Indian country, especially among youth and young adults. The managers intend to address this problem more fully in the context of the fiscal year 1999 appropriation. The $100,000 provided in this supplemental appropriation is intended to allow the Indian Health Service to begin to target especially troubling situations on an emergency basis. One example is the situation on the Standing Rock Sioux Reservation. The managers expect the Service to report to the House and Senate Committees on Appropriations, within 30 days of enactment of this Act, on what is being done to address the problem at Standing Rock and similar problems on other reservations.

GENERAL PROVISIONS—THIS CHAPTER

Section 3001.—The managers have included language as proposed by the House making certain Indian Health Service diabetes funding available until expended. The Senate had no similar provision.

Section 3002.—The managers have included language as proposed by the Senate dealing with construction of the Trappers Loop connector road. The House had no similar provision.

Section 3003.—The managers have included language as proposed by the Senate dealing with an easement across National Forest lands for the Boulder City Pipeline. The House had no similar provision.

Section 3004.—The managers have included language which modifies a provision proposed by the Senate dealing with the transfer of portable housing units at the Grand Forks Air Force Base in North Dakota to Indian tribes in North and South Dakota. The House had no similar provision. The modification adds language stipulating that the Department of the Interior is not responsible for rehabilitating the units for remediation of hazardous substances.

Section 3005.—The managers have included language as proposed by the Senate to adjust the boundaries of the Petroglyph National Monument to allow for construction of a road. The House had no similar provision.

Section 3006.—The managers have included language which modifies a provision proposed by the Senate regarding county payment mitigation for revenue that may be lost due to a proposed Forest Service moratorium on building roads in roadless areas. The House had no similar provision.

The managers disagree with the Forest Service's proposed moratorium on road building in roadless areas. The managers consider such a moratorium to be in conflict with orderly project planning which results from land management planning activities. Despite this disagreement with the Administration's actions, nothing in this section prohibits or delays the Forest Service from implementing the moratorium subject to whatever legal challenges which may occur pursuant to existing law.

The managers have made several modifications to the bill language proposed by the Senate. The managers have inserted new language clarifying that the provision neither endorses nor prohibits any road building moratorium resulting from the Forest Service proposal of January 28, 1998, and that the provision does not affect the applicability of existing law to any moratorium. The managers also have inserted new language which clarifies that previously scheduled timber sales to be considered for compensation or substitution should be those which were scheduled as of October 1, 1997, or thereafter. The managers have not provided an appropriation of $2,000,000, as was proposed by the Senate, to cover part of the cost of compensating States for lost timber-receipt revenue caused by a road building moratorium. Instead, the managers have provided authority to the Chief of the Forest Service to make the State payments using any funds available to the Forest Service in fiscal years 1998 or 1999, subject to the advance approval of the House of Senate Committees on Appropriations. The managers have maintained the language proposed by the Senate to accomplish three reports. The managers have not stipulated, as proposed by the Senate, that funds for the study, inventory and analysis required for the three reports should come from funds appropriated for Forest Research. The managers allow the Chief to use existing funds at his discretion to complete these three reports, subject to normal reprogramming procedures.

Section 3007.—The managers have included language as proposed by the Senate making a technical correction to a provision of law dealing with certain health care services for Alaska Natives. The House had no similar provision. The language amends Title II of the Michigan Indian Land Claims Settlement Act to clarify the terms under which the Indian Health Service awards a contract or compact in the Ketchikan Gateway Borough and to identify the Alaska Native groups affected by the title.

Section 3008.—The managers have included language as proposed by the Senate making a technical correction to a provision in the fiscal year 1998 Interior and Related Agencies Appropriations Act dealing with self-determination contracts and compacts for health care services to Alaska Natives. The House had no similar provision.

The managers have not included bill language as proposed by the Senate regarding Floyd Bennett Field in New York City. The managers are aware, however, of ongoing discussions among the City of New York, the Department of Transportation and the Department of the Interior regarding the New York Police Department's proposed use for air and sea rescue and public safety purposes of the facility at Floyd Bennett Field that is to be decommissioned by the U.S. Coast Guard on May 22, 1998. The managers encourage all parties involved to continue these discussions, and direct the Secretaries of Transportation and the Interior to report to the House and Senate Committees on Appropriations and the Senate Committee on Commerce, Science and Transportation and the House Committee on Transportation and Infrastructure on the status of these discussions no later than May 15, 1998.

The managers have not included language proposed by the Senate prohibiting the promulgation and issuance of certain Indian gaming regulations. The House had no similar provision.

Section 3009.—The managers have included language placing a moratorium on the issuance of final regulations by the Minerals Management Service on the valuation of crude oil for royalty purposes. This moratorium will remain in effect until October 1, 1998. The managers expect the Service to report to the House and Senate Committees on Appropriations as soon as possible on the proposed regulations, including a description of the comments the Service has received and how those comments have been addressed.

The managers considered, but did not adopt, language that would adjust the boundaries of the Coastal Barrier Resources System in Florida. These adjustments were enacted into law in 1996 but were not implemented because the maps needed to make the adjustments were not received by the Fish and Wildlife Service in a timely manner. Evidently, these maps were lost in the mail and therefore were not on file at the time the legislation was enacted. The managers intend to look into this matter further and work with the legislative committees of jurisdiction to determine if a legislative remedy can be identified in the context of the fiscal year 1999 appropriations bill for the Department of the Interior and Related Agencies or some other legislative vehicle.

CHAPTER 4

DEPARTMENT OF HEALTH AND HUMAN SERVICES

CENTERS FOR DISEASE CONTROL AND PREVENTION

DISEASE CONTROL, RESEARCH, AND TRAINING

The conference agreement includes $9,000,000 for polio eradication activities in Africa. The Senate bill provided the same amount, declared the funding as an emergency for the purposes of the Budget Act, and conditioned the obligation of such funding on the submissions by the President of a request designating the full amount as an emergency for the purposes of the Budget Act. The House bill contained no similar provision.

HEALTH CARE FINANCING ADMINISTRATION

PROGRAM MANAGEMENT

The conference agreement includes $2,200,000 for the Health Care Financing Administration (HCFA) for program administration. The House included $16,000,000 for this account in H.R. 3580 as reported from the House Committee. The Senate bill included no similar provision.

The conferees are very concerned that Medicare contractors will not be able to address their Year 2000 computer requirements in time for the century change. Failure to meet these requirements could seriously disrupt the Medicare program which finances health care for over 30 million of our most vulnerable citizens. The conference agreement modifies language included in Public Law 105–78, the Departments of Labor, Health and Human Services, and Education and Related Agencies Appropriations Act, 1998, to allow $20,000,000 to be used to supplement contractor budgets to meet these obligations.

The conferees also understand that most, if not all, contractors refused to sign contract amendments assuring HCFA that the necessary software changes would be made. The conferees direct HCFA to report to the Committees on Appropriations on a regular basis during the rest of this fiscal year and during fiscal year 1999 on the progress that contractors are making to comply with the necessary Year 2000 fixes by the Department's imposed deadline of December 31, 1998. If the progress is not satisfactory, the Committees intend to provide additional enforcement tools to the Department to assure compliance in the fiscal year 1999 appropriations bill.

The conferees note that there has been considerable controversy about the accuracy of data originally used by HCFA in developing Medicare physician practice expense regulations. Concerns have been expressed that reductions in Medicare reimbursements for certain specialists, based on these data, could affect physician willingness to provide services to Medicare and therefore reduce beneficiaries' access to care. During the fiscal year 1999 appropriations process, it may be necessary to consider the use or collection of additional data to give a more accurate picture of physician practice expense costs.

OFFICE OF THE SECRETARY

GENERAL DEPARTMENTAL MANAGEMENT

The conference agreement includes language proposed in H.R. 3580 as reported from the House Committee to ensure that funds appropriated in Public Law 105–78, the Departments of Labor, Health and Human Services, and Education and Related Agencies Appropriations Act, 1998, for the Adolescent Family Life program are allocated in a manner consistent with Congressional intent. The Senate bill included similar language.

DEPARTMENT OF EDUCATION

SPECIAL EDUCATION

The conference agreement includes language proposed in H.R. 3580 as reported from the House Committee modified to ensure that $600,000 is spent in fiscal year 1998 for the Early Childhood Development Project of the National Easter Seal Society for the Mississippi Delta Region. This project was specifically identified for funding in the conference report on the FY 1998 appropriations bill, as it had been also in the House and Senate committee reports. The modified language provides that the funds are to be derived from funds available for research and innovation under section 672 of the Individuals with Disabilities Education Act and that they shall be used to provide training, technical support, services and equipment to address personnel and other needs. The Senate bill included no similar provision.

GENERAL PROVISIONS—THIS CHAPTER

The conference agreement includes language proposed in H.R. 3580 as reported from the House Committee which allows a State's ''State Children's Health Insurance Program'' plan under title XXI of the Social Security Act to be approved up until September 30, 1999 and enable the State still to be eligible for its FY 1998 allotment. The language would also postpone to the end of FY 1999 the Administration's statutory obligation to reapportion to other States any unused FY 1998 funds. The Senate bill included no similar provision.

The conference agreement includes language that was not contained in either the House or Senate bills that would extend the comment period on the final rule entitled ''Organ Procurement and Transplantation Network'' until August 31, 1998. The agreement also prohibits such rule from becoming effective before October 1, 1998.

The conference agreement does not include an authorization, included in the Senate bill, for the Safe Schools Security Act. This provision would have authorized up to $2,250,000 to establish a School Security Center, administered by the Attorney General, to provide technical assistance to improve school security. The provision would also have authorized up to $10,000,000 for competitive grants to Local Education Agencies to assist them in acquiring school security technology and carry out programs to improve school security. The House bill contained no similar provision.

The conferees are concerned with the recent outbreaks of school violence as exemplified by the tragedies in Edinboro, PA; Pearl, MS; West Paducah, KY; and Jonesboro, AR. While the conferees recognize the complexity of the problem, they understand that no single approach, by itself, will prevent such tragedies. However, the conferees are aware that new technology is available to address school crime and violence.

The conferees encourage the Department of Education to utilize funds within the Safe and Drug Free Schools and Communities Act to support grants to districts that exhibit the most serious crime problems. Such funds could be used to acquire security technology, support security assessments, and other assistance aimed at improving school security through the use of technology.

CHAPTER 5

LEGISLATIVE BRANCH

CONGRESSIONAL OPERATIONS

HOUSE OF REPRESENTATIVES

PAYMENTS TO WIDOWS AND HEIRS OF DECEASED MEMBERS OF CONGRESS

The conferees have agreed to provide funds for the customary death gratuity for the widow of Walter Capps, late a Representative of the State of California, and for the widow of Sonny Bono, late a Representative of the State of California. The amounts provided reflect the annual salary of Mr. Capps and Mr. Bono at the time of their deaths.

ARCHITECT OF THE CAPITOL

CAPITOL BUILDINGS AND GROUND

CAPITOL BUILDINGS

SALARIES AND EXPENSES

The conference agreement appropriates $7,500,000 for repairs and rehabilitation of the U.S. Capitol dome, as proposed in the Senate amendment. The conferees agree that this work must proceed without delay due to the extent of deterioration of the structural elements of the interstitial space in the dome. There is urgent need to evaluate the integrity of these structural elements through a lengthy process of paint removal, inspection, and reapplication of paint. This phase of the project will provide basic information upon which the balance of the dome rehabilitation project will be planned.

CAPITOL GROUNDS

(INCLUDING TRANSFER OF FUNDS)

The conference agreement appropriates $20,000,000 for implementation of the Capitol Square perimeter security plan, including a transfer of not to exceed $4,000,000 to the Capitol Police Board upon request of the Board. The remaining funds, $16,000,000, shall be available to the Architect of the Capitol for the non-electronic components of the plan. The expenditure of these funds is subject to the review and approval by the appropriate House and Senate authorities, including the Committees on Appropriations of the House and Senate, the Speaker of the House, the Committee on House Oversight, and the Senate Committee on Rules and Administration. These funds will provide urgently needed improvements to the existing perimeter security that protects the Capitol grounds and buildings, including replacement of deteriorating planters and concrete barriers with more effective metallic bollards, and more effective vehicle entry/exit security. The conference agreement authorizes up to $4,000,000 to be transferred to the Capitol Police Board, upon the request of that body, for the electronic components of the perimeter security plan. It may be that the Architect of the Capitol and the Capitol Police Board will consolidate this project into one or more centrally administered contract(s). In that event, the language of the bill is sufficiently flexible to allow a single source of funds to be used. On the other hand, if the Police Board and Architect decide that separately administered contracts are more desirable or cost-effective, the bill language authorizes that up to $4,000,000 may be transferred to the Police Board for those purposes. That transfer will be at the discretion of the Capitol Police Board. Unspent savings from these funds by either the Capitol Police Board or the Architect of the Capitol are subject to normal reprogramming procedures.

CHAPTER 6

DEPARTMENT OF TRANSPORTATION

OFFICE OF THE SECRETARY

The conferees direct the Secretary of Transportation to notify the House and Senate Committees on Appropriations not less than 3 business days before any discretionary grant award or letter of intent in excess of $2,000,000 is announced or made by the Department or its modal administrations from: (1) any discretionary program of the Federal Highway Administration other than the emergency relief program; (2) the airport improvement program of the Federal Aviation Administration; or (3) the transit planning and research and discretionary grants programs of the Federal Transit Administration.

TRANSPORTATION PLANNING, RESEARCH AND DEVELOPMENT

The conference agreement deletes the appropriation proposed by the Senate of $6,900,000 for transportation planning, research and development. No similar appropriation was provided by the House. The conferees have agreed to provide resources for the Amtrak Reform Council and the independent assessment of Amtrak under a separate heading as proposed by the House. The conferees are aware that the Department has allocated $400,000 from resources provided in the fiscal year 1998 Department of Transportation and Related Agencies Appropriations Act for transportation planning assistance for the 2002 Winter Olympics in Salt Lake City, Utah, and $50,000 for initiation of a multimodal transportation study for Albuquerque and Santa Fe, New Mexico.

AMTRAK REFORM COUNCIL

The conference agreement provides $2,450,000 for the Amtrak Reform Council and an independent assessment of Amtrak authorized by the Amtrak Reform and Accountability Act of 1997. Funds provided under this heading are available until September 30, 1999. The conference agreement also includes a provision that not to exceed $400,000 of the funds provided under this heading shall be transferred to the Department of Transportation Inspector General to cover costs associated with the independent assessment.

FEDERAL AVIATION ADMINISTRATION

OPERATIONS

(AIRPORT AND AIRWAY TRUST FUND

The conference agreement deletes the appropriation of $47,200,000 proposed by the Senate for additional funding to address Year 2000 computer problems. The House bill contained no similar appropriation. However, the agreement does include funding of $25,000,000 under ''Facilities and equipment'' for this purpose.

FACILITIES AND EQUIPMENT

(AIRPORT AND AIRWAY TRUST FUND

The conference agreement includes $25,000,000 for ''Facilities and equipment'' instead of $108,800,000 as proposed by the Senate and zero as proposed by the House. As specified in the Senate bill, these funds are specifically provided to address Year 2000 computer hardware and software problems. Although these funds were not requested by the administration, the conferees believe that additional funding is needed now to ensure the success of this critical activity. Since submission of the fiscal year 1999 budget, the FAA has agreed to accelerate the timetable for the Year 2000 effort by five months. Although the cost of this has not yet been estimated by the FAA, the conferees believe that additional funding may be required. The conference agreement makes these funds available for obligation until September 30, 1999. The conferees agree that these funds may also be used for the Host repair and replacement program, to the extent necessary to address Year 2000 concerns and risks.

The conferees agree with reporting requirements proposed by the Senate for monthly status reports and for compliance with the Inspector General's February 4, 1998 recommendations regarding the Year 2000 program. The House proposed no similar reports.

In addition, the conferees give final approval to reprogramming requests of the Department of Transportation which provide additional fiscal year 1998 funding of $12,710,000 for Year 2000 remediation efforts and $63,400,000 for replacement of the Host, Oceanic Display and Planning System (ODAPS), and Off-Shore Flight Data Processing System (OFDPS). The conferees agree that the following sources are to be used to finance these reprogrammings:

[In thousands of dollars]

Source program name	Fiscal year—		
	1996	1997	1998
NEXRAD	.....	.....	1,000
ARTCC modernization	.....	.....	8,000
Voice switching and control system	.....	.....	16,700
BUEC replacement	2,500	.....	.....
Low density RCL	.....	2,097	13,840
Chicago tracon	.....	1,350	.....
Non-directional beacon	.....	.....	700
Aeronautical center training facilities	.....	.....	3,000
Aviation safety analysis system	.....	.....	1,000
Atlanta metroplex	.....	.....	1,000
Critical telecommunications support	.....	.....	1,000
DASI	.....	.....	1,600
Distance learning	.....	1,400	3,000
DoD base closure	.....	.....	1,006
ERSDS	.....	.....	2,850
Long range radar improvements	.....	.....	2,200
SETA	.....	.....	1,000
Technical services support contract	.....	.....	4,800
Voice recorder replacement program	.....	.....	1,000
Program support leases	258	947	565
NAS infrastructure management system	.....	.....	1,285
FAA corporate systems architecture	1,195	.....	.....
Environmental compliance/OSHA	.....	.....	500
Oceanic automation build 1.5	.....	.....	317
Total	1,453	5,794	68,863

These sources were all submitted by the Department of Transportation to finance the reprogramming requests.

RESEARCH AND SPECIAL PROGRAMS ADMINISTRATION

RESEARCH AND SPECIAL PROGRAMS

The conference agreement provides $1,000,000 for emergency transportation activities of the Research and Special Programs Administration. These funds shall be utilized to increase the emergency preparedness of the State of Alabama in responding to natural disasters and other emergencies. On April 8, 1998, tornadoes swept through central Alabama, killing 33 persons, injuring more than 265 persons, and destroying at least $125,000,000 in residential and commercial property. Improved command and control emergency response capability would speed the dispatch of rescue teams, provide quicker clearance of road blockages, and aid in coordinating the many on-scene federal and state response teams. Of the funds provided, $400,000 shall be for construction and establishment of an emergency transportation response center in Arab, Alabama, to be administered by the Alabama Emergency Management Agency, for emergency communication and response services in the northern part of Alabama. The State will provide necessary matching funds for construction of this facility. The Department of Transportation will provide no ongoing consulting or other services after the establishment of the center. In addition, $550,000 is provided for a mobile emergency response system (MERS) vehicle, to be jointly operated by the Alabama Department of Transportation and the Alabama Emergency Management Agency, which will enable on-scene command and control response coordination. In addition, $50,000 is provided for departmental administrative costs associated with this program.

RELATED AGENCY

NATIONAL TRANSPORTATION SAFETY BOARD

SALARIES AND EXPENSES

The conference agreement provides $5,400,000 for the National Transportation Safety Board for expenses resulting from the crash of TWA Flight 800, as proposed by both the House and the Senate. Technical changes have been made to the bill language relating to the location and designation of the facility, as proposed by the House.

GENERAL PROVISIONS—CHAPTER 6

The conference agreement includes a provision (sec. 6001) that provides $1,000,000, to be derived from balances available to the Administrator of the Federal Transit Administration from previous appropriations Acts, to conduct transit investment analysis from Ewa to east Honolulu, Hawaii. Funds shall remain available until September 30, 2001.

The conference agreement deletes the provision proposed by the Senate which related to administrative handling of exemption requests for air service to slot-controlled airports. The conferees are concerned by the Department's lack of timeliness in the consideration and disposition of exemption requests for air service to slot-controlled airports, and by the lack of responsiveness to inquiries from interested members of Congress.

CHAPTER 7

DEPARTMENT OF THE TREASURY

YEAR 2000 CENTURY DATE CHANGE CONVERSION

The Administration requested transfer authority, subject to advance notice being transmitted to the Appropriations Committee, of up to $250,000,000 from any funds available to the Department to any other Department account in order to fund essential Year 2000 century date change conversion requirements. The conferees are committed to providing the resources the Department needs to successfully complete Year 2000 conversion activities; however, the conferees have denied the Administration's request for Department-wide transfer authority.

The conference agreement provides, through direct appropriations ($40,800,000) and through the approval of reprogramming actions ($133,100,000), the total additional amount currently estimated by the Department of the Treasury to be required for Year 2000 conversion activities in fiscal year 1998 at the internal Revenue Service ($63,200,000), the Financial Management Service ($7,400,000), the United States Customs Service ($37,300,000), and for the Department-wide communications system ($66,000,000).

The conferees agree with the language in House Report 105–470 regarding the accountability for Year 2000 expenditures.

The conferees have also recommended the rescission of previously appropriated funds to offset amounts provided in this Act. The specific actions taken by the conferees in this bill are described below.

AUTOMATION ENHANCEMENT

The conference agreement provides $35,500,000 for Automation Enhancement instead of $28,110,000 as proposed in H.R. 3580, as reported by the House Committee on Appropriations, and $39,410,000 as proposed by the Senate. This appropriation, combined with the approval of a reprogramming action, will provide a total of $66,000,000 for Year 2000 activities associated with the Treasury Communications System. Funds are made available until September 30, 2000.

FINANCIAL MANAGEMENT SERVICE

SALARIES AND EXPENSES

The conference agreement provides $5,300,000 for the Financial Management Service as proposed in H.R. 3580, as reported by the House Committee on Appropriations, and as proposed by the Senate. This appropriation, combined with the approval of a reprogramming action, will provide a total of $7,400,000 for Year 2000 work at the Financial Management Service. Funds are made available until September 30, 2000.

UNITED STATES CUSTOMS SERVICE

CUSTOMS FACILITIES, CONSTRUCTION, IMPROVEMENTS

The conference agreement provides no funds for the Customs Facilities, Construction, Improvements account, instead of $5,512,000 as proposed by the Senate.

INDEPENDENT AGENCIES

FEDERAL ELECTION COMMISSION

INDEPENDENT AUDIT AND MANAGEMENT REVIEW

Public Law 105–61 provided $750,000 for an independent technological and performance audit and management review of the Federal Election Commission. These funds were provided to the General Accounting Office (GAO) for the sole purpose of entering into a contract with an independent entity for the purpose of completing this review. The fiscal year 1998 conference agreement (House Report 105–284) further required the GAO to consult with the Committees on Appropriations and the House Oversight Committee on

the parameters of the review. GAO has consulted with the Committees, as required. The conferees direct GAO to proceed no later than 15 days after enactment of this bill with implementation of the statement of work agreed to by the Committees on Appropriations and the House Oversight Committee on April 28, 1998, absent additional changes agreed to by all parties.

GENERAL PROVISIONS—THIS CHAPTER

FEDERAL EMPLOYEE RETIREMENT OPEN ENROLLMENT

The conferees have taken no action in response to the Administration's proposal to repeal section 642 of the Treasury and General Government Appropriations Act, 1998, the Federal Employees' Retirement System Open Enrollment Act of 1997.

FEDERAL EMPLOYEE VOLUNTARY EARLY RETIREMENT

The conferees have included a new provision providing temporary government-wide authority for agencies to offer targeted early retirement. This authority expires on September 30, 1999. The conference agreement does not affect the existing statutory requirement in section 8336(d)(2) and section 8414(b)(1)(B) of title 5, United States Code, that, in order to be eligible for voluntary early retirement, an individual must have completed 25 years of service or have reached age 50 and completed 20 years of service.

EDUCATIONAL EXPENSES FOR CHILDREN OF MANUEL ZURITA

The conferees have included a new provision permitting the two dependent children of deceased Customs Service Senior Special Agent Manuel Zurita to complete their primary and secondary education at the Antilles Consolidated School System at Fort Buchanan, Puerto Rico at no cost to the children or their family. The Customs Service shall reimburse the Department of Defense for all reasonable educational expenses.

CHAPTER 8

DEPARTMENT OF VETERANS AFFAIRS

VETERANS BENEFITS ADMINISTRATION

COMPENSATION AND PENSIONS

Inserts language proposed by the Senate appropriating $550,000,000 for compensation and pensions. The House, in H.R. 3580, proposed language appropriating $550,000,000 for compensation and pensions.

INDEPENDENT AGENCIES

ENVIRONMENTAL PROTECTION AGENCY

STATE AND TRIBAL ASSISTANCE GRANTS

The conferees have included bill language as proposed by the House which clarifies that recipients for grant funds under the ''State and Tribal Assistance Grants'' account shall be those entities which were made eligible for such grants under the Agency's various organic statutes. This action will correct the inadvertent result of language included in the fiscal year 1998 Appropriations Act limiting the eligibility for such grants.

ADMINISTRATIVE PROVISION

The conferees have included bill language as proposed by the House which stipulates that no requirements of any carbon monoxide Federal Implementation Plan (FIP) which are based on the Clean Air Act prior to the adoption of the Clean Air Act Amendments of 1990 may be imposed in the State of Arizona. The conferees understand that the State of Arizona and the Environmental Protection Agency have worked diligently to produce a carbon monoxide State Implementation Plan (SIP), and encourage the parties to complete this work and approve a new SIP at the earliest possible date.

FEDERAL EMERGENCY MANAGEMENT AGENCY

EMERGENCY MANAGEMENT PLANNING AND ASSISTANCE

The conferees are concerned about the economic disruption that may take place in Sacramento and Los Angeles based on the Flood Insurance Rate Maps that were issued January 5, 1998 and are aware of the vigorous efforts by these cities to increase their level of flood protection. The Federal Emergency Management Agency is directed to work closely with the Army Corps of Engineers to determine whether the flood control work underway and planned will provide sufficient protection in Sacramento and Los Angeles to satisfy requirements for designation as an A99 zone.

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

HUMAN SPACE FLIGHT

(TRANSFER OF FUNDS)

The conferees have provided an additional $53,000,000 by transfer for Space Station activities in fiscal year 1998. The House had provided for a transfer of $173,000,000 and the Senate had provided for no additional funds. The transfer is from the Mission Support account and is to be combined with $37,000,000 which NASA may reallocate from within the Human Space Flight account. The total funding for Space Station activities in fiscal year 1998 will be up to $2,441,300,000 after this transfer and reallocation.

The amount transferred from Mission Support consists of $15,000,000 from space communications, $15,000,000 from salaries, $11,000,000 from research operations support, and $12,000,000 from construction of facilities. At a minimum, the conferees agree that NASA should reallocate to the International Space Station, within the Human Space Flight account, the following amounts: $5,000,000 from the shuttle program, $10,000,000 from payload processing, and $12,000,000 from advanced projects.

The conferees are in receipt of the report recently released by the Cost Assessment and Validation Task Force which concludes that the fiscal year 1999 budget request for the International Space Station program is not adequate to execute the baseline program, cover normal program growth, and address the known critical risks. As such, the conferees therefore remain deeply concerned that NASA not force reductions in current and future outyear projections for space science, earth science, aeronautics and advanced space transportation because of the need to accommodate overruns in the space station budget. The conferees call upon the Administration to submit a credible plan for responding to the recommendations contained in the report by June 15, 1998, with corresponding budget proposals that provide for necessary additional resources for fiscal year 1999 and beyond.

GENERAL PROVISIONS

Section 8001. Amends section 206 of the Fiscal Year 1998 VA, HUD and Independent Agencies Appropriations Act to redefine an area of economic development in Kansas City, Missouri, as proposed by the Senate. The House did not include a similar provision.

Section 8002. Requires HUD to allocate directly to New Jersey a portion of HOPWA funds designated for the Philadelphia, PA–NJ Primary Metropolitan Statistical Area as proposed by the Senate. The House did not include a similar provision.

The conferees agree to include this provision until the end of fiscal year 1999 for the purpose of providing HUD sufficient time to review the delivery process, particularly as it relates to metropolitan statistical areas with multiple jurisdictions that cross state lines, and to make appropriate recommendations.

Section 8003. The conferees have included a new section under ''General Provisions'' which would serve to ratify and confirm Congressional intent with respect to the collection and use of funds by the National Science Foundation (NSF). The explosive growth of the commercial segment of the Internet resulted in the collection of program fees in excess of the amount projected. These were in turn held in an ''Intellectual Infrastructure Fund'' until the Congress, as part of the fiscal year 1998 Appropriations Act, determined to use these funds for NSF's work on ''Next Generation Internet'' activities. This action by the Congress has since been held up by proceedings in the federal court system, and the language included in this new section will statutorily correct the lack of authority perceived by the court. The conferees would not in this regard that the federal judge in this case literally invited this action by the Congress, which would do nothing more than permit the NSF to proceed with the use of these funds as intended by Public Law 105–65.

CHAPTER 9

RESCISSIONS AND OFFSET

DEPARTMENT OF AGRICULTURE

The following table reflects the conference agreement on rescissions.

	House-reported (H.R. 3580)	Senate	Conference
Agricultural Research Service	$223,000		$223,000
Animal and Plant Health Inspection Service, salaries and expenses	350,000		350,000
Agricultural Marketing Service, marketing services	25,000		25,000
Grain Inspection, Packers and Stockyards Administration, salaries and expenses	38,000		38,000
Food Safety and Inspection Service	502,000	502,000	502,000
Farm Service Agency, salaries and expenses	1,080,000		1,080,000
Agricultural Credit Insurance Fund Program Account	6,737,000	6,736,197	8,273,000
Natural Resources Conservation Service, conservation operations	378,000		378,000
Rural Housing Service, salaries and expenses	846,000	846,000	846,000
Food and Nutrition Service, food program administration	114,000		114,000

The conferees direct that the rescission from the Animal and Plant Health Inspection Service affect only the agency's contingency fund.

The Department of Agriculture indicates that the proposed rescission of funds appropriated for Farm Service Agency salaries and expenses should not result in staff reductions beyond those expected in fiscal year 1998. The conference directs that the funding rescission be applied only to the non-salary portion of the Farm Service Agency budget.

GENERAL PROVISION—THIS CHAPTER

The conference report includes a general provision prohibiting funds in P.L. 105–86 to be used to pay personnel who carry out a conservation farm option program in excess of $11,000,000 as proposed in the House-reported bill, H.R. 3580. The Senate bill contained no similar provision.

DEPARTMENT OF THE INTERIOR

BUREAU OF LAND MANAGEMENT

MANAGEMENT OF LANDS AND RESOURCES

(RESCISSION)

The managers have agreed to the rescission of $1,188,000 from management of lands and resources as proposed by both the House and the Senate.

OREGON AND CALIFORNIA GRANT LANDS

(RESCISSION)

The managers have agreed to the rescission of $2,500,000 from Oregon and California grant lands as proposed by both the House and the Senate.

UNITED STATES FISH AND WILDLIFE SERVICE

RESOURCE MANAGEMENT

(RESCISSION)

The managers have agreed to the rescission of $250,000 from resource management as proposed by both the House and the Senate.

CONSTRUCTION

(RESCISSION)

The managers have agreed to the rescission of $1,188,000 from construction as proposed by both the House and the Senate

NATIONAL PARK SERVICE

CONSTRUCTION

(RESCISSION)

The managers have agreed to the rescission of $1,638,000 from construction as proposed by both the House and Senate.

BUREAU OF MINES

MINES AND MINERALS

(RESCISSION)

The managers have agreed to the rescission of $1,605,000 from minerals as proposed by both the House and Senate.

BUREAU OF INDIAN AFFAIRS

CONSTRUCTION

(RESCISSION)

The managers have agreed to the rescission of $837,000 from construction as proposed by the Senate instead of a rescission of $737,000 as proposed by the House.

DEPARTMENT OF AGRICULTURE

FOREST SERVICE

FOREST AND RANGELAND RESEARCH

(RESCISSION)

The managers have agreed to the rescission of $148,000 from forest and range land research as proposed by the House. The Senate did not propose a rescission from this account.

STATE AND PRIVATE FORESTRY

(RESCISSION)

The managers have agreed to the rescission of $59,000 from State and private forestry as proposed by the House. The Senate did not propose a rescission from this account.

NATIONAL FOREST SYSTEM

(RESCISSION)

The managers have agreed to the rescission of $1,094,000 from the National forest system as proposed by the House. The Senate did not propose a rescission from this account.

WILDLAND FIRE MANAGEMENT

(RESCISSION)

The managers have agreed to the rescission of $148,000 from wildland fire management as proposed by the House. The Senate did not propose a rescission from this account.

RECONSTRUCTION AND CONSTRUCTION

(RESCISSION)

The managers have agreed to the rescission of $30,000 from reconstruction and construction as proposed by the House. The Senate did not propose a rescission from this account.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

HEALTH RESOURCES AND SERVICES ADMINISTRATION

HEALTH PROFESSIONS EDUCATION FUND

(RESCISSION)

The conference agreement includes a rescission of $11,200,000 from unobligated balances of the Health Professions Education Fund.

DEPARTMENT OF TRANSPORTATION

OFFICE OF THE SECRETARY

PAYMENTS TO AIR CARRIERS

(RESCISSION)

The conference agreement rescinds $2,500,000 in general fund authority from the payments to air carriers program as proposed by the House instead of $2,499,000 as proposed by the Senate.

PAYMENTS TO AIR CARRIERS

(AIRPORT AND AIRWAY TRUST FUND)

(RESCISSION OF CONTRACT AUTHORIZATION)

The conference agreement rescinds $3,000,000 in contract authority provided for ''Small community air service'' by Public Law 101–508 for fiscal years prior to fiscal year 1998, as proposed by both the House and Senate.

FEDERAL AVIATION ADMINISTRATION

FACILITIES, ENGINEERING, AND DEVELOPMENT

(RESCISSION)

The conference agreement rescinds $500,000 in unobligated balances from ''Facilities, engineering, and development''. The FAA has no plans for using these funds, which have remained unobligated for many years.

GRANTS-IN-AID FOR AIRPORTS

(AIRPORT AND AIRWAY TRUST FUND)

(RESCISSION OF CONTRACT AUTHORIZATION)

The conference agreement rescinds $54,000,000 in contract authority in this title of the bill. These funds are in excess of the annual obligation limitation placed on the program by the fiscal year 1998 Department of Transportation and Related Agencies Appropriations Act and are therefore not available for obligation in fiscal year 1998.

(LIMITATION ON OBLIGATIONS)

The conference agreement restores the reduction of $31,400,000 in the obligation limitation for ''Grants-in-aid for airports'' proposed by the House. The Senate bill contained no similar reduction. The conference action results in a funding level of $1,700,000,000 for this program, which was the original level enacted in the Department of Transportation and Related Agencies Appropriations Act, 1998.

FEDERAL RAILROAD ADMINISTRATION

CONRAIL LABOR PROTECTION

(RESCISSION)

The conference agreement rescinds $508,234 for Conrail labor protection activities from unobligated balances under this heading, as proposed by the House, instead of from resources provided by direct appropriations by transfer as proposed by the Senate.

DEPARTMENT OF THE TREASURY

UNITED STATES CUSTOMS SERVICE

SALARIES AND EXPENSES

(RESCISSION)

The conference agreement rescinds $6,000,000 from funds appropriated in fiscal year 1997 for the Automated Targeting System (ATS), as proposed in H.R. 3580, as reported by the House Committee on Appropriations, and as proposed by the Senate. ATS was scaled back to a voluntary pilot program in fiscal year 1998, thereby realizing significant savings. The conference agreement does not rescind $5,300,000 in Customs Service's unobligated balances, as proposed by the Senate.

UNITED STATES CUSTOMS SERVICE

OPERATIONS AND MAINTENANCE, CUSTOMS P–3 DRUG INTERDICTION PROGRAM

(RESCISSION)

The conference agreement rescinds $4,470,000 from funds previously appropriated for the Customs P–3 Drug Interdiction Program, instead of $5,511,754, as proposed by the Senate. The conference agreement makes a technical correction to the Senate bill, rescinding funds from the Operations and Maintenance, Customs P–3 Drug Interdiction Program instead of the Customs Facilities, Construction, Improvements account.

INTERNAL REVENUE SERVICE

INFORMATION TECHNOLOGY INVESTMENTS

(RESCISSION)

The conference agreement rescinds $30,330,000 from funds appropriated in fiscal year 1998 for the Internal Revenue Service's Information Technology Investments program, instead of $27,410,000 as proposed in H.R. 3580, as reported by the House Committee on Appropriations, and $33,410,000 as proposed by the Senate. The conferees wish to make it clear that they fully support the program to modernize the Internal Revenue Service's information systems and only take this action in response to the Department's need to address urgent Year 2000 century date change conversion requirements.

GENERAL PROVISIONS—THIS TITLE

Sec. 10002.—The conferees are aware of concerns regarding the Patent and Trademark Office's (PTO) lack of progress in its space planning activities for its new facilities which may result in unnecessary cost growth. In addition, the conferees are aware that questions have been raised regarding the justification for, and costs associated with, build-out of the new facilities. Therefore, language has been included requiring the PTO to submit a report to the Committees on Appropriations no later than May 15, 1998 detailing its space plans and associated build-out costs for the new facility, and making funds for the build-out available only in accordance with standard reprogramming procedures. The conferees do not intend for this provision to prevent the move to new facilities to meet the PTO's space requirements. The Senate bill included language prohibiting expenditure of funds until submission of a report on the cost-benefit analysis of PTO's relocation to a new facility versus other alternatives to meet its space requirements. The House bill contained no provision on this matter.

Sec. 10003.—The conference agreement includes language, as proposed in the Senate bill, to repeal a provision included in the National Sea Grant College Program Reauthorization Act of 1998 which designated Lake Champlain as one of the Great Lakes, and instead includes new language to make the study of Lake Champlain an allowable purpose for funding under the National Sea Grant College Program. The House bill included no similar provision.

Sec. 10004.—The conference agreement includes a provision, as proposed in the Senate bill, to permit the transfer back to the State Department of up to $12,000,000 that was transferred out of the State Department to other agencies pursuant to section 404 of the fiscal year 1998 Commerce, Justice, State Appropriations Act. Section 404 provided funds for the implementation of the initial year of operation of the International Cooperative Administrative Support Services program. The transfer permitted under this provision is based upon a re-estimate of the allocation of costs among participating agencies. The conferees intend that the funds transferred back to the State Department pursuant to the provision shall only be used for State Department ICASS costs. The House bill did not include a provision on this matter.

Sec. 10005.—The conference agreement includes a provision, as proposed in the Senate bill, which continues a refugee program for the unmarried sons and daughters over 21 years of age of Vietnamese reeducation camp detainees who were previously admitted to the United States pursuant to the Orderly Departure Program. This section extends the original provision, included in the Foreign Operations Appropriations Act for fiscal year 1997, through fiscal years 1998 and 1999. The House bill included no similar provision.

Sec. 10006.—The conference agreement includes a provision, as proposed in the Senate bill, requiring the United States Representatives to the World Trade Organization (WTO) to seek changes in certain WTO procedures to promote greater openness and transparency in its activities. The House bill included no similar provision.

In addition, the conferees expect the National Oceanic and Atmospheric Administration to move promptly with the award of funds provided in the fiscal year 1998 Appropriations Act to the Institute for the Study of Earth, Oceans, and Space to undertake a ground-based demonstration of the collection of wind data.

The conference agreement does not include Section 2004 of the Senate bill. This in no way can be considered as expressing the approval of the Congress of the action of the Federal Communications Commission (FCC) in establishing one or more corporations to administer Section 254(h) of the Communications Act of 1934. However, the conferees expect that the FCC will comply with the reporting requirement in the Senate bill, respond to inquiries regarding the universal service contribution mechanisms, access charges and cost data, and propose a new structure for the implementation of universal service programs. The conferees concur with the provisions of the Senate bill relating to compensation for employees administering these programs. In carrying out the reporting requirement, the conferees believe that any proposed administrative structure should take into account the distinct mission of providing universal service to rural health care providers, and include recommendations as necessary to assure the successful implementation of this program.

The conference agreement does not include section 2008 of the Senate bill, waiving a matching funds requirement for a Small Business Development Center pilot project on Internet commerce in Vermont.

The conference agreement does not include section 2010 of the Senate bill, setting forth the sense of the Senate relating to United States contributions in support of United Nations peacekeeping missions.

The managers considered, but did not adopt, language that would create a Trade Deficit Review Commission, as proposed by the Senate. The conferees agree that serious concerns exist regarding continuing trade deficits and intend to work with the legislative committees of jurisdiction to establish such a Commission, including in the context of the fiscal year 1999 appropriations process.

Sec. 10007.—The conference agreement inserts a new section 10007 as a technical amendment which provides that provisions of the District of Columbia Code affecting the employment of the Chief of the Metropolitan Police Department of the District of Columbia shall not apply to the Police Chief to the extent the provisions are inconsistent with the terms of an employment agreement between the Police Chief, the Mayor and the District of Columbia Financial Responsibility and Management Assistance Authority. The section further includes language making the procedure for the appointment and removal of the Chief during a control year consistent with procedures for the Chief Financial Officer and certain department heads as set forth in the District of Columbia Financial Responsibility and Management Assistance Act of 1995 and the District of Columbia Management Reform Act of 1997.

Sec. 10008.—Support for Democratic opposition in Iraq.

The conference agreement includes a general provision providing that, notwithstanding any other provision of law, $5,000,000 of the funds previously appropriated for the ''Economic Support Fund'' in Public Law 105–118 (Foreign Operations, Export Financing, and Related Programs Appropriations Act, 1998) be made available for support for the democratic opposition in Iraq. The funds are to be used for such activities as organization, training, communication, dissemination of information, developing and implementing agreements among opposition groups, compiling information to support the indictment of Iraqi officials for war crimes, and for related purposes. The provision also requires a report from the Secretary of State to the appropriate committees of Congress within 30 days of enactment into law of this Act on plans to establish a program to support the democratic opposition in Iraq.

The Senate amendment contained similar language, but included a supplemental appropriation of $5,000,000 for these activities. It also designated these funds as an emergency requirement under the terms of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, and further provided that the entire amount would be made available only to the extent that an official budget request for a specific dollar amount, that included designation of the entire amount of the request as an emergency requirement, was transmitted by the President to Congress. The House bill did not address this matter.

The managers expect that a significant portion of the support for the democratic opposition should go to the Iraqi National Congress, a group that has demonstrated the capacity to effectively challenge the Saddam Hussein regime with representation from Sunni, Shia, and Kurdish elements of Iraq.

OFFSETTING EMERGENCY SUPPLEMENTAL APPROPRIATIONS

The conference agreement deletes a sense of the House provision contained in the House bill that stated that all emergency supplemental appropriations considered in the 105th Congress should be offset. The Senate did not include such a provision.

CONFERENCE TOTAL—WITH COMPARISONS

The total new budget (obligational) authority for the fiscal year 1998 recommended by the Committee of Conference, with comparisons to the fiscal year 1998 budget estimates, and the House and Senate bills for 1998 follow:

Budget estimates of new (obligational) authority, fiscal year 1998	22,597,439,000
House bill, fiscal year 1998	551,430,066
Senate bill, fiscal year 1998	23,859,654,012
Conference agreement, fiscal year 1998	3,409,562,066
Conference agreement compared with:	
Budget estimates of new (obligational) authority, fiscal year 1998	−19,187,876,934
House bill, fiscal year 1998	+2,858,132,000
Senate bill, fiscal year 1998	−20,450,091,946

BOB LIVINGSTON,
JOSEPH M. MCDADE,
BILL YOUNG,
RALPH REGULA,
JERRY LEWIS,
JOHN EDWARD PORTER,
HAROLD ROGERS,
JOE SKEEN,
FRANK R. WOLF,
JIM KOLBE,
RON PACKARD,
SONNY CALLAHAN,
JAMES T. WALSH,
JOHN P. MURTHA
(except for IMF and section 8 housing recission),
Managers on the Part of the House.

TED STEVENS,
THAD COCHRAN,
ARLEN SPECTER,
PETE V. DOMENICI,
C.S. BOND,
SLADE GORTON,
MITCH MCCONNELL,
CONRAD BURNS,
RICHARD C. SHELBY,
JUDD GREGG,
R.F. BENNETT,
BEN NIGHTHORSE CAMPBELL,
LARRY CRAIG,
LAUCH FAIRCLOTH,
KAY BAILEY HUTCHISON,
ROBERT C. BYRD,
D.K. INOUYE,
ERNEST F. HOLLINGS,
PATRICK J. LEAHY,
DALE BUMPERS,
FRANK R. LAUTENBERG,
TOM HARKIN,
BARBARA A. MIKULSKI,
HARRY REID,
BYRON L. DORGAN,
Managers on the Part of the Senate.

DISTRICT OF COLUMBIA STUDENT OPPORTUNITY SCHOLARSHIP ACT OF 1997

Ms. NORTON. Madam Speaker, I yield 2 minutes to the distinguished gentleman from Georgia (Mr. LEWIS), the deputy chief whip.

Mr. LEWIS of Georgia. Madam Speaker, it has been 3 years since a GAO report found that 1 out of every 3 of our Nation's schools are in need of major reconstruction and repair. Public school buildings are crumbling. Our schoolteachers are dealing with overcrowded classrooms. Many of our schools are fighting a war on drugs and violence.

Parents and teachers in my own district tell me about these problems and the lack of resources in the public schools in Atlanta. The GAO report shows that these problems exist nationwide, because overcrowded students attend classes in closets, hallways and even bathrooms. Yet, in 3

years, the Republican leadership has done nothing to address these devastating problems.

Nine out of 10 children in America attend public schools. The bill before us does nothing to address the problems that they face.

In fact, this bill is nothing new. It is just the latest assault on public schools by the opponents of public education.

□ 1230

In the last three years, my Republican colleagues have proposed abolishing the Department of Education, cutting the school lunch program, cutting funding for safe and drug-free schools, for teacher training, and for Head Start. The Republican record is clear. It is anti-public education.

And now they have the audacity to propose draining $45 million from the Federal Treasury to send just 3 percent of D.C. students to private and religious schools. The vast majority of students in D.C. public schools, 76,000, will be left out and left behind.

Now, the Republicans will have us believe that they care about D.C. public schools and their students. Do not be fooled. Education is a great equalizer in our Nation. For $45 million, we could set up computer labs for every school in the District of Columbia. We could hire teachers, reading teachers for all of the public schools in the District. With adequate funding, with public education as our top priority, we could truly make a difference for the majority of our schoolchildren in this city and nationwide.

Madam Speaker, the Democrats have a plan that will rebuild and repair 50,000 of our Nation's schools, put 100,000 more teachers in our Nation's classrooms, reduce the class size to 18 students and strengthen teacher training.

It is time for us to take action and move forward to improve American public schools. This legislation is a step backward. It is a step in the wrong direction. Oppose the Republican D.C. voucher scheme and invest in public education for all of our children, so no child will be left behind in the District of Columbia or any place in America.

Mr. ARMEY. Madam Speaker, I yield 4½ minutes to the distinguished gentleman from Texas (Mr. DELAY), the majority whip.

Mr. DELAY. Madam Speaker, an ancient Greek philosopher once said that only the educated are truly free. To a remarkable extent, that is still true today. The state of our education system pounds that point home. In many of our communities our children get the best education in the world. They are free to become lawyers, doctors, astronauts, engineers or whatever they want. They are free to live the American dream.

But in other communities, those communities that are not so well off, those communities that are ravaged by crime and drugs, the schools very often fail the children. They fail to give the children the necessary tools so they can realize their dreams. They fail to provide the children the safe and secure environment where they can learn. They fail to provide teachers who have the knowledge and the ability to teach. They fail to use their resources wisely to ensure that money is spent on teaching children, not on padding the wallets of bureaucrats.

And as a result of these failures, the children in these communities are trapped. They are not free to live their dreams. They are trapped in a system that ensures mediocrity, that inspires despair, that instills failure.

The District of Columbia has many examples of failure in its education system. It has amongst the highest illiteracy rates of any school system in the country. It spends more money per student than most schools. The question today is pretty simple: Do we take the steps that will instill accountability and responsibility and quality into the school system, or do we let the status quo continue unabated?

Well, in my view we need to shake this system up, and I cannot think of a better way to do that than to establish scholarships for children who want to break out of a failing system. I have heard most of the opponents today; and a lot of opponents in Washington, D.C., including half the teachers in the school system, send their children to schools other than the government school system. I have heard many complaints from those people who oppose the proposal offered by the gentleman from Texas (Mr. ARMEY) to establish this scholarship program. They say it means that we are abandoning the public school system. Nothing could be further from the truth.

If we wanted to abandon the public school system we would offer legislation that would give every student in the D.C. system a scholarship, every student a scholarship to the private or public school system somewhere else. And my guess is that that proposal would be a cheaper alternative than the current system and wildly popular with most of the residents in the District of Columbia.

But the majority leader is offering his proposal to inspire a rebirth in the D.C. school system. There is nothing like a little competition to get a system to change for the better, and we know that in business and we know it in life.

So some teachers' unions are fighting this proposal and other school choice proposals, and half of them send their kids to private schools, and they fight them with every ounce of energy that they can muster. Apparently the unions are scared of the concept of accountability and responsibility and quality.

I know many teachers who are as frustrated with the current system as we are. They want the best for these students. But the bureaucrats and the union leaders want the best for the bureaucracy and the union and not for students. And what is best for the bureaucracy and for the union is often the worst for the student and the parents.

Giving families the opportunity to choose where their children will attend school is an innovative way to inspire competition and improve our public school system. Many low-income families cannot afford to send their children to private school or even the means to take them to another public school in a better area.

The D.C. Scholarship Opportunity Act would give a low-income family in the District a choice, a chance, the power to provide their children with a better education. The D.C. Scholarship Opportunity Act is an important way to begin to affect our communities, to show them that we in Washington are committed to improving the educational system.

So, Madam Speaker, I applaud the majority leader for his commitment. Improving this system will help more children to realize the American dream.

Ms. NORTON. Madam Speaker, I yield 30 seconds to the distinguished gentleman from Missouri (Mr. CLAY), the ranking member of the Committee on Education and the Workforce.

(Mr. CLAY asked and was given permission to revise and extend his remarks.)

Mr. CLAY. Madam Speaker, I thank the gentlewoman from the District of Columbia (Ms. NORTON) for yielding me this time.

Madam Speaker, I rise in opposition to this voucher bill because it will do absolutely nothing to improve the quality of educational opportunities available in the District of Columbia. What this bill will do, however, is create false hope in the minds of schoolchildren and their parents and allow the Republicans to trumpet a lot of their baseless partisan political themes.

Let me say to my Republican colleagues and the District residents that federally funded school vouchers will not be made available here or anywhere else in America during the 105th Congress.

Madam Speaker, this is the third time that Republicans have trotted out this misguided D.C. voucher proposal for consideration in the House. Twice before they unsuccessfully attempted to attach it to the D.C. Appropriations bill. Now, the proposal finally stands alone to be judged on its own. It has never gone through the committee process for deliberate consideration. If it had, it would not have seen the light of day.

Just, last November, a bipartisan majority of this body soundly rejected legislation to offer federally funded vouchers nationwide. Why? Because Members recognized that vouchers simply channel taxpayer dollars to private and religious schools—something ridiculous to do when budget pressure makes it difficult to properly fund public schools. Members also recognized that the bill would erode protections afforded through our civil rights laws.

The voucher proposal before us today suffers from the very same fatal flaws. What's more, the D.C. voucher bill would be vetoed if it were sent to the President.

Madam Speaker, we should not undermine the efforts of those local officials who are principally responsible for the education of District students by forcing upon them the failed and unconstitutional voucher experiment. Rather, what we should do is support the Norton substitute to provide the D.C. public schools with $7 million to implement comprehensive reforms and hire additional reading tutors. Both initiatives would target the lowest performing schools. This approach would ensure all D.C. students the promise of a quality education from what would soon become an exemplary public school system.

Mr. ARMEY. Madam Speaker, I yield 4 minutes and 10 seconds to the distinguished gentleman from Virginia (Mr. DAVIS).

(Mr. DAVIS of Virginia asked and was given permission to revise and extend his remarks.)

Mr. DAVIS of Virginia. Madam Speaker, it is with an abiding respect and great reluctance that I oppose the gentlewoman from the District of Columbia (Ms. NORTON), my friend and colleague, but I support this legislation.

I think a few things need to be said. First, this is not taking one cent from the public schools in the District of Columbia, which have the highest spending rate per pupil in the Washington region right now. And I will join the gentlewoman in making sure they have the money to continue to build a quality public school system.

But we have tried through a presidentially appointed control board to make the system better, and it is clear it is more than a one-year ordeal. It is going to take several years. We recognize and we have to recognize the current failures of the public school system that the Washington Post this morning labeled ''troubled.''

The dropout rate is the highest in the region. Test scores the lowest almost in the country. Opened four years in a row late. It is just not operating. It is so bad that no Member of Congress sends their kids through the District of Columbia public school system today. The President and the Vice President, offered those opportunities, did as most of us and declined and opted for private schools, and I do not blame them or fault them in any way because the school system today is not something that we could be proud of.

Madam Speaker, I want to work to make it better. This is a scholarship. This bill allows not just the opportunity for some of the poorest of the poor to send their kids to private schools. It allows the option for dollars for tutoring and dollars for teacher training and the like.

What has happened in this city over the last 20 years is that the middle class and the upper class have responded by sending their kids to private schools or moving out of the city where there are school systems that are delivering an educational quality. What we are trying to offer here is a scholarship opportunity for the poorest of the poor in the city to give their children the same opportunity that Members of Congress have to send their kids to quality schools.

Opponents have said we are imposing this on the city. We are not imposing anything on the city. There is an article in the Washington Post today that talks about the Ted Forstmann scholarships for the city. Seven thousand poor families applied for this $1,700 grant, and they have to put up $500 of their own, when they could take a free public school system, and they are still overwhelmed with responses. I predict that we will get more responses to this program should this become law.

One lady, Karen Leach, said ''I prayed every day. I just prayed every day,'' that she would be able to get the additional scholarships to send her kids where they could get a quality education. I think this bill will answer the prayers of a few thousand other parents in the city as well.

As I said, it is not imposing vouchers. We are not imposing these scholarships on anybody. If parents do not want them, then they should not apply and should not take them. But please do not tell single mothers like Karen Leach that because they are poor, working poor, working two jobs in some cases to give their kids a better life, that they cannot have access to these educational scholarships just because their political leaders are afraid to admit that perhaps the school system is not working and is not functional in some cases, it has not opened on time for four years, and some of the other things we have discussed. It should not mean that the poor students cannot live and have the American dream like the rest of us.

I agree with my colleagues on the other side of the aisle. Let us fix the system. Let us give the public schools more dollars to do the job. We increased spending in the classroom last year. But even the presidentially appointed control board is not going to fix the schools overnight.

For Christopher Leach, who is mentioned in the Post article today, which I will submit for the RECORD, and others who are going to be in the third grade next year, the schools they will be going to are not functional, are not at an acceptable level for any of us to send our kids. They will never have another chance at the third grade while we are busy fixing the system. Next year is it for them.

What we are trying to offer a few thousand kids the opportunity to have a system with the educational quality that the rest of us enjoy. And while we all know their schools do not meet the standards we want for our kids, why would we relegate them and not give them the kind of choices the rest of us have? But because we are richer, because we can send our kids to private school or we can move to wealthy suburban areas where they have different school systems, we deny them the opportunities that we have.

Madam Speaker, with the gap between rich and poor growing greater in America and in this region every day, we cannot afford to relegate these poor students to a dysfunctional school system. They deserve these opportunity scholarships. I support the legislation.

Madam Speaker, the Washington Post article which I previously referred to follows:

[From the Washington Post, Apr. 30, 1998]

1,001 D.C. STUDENTS WIN SCHOLARSHIPS

(By Debbi Wilgoren)

Hundreds of low-income District parents are receiving calls and letters this week telling them that they have won scholarships to help them take their children out of the city's troubled public school system and enroll them in private schools.

They are the winners in a computerized lottery, held Monday and Tuesday, that awarded privately funded scholarships of as much as $1,700 each to 1,001 children to cover 30 to 60 percent of private school tuition. The money will go to about 750 families, who will receive separate scholarships for each of their children.

''I prayed every day. I just prayed every day,'' said Karen Leach, a single mother who works nights as a security guard and won scholarships for her sons, Christopher, 8, and Christian, 5. ''I just want my kids to have the best that I can get for them.''

Leach said she will use the money to put her children back in Catholic school. Her older son attended Assumption School in Southeast Washington from nursery school through second grade, but he and his 5-year-old brother enrolled at Leckie Elementary School in far Southwest last fall because Leach could no longer afford tuition.

The two children have done fairly well in public school this year, but Leach said she believes they will get a better education and more individualized attention in Catholic school because classes will be smaller and the other children will be better behaved.

At Leckie, she said, ''some of the kids are just out of control.''

The number of scholarships, which are being provided by the five-year-old Washington Scholarship Fund, has more than doubled this year, thanks to the largess of Wall Street tycoon Theodore J. Forstmann and John Walton, heir to the Wal-Mart fortune. They donated a total of $6 million to the effort last fall.

At a news conference yesterday announcing the 1,001 winners—chosen from more than 7,500 low-income applicants—Forstmann said he intends to launch similar funds soon in as many as 30 U.S. cities, including Los Angeles. That would greatly expand a new type of philanthropy that already is helping to pay the private school costs of 14,000 children across the country.

The effort coincides with growing national concern about the quality of public education provided in mostly poor, urban school districts. It comes as publicly funded, privately operated charter schools are opening in the city and many states, and as Republican leaders in Congress are pushing for taxpayer-funded private school vouchers for poor students in the District and elsewhere.

The House is expected today to pass legislation, already approved by the Senate, that would set up a D.C. voucher program despite strong opposition from Education Secretary Richard W. Riley, Del. Eleanor Holmes Norton (D–D.C.), local officials and parent groups.

President Clinton, however, has promised to veto the bill, and congressional leaders say they lack the two-thirds majority needed to override his veto. Opponents of voucher programs say the government should use its resources to improve public schools. They also complain that such programs unfairly favor parochial schools, where tuition is much lower than at most secular private schools.

Forstmann refused to take a position yesterday on the issue of taxpayer-funded vouchers. But he dismissed suggestions that he and other donors should give money to public schools, saying many public school systems are so dysfunctional that donating to them does not help children.

''It's a little like putting money into the former Soviet Union,'' he said. ''If the system worked, we wouldn't have to be here.''

Forstmann said he believes public schools will work better if they are forced to compete more directly with private schools for students. He appealed to others to give money so more poor children can choose between public and private school.

Yesterday, he met with Leach and a few other parents, then telephoned several additional winners. Fund Executive Director Douglas D. Dewey said all scholarship recipients will be notified by telephone and mail this week. Those who were not selected will receive letters by Monday or Tuesday.

The organization originally planned to award 1,000 scholarships. But at the last minute, it decided to include an applicant who was not selected in the lottery but whose academic struggle—he has repeated third grade twice—was featured in a Washington Times article Monday.

Ms. NORTON. Madam Speaker, I yield myself such time as I may consume.

Madam Speaker, correcting the record for the gentleman from Virginia, the District has the second lowest per pupil spending on students in the region. His district, Fairfax County, is $7,650. Mine is only $7,000 and Alexandria is $9,000.

Madam Speaker, I yield 2 minutes to the distinguished gentlewoman from California (Ms. WATERS) chair of the Congressional Black Caucus.

Ms. WATERS. Madam Speaker, firstly, I am appalled at the disrespect that is being shown to the gentlewoman from the District of Columbia (Ms. NORTON). It is an unwritten rule in this body to allow the leadership of the district to go to that person who represents that district. Not only is she being disrespected, but after she gives us the facts and the figures, then we have Members on the other side get up and talk about she is wrong and give other facts and figures.

I am appalled at what you are doing, and I do not think for one minute that you care more about this district than the gentlewoman from the District of Columbia. And let me say this, the gentlewoman is smarter than the gentleman from Texas (Mr. ARMEY), than the gentleman from Virginia (Mr. MORAN) and all the rest of them put together. How dare you question her ability to lead this District?

Madam Speaker, everybody knows this has been a political ploy. Not only do we not believe you care more about these children than the gentlewoman from the District of Columbia, we do not believe that, but do you expect to buy their education on the cheap?

□ 1245

We heard what education costs in all of these districts and the surrounding ones. But you want to come with a mere $3,200 a year for 3 percent of the students and then say that the $7 million will not take away from the other students in the district. It is outrageous.

I would ask the gentleman from Virginia (Mr. MORAN) and the gentleman from Texas (Mr. ARMEY), those who believe in this so much, try it in your own district, try it in your own district.

Even though I do not support this kind of thing, this kind of subsidy to private schools and to religious schools, if they want it so badly, I will support it for their districts.

I would ask my Members, please do not run over the gentlewoman from the District of Columbia (Ms. NORTON). Do not disrespect this district. Do not be bullies on this issue. We know that you are stepping on the District in every way that you can. They are down. It is difficult to fight. They do not have the power to stop you. You have the numbers. You can step on their backs. You can step on their necks.

I would ask you to have a little decency. Give the right of representation to the gentlewoman from the District of Columbia (Ms. NORTON). Follow her lead and discontinue this madness.

PARLIAMENTARY INQUIRY

Mr. RIGGS. Madam Speaker, parliamentary inquiry.

The SPEAKER pro tempore (Mrs. EMERSON). The gentleman from California will state his parliamentary inquiry.

Mr. RIGGS. Madam Speaker, is referring to Members of Congress as bullies and imputing the intellect of Members of Congress in order with House procedures and rules?

The SPEAKER pro tempore. Members should refrain from engaging in personalities during debate.

Mr. ARMEY. Madam Speaker, I yield myself such time as I may consume.

Madam Speaker, if I might just take a moment, since my intellect, my motives, and my character have just been called into question, let me just make the observation that I made at the outset, Madam Speaker. This is not about me, and, in all due respect, it is not about the gentlewoman from the District of Columbia. It is about the children.

Quite frankly, we have 8,000 of those children and their parents that have said this is a good deal. We want it. You can read about them in today's paper.

Madam Speaker, I yield 2 minutes to the distinguished gentlewoman from Kentucky (Mrs. NORTHUP).

Mrs. NORTHUP. Madam Speaker, I and all other moms know what it is like to worry every day about how your child is doing in school. It is terrible if your child is trapped in a school that is unsafe and unworkable. Your daughter's sleepless nights become your own sleepless nights.

Most parents with children in the D.C. public schools live under these intolerable conditions. D.C. schools have received national attention. In spite of funding per student that ranks among one of the highest in the Nation, education in the District has reached crisis proportions.

Decrepit school buildings are literally falling apart. The local news here is filled with stories of fire code violations, violence in schools, and failing test scores.

The problem in the D.C. public schools right now is the entire system is broken. It is not just a bad teacher or disorganized principal or a leaky roof or an unrestrained bully in the fourth grade. It is all of these problems and more. A parent cannot just change their child's teacher or their class or their school. There is no place to escape, and so the children are simply trapped.

Hopefully, the District will begin the long process of improvement. In the meantime, the children in these schools cannot wait. Too many lives have already been ruined. A child only gets to be in first grade once. He or she only gets to be a child one time. We need to make sure that each child has at least a chance to spend that year, that childhood in a safe school with an opportunity to learn.

School choice will offer parents the opportunity to give their children a chance to learn, thus enabling them to lay the foundation for future success. The key to ending the cycle of public assistance dependence is in opening doors for children to receive a quality education.

School choice is popular in this community. A recent poll found that low-income parents support scholarships. Among families earning less than $25,000, 59 percent support the program. We should, too.

Ms. NORTON. Madam Speaker, I yield 2 minutes to the gentleman from Ohio (Mr. SAWYER).

Mr. SAWYER. Madam Speaker, while there are a lot of good reasons to be skeptical about the bill before us, I think that the most important is sometimes glossed over, and that is the need for a full and effective evaluation of the program.

Evaluation is critical if we are to avoid monumental failure. Parental satisfaction and other subjective measures are important but wholly insufficient to measure the efficacy of this kind of funding scheme and its educational consequences.

A bill that is serious about a voucher experiment I believe should include statutory requirements for:

The random sampling of the students who are measured in the course of their experience with this;

Baseline data to benchmark evaluation including parental data, their

prior school experiences, relevant educational values, and reasons for making or not making a choice; student data on prior achievement, behavior, and special needs;

Appropriate control groups, including sibling nonparticipants;

Data from within and across all sites;

Comparable testing across all sites;

Data on transportation problems and solutions such as we experience in Ohio; and

Effects on all students, beyond standardized testing, including changing patterns of school enrollment by school type and demographic characteristics; the enhancement of geographic mobility among students; how school choices expand or contract; the kind of students who are accepted and rejected and retained by ''choice schools''; and effects on racial and class integration.

In section 11 of the bill, there is an evaluation component that comes close to addressing some of these requirements but hardly even a majority of them. However, the evaluation component's very language assumes the success of the program. This is a large and costly experiment in the lives of real children, both the ones in the program and those who are not. We owe it to them to include a serious effort to measure the costs and benefits and measurable change in student performance.

Whether or not the politicians on this floor or across this country agree about vouchers, no one can say we know for sure how well they will work. The students cannot afford for us to proceed without a mechanism for knowing if we are wrong.

Mr. ARMEY. Madam Speaker, may I inquire as to how much time is remaining for each side.

The SPEAKER pro tempore. The gentleman from Texas (Mr. ARMEY) has 39 minutes remaining. The gentlewoman from the District of Columbia (Ms. NORTON) has 33 minutes remaining.

Mr. ARMEY. Madam Speaker, I yield 4 minutes to the gentleman from Virginia (Mr. MORAN).

Mr. MORAN of Virginia. Madam Speaker, I will not take issue with my colleague from California. I do not want to speak for the gentleman from Texas (Mr. ARMEY), but there is no question in my mind that I am not as smart as the gentlewoman from the District of Columbia (Ms. NORTON). I would never try to compete with the gentlewoman from the District of Columbia on any kind of an intellectual or even a rhetorical basis.

I am going to, though, plead with my colleagues on the Democratic side, where the opposition to this bill lies, to set aside the suspect political motivation behind this bill and to put aside all that kind of lofty ideological rhetoric that partisanship can inspire. I do not necessarily disagree with all that rhetoric in principle. But I am going to ask you to strip away the esoteric and political issues that normally accompany this issue and look at the essence of what this bill does. Because all it is is an additional $7 million that can only go to poor families, only poor families. If it is not spent, it will not go to DC, nor to any other educational effort of merit. It will be lost. A lost opportunity.

What does it do that is so threatening? It lets parents pick where their kids will go to school. Those parents can choose the school my children go to, only a couple of miles away from the District of Columbia. It is in an almost entirely minority neighborhood, a public elementary school, with an African American principal, and an African American administration. Almost the entire student body is minority. But it is safe. The children that go to this school get the basic education they need, and they are going to get to go to college if they have the will and make the effort. It is a credit to the public school system as so many thousands of schools in this Nation are a credit to our investment in public education.

I am also going to ask you to let me make this a little more personal. A few months ago, my daughter broke out crying at the dinner table. She said, ''Mommy, Daddy, I cannot keep up with the other kids in my class. I cannot think as fast as them. I am the worst in the class.''

We comforted her and explained to her, ''Honey, the radiation that killed the cancer cells in your brain also killed the brain cells, but we are going to send you to a tutor,'' which we do, ''and we are going to make sure you can keep up.'' Expensive? Very. All out-of-pocket. Worth it? Of course.

But what about the dozens of other kids in the same condition at D.C. Children's Hospital, almost all of them minority, low-income families? Why should they be doomed because of the accident of their birth? Their parents do not have any possibility of enabling their kids to keep pace, of realizing their potential, of ever going to college. This bill gives them a faint, dim glimmer of hope because it can be used for tutoring that they could not otherwise afford.

Madam Speaker 85 percent of the children in Ward 3, the wealthiest ward in this city, have a choice of schools, and they choose to send their kids to private schools. Why should the parents in other wards of the city not have the same choice? Why should their kids suffer so because of the accident of their birth?

We spend more on D.C. public schools and get less out of them than any other school state system in the country. Three-fourths of their 8th grade students flunk basic math. Forty percent drop out. A minority of high school graduates are able to qualify for a college education. On average they're at least 2 years behind their peers in other school systems.

Why should we condemn all of these children to continue to suffer such inequity because we want to uphold our lofty principles and our traditional politics? Of course we believe in public schools. But we also believe in the intrinsic worth of every one of those children born in the District of Columbia. They have the same right anyone else has.

Why are you denying that right to even 2,000 children who could break out of the bonds of a failed school system? Because you want to maintain the status quo? Because you do not want to admit that the current failed condition is the reality of this failed school system? It is not fair to deny hope to even 2,000 children. What is fair is to support this bill.

Ms. NORTON. Madam Speaker, I invite the gentleman to exercise some of that passion for vouchers for the children of Alexandria.

Madam Speaker, I yield 1½ minutes to the gentleman from New Jersey (Mr. ROTHMAN).

Mr. ROTHMAN. Madam Speaker, last year, within our balanced budget bill, Congress gave American families a $400 tax credit for every child under the age of 17 in the household. This year, it will be $500 per child. American families can use all of those monies for private or religious school tuition. That is their choice.

This year, some in Congress want to bust the Nation's first balanced budget in 30 years by subsidizing private and religious school education, a subsidy that would ultimately affect funds available for the public schools.

If this voucher bill passes, the other real consequence would be higher property taxes for America's families to make up the difference. In New Jersey, our property taxes are already too high.

Besides, what is next? If someone does not like the books in their public library, should the government give that person a money voucher to buy books so that they can start their own private library? If somebody does not like the people who go into the public parks, should the government give money vouchers to that person so they can buy their own swing set and build their own private park? I do not think so.

America is still a country that believes in the common good and to achieve the opportunity for success and the opportunity to achieve the American dream.

Let us fix our public schools. Let us encourage competition by supporting chartered public school, but let us not pillage the public school systems in America. Hurting public schools in America will not be good for America.

Mr. ARMEY. Madam Speaker, I yield 1 minute to the distinguished gentleman from Pennsylvania (Mr. GOODLING), chairman of the Committee on Education and the Workforce, and, in my estimation, this government's number one expert on the subject of education by virtue of understanding and concern.

Mr. GOODLING. Madam Speaker, I thank the gentleman for yielding to me.

Madam Speaker, what I really want to talk about right now is, I get fed up when I hear the other side keep talking about pupil/teacher ratio, keep talking about building buildings, repairing building. For 20 years, 20 years, they had an opportunity to send 40 percent of the excess cost for special education to that school district and to every school district. They sent 6. If they would send 20, 40 percent, if they would send 40 percent of excess cost to special education to Washington, D.C., do they know what they would send them? Another $12 million.

Put your money where your mandate was. You mandated 100 percent special ed. You do not send them the 40 percent. You were sending them 6 percent. We got it up to 9. That is a long, long way away.

If they had an additional $11 million because you put your money where your mouth was for 20 years when you mandated special ed, they would have all the money in the world they need to deal with pupil/teacher ratio, to improve the school buildings, to build new school buildings.

So do not come here now 20 years later and somehow blame it on somebody else. It was you that passed the 100 percent mandate, and it was you that did not fund it. Now put your money where your mouth is.

□ 1300

Ms. NORTON. Madam Speaker, I yield 2 minutes to the gentleman from Maine (Mr. ALLEN), a member of the Subcommittee of the District of Columbia of the Committee on Government Reform and Oversight.

Mr. ALLEN. Madam Speaker, I rise in opposition to the bill before us today because I believe that vouchers are the wrong way to improve our public schools.

Taxpayer dollars should be spent to improve our public schools for all children, not on a $45 million unproven program that will reach only a small minority of D.C. students. This bill will cost over $7 million a year, and I believe that money could be used to help all of the 78,000 students in the District's public schools, rather than the 2,000 or so who may benefit from vouchers.

I believe that what we are seeing here is an effort to try out in the District of Columbia an idea that Members would like to bring and would be more appropriately dealt with around the country in other States.

I serve as a member of the Committee on Government Reform and Oversight's Subcommittee on the District of Columbia, and our subcommittee has held hearings on the state of the District's public schools. They are hurting. Serious action is essential to give the students of the District the education they want and deserve.

The District is moving ahead with an academic plan to improve student achievement, develop qualified teachers and strengthen its infrastructure.

One example is the District's new summer STARS, Students and Teachers Achieving Results and Success, program. STARS is intended to end social promotion and give students an intensive, highly-structured opportunity to gain important math and reading skills. It shows how committed the District is to improving student achievement.

Our goal is to improve the District's public schools for all children, not to weaken them for the benefit of a chosen few; and despite all of the emotion and argument around this issue, I believe this is the right course. I urge my colleagues to vote against this bill.

Mr. ARMEY. Madam Speaker, I yield 4 minutes to the gentleman from California (Mr. RIGGS), the chairman of the Subcommittee on Early Childhood, Youth and Families of the Committee on Education and the Workforce that deals with elementary and secondary education.

Mr. RIGGS. Madam Speaker, I thank the majority leader for yielding me this time and for his leadership on this very important issue.

It occurs to me, as I have listened to the debate for the better part of this hour, that this has, unfortunately, become one of those ''he said, she said'' debates, where we talk right by one another with only an occasional ad hominem attack by one Member against other Members to liven things up.

But I was very moved by what the gentleman from Virginia (Mr. MORAN) had to say, and I do not think anybody can question that gentleman's commitment to the District of Columbia. I wish I would have heard a better response to his concerns from the delegate for the District of Columbia than to simply say, try parental choice in the City of Alexandria public schools.

It so happens that the City of Alexandria, Virginia, public school system is top-notch. But, by comparison, the District of Columbia public schools are in crisis, a crisis of catastrophic proportions. So why do those people on this side of the aisle, with the exception of the gentleman from Virginia (Mr. MORAN) and maybe a handful of other Democratic Members of the House, continue to stand in the way of school choice? Why?

We need it in the District of Columbia. It is the last best hope for many District of Columbia families.

And I am struck. I saw a poll conducted by the Joint Center of Political and Economic Studies last year that found that 57 percent of African Americans support giving parents vouchers which they can use to pick the best schools, the best and most appropriate education for their children, and that number soars to 80 percent, 80 percent, colleagues, for black parents with younger children.

So we have to choose. Where are we going to stand? Are we going to stand with our fellow Americans, our constituents who are demanding parental choice in education?

It reminds me of the saying, ''When the people leave, perhaps the leaders will follow.'' Or are we going to remain absolutely beholden to the teachers' unions, a special-interest lobby that happens to be the core constituency of the national Democratic Party.

Show some political courage. The time and place is here and now in the District of Columbia.

This is a very modest bill, a very modest bill. It does not go nearly far enough, in my opinion, because it would only give a small number of parents versus the number of parents who have applied for these tuition scholarships, a small number of parents a scholarship up to $3,200 so that their children may attend the public, private or parochial school of their choice. That means the decision rests not with the government, not with the public school system but with the parent. And who better to make that decision?

We heard a lot of misinformation about this bill. The facts are very straightforward. The gentleman from Virginia (Mr. DAVIS) spoke to some of the concerns. Will the scholarship bill drain the D.C. public school resources that the school system desperately needs? No. Not one dime of this money, not one dime of the money for scholarships, would come from the District of Columbia school budget.

Is $3,200 not too little to cover tuition costs at private or parochial schools? Answer: emphatically no.

We had hearings in my subcommittee. We heard that at least 60 private schools inside the Beltway cost less than $3,200 per student, and more than two dozen others cost less than $4,000. These include religious and private schools and 14 schools in southeast, the quadrant of the District where the District's poorest families live.

Is the scholarship program not a violation of home rule? No. Because, as the gentleman from Virginia (Mr. DAVIS) said, the scholarships are not imposed on anyone, and no one is forced to participate. These schools already, the private schools, already accept minorities and children with disabilities, and this legislation is not unconstitutional. It is not a violation of the separation between church and State, because, as with the GI bill and early childhood educations and day care assistance, the recipient, that is the parent, makes the choice, not the government.

It is time to give those children a chance by giving those parents a choice.

Ms. NORTON. Madam Speaker, I yield myself such time as I may consume to clarify that my response to the gentleman from Virginia (Mr. MORAN) was based on the fact his district spends $2,000 more per pupil than mine; that his minority children are low achieving; and that no Member should try to put on my district what he has not already put on his own.

Madam Speaker, I yield 2 minutes to the gentleman from Virginia (Mr.

SCOTT), who is a member of the Committee on Education and the Workforce as well a member of the Committee on the Judiciary.

Mr. SCOTT. Madam Speaker, I rise in strong opposition to S. 1502, the D.C. voucher bill.

Madam Speaker, there are a number of reasons to vote against the bill, and let me just focus on two.

First, the bill ignores 97 percent of the students and offers just a jackpot for the privileged few. But there are not enough seats available in private schools in the Washington, D.C., area to accommodate those privileged few who might win the lottery.

A recent Washington Post article looked into the number of available seats and found that, ''D.C. students would find the costs high and the openings scarce.''

Furthermore, Madam Speaker, we must remember that the bill, should it pass, would be subject to an immediate court challenge over the use of taxpayer funds to go to private religious schools. Private religious schools make up 80 percent of the private schools in the Washington, D.C., area. So of those seats purported to be available by the proponents of the legislation, at least 80 percent of them may well not be available because of court challenges that would prevent their participation in the voucher program.

Madam Speaker, perhaps the most disturbing part of the bill is the provision which guts civil rights protections for the students. Although through legislative trickery the bill declares that the vouchers are not Federal aid to the school, such declaration has no purpose other than to exempt the schools from Federal enforcement of civil rights. Tragically, the bill clearly allows for discrimination against the disabled.

So while this legislation is framed as an educational bill to help disadvantaged D.C. students, in reality it is a flagrant assault by the majority on civil rights laws.

Madam Speaker, although this bill will provide no assistance to 97 percent of the students in Washington, D.C., a $7 million federally funded education program ought to at least have full Federal civil rights protections for the privileged few it purports to help. The fact that that protection is not contained in the bill is another reason to vote ''no''.

Madam Speaker, we need to vote ''no'' and defeat the bill.

Mr. ARMEY. Madam Speaker, I yield myself such time as I may consume to set the record straight.

Section 7 of the bill specifically prohibits discrimination. It reads, ''An eligible institution participating in the scholarship program under this subtitle shall not engage in any practice that discriminates on the basis of race, color, national origin or sex.''

It also specifically states in section 8 that nothing in the bill shall affect the rights of students or the obligations of the District of Columbia public schools under the Individuals with Disabilities Act. Nothing in the bill waives any current Federal, State or local statute protecting civil rights. In fact, private and religious schools in the District are already subject to D.C. civil rights law, among the most expansive in the country.

I am sure, Madam Speaker, that I will not have to address fallacy number seven in the book of complaints again.

Madam Speaker, I yield 2 minutes to the gentleman from Virginia (Mr. WOLF).

Mr. WOLF. Madam Speaker, I rise in strong support of this bill. Probably none of my colleagues here send their kids to the District of Columbia schools. None of my colleagues here have probably ever taught in the District of Columbia schools.

My daughter, for 5 years, worked at 14th and Belmont, in the community of Hope, up there where most of the kids are not getting a decent education. She then taught in the District of Columbia schools for a year.

We are talking about real people's lives. I commend the gentleman from Virginia (Mr. MORAN) for what he said. I know of a young boy who left the District of Columbia schools where he was failing and then went out to the Fairfax County schools and is now getting Bs.

My colleagues say, stay with the schools. None of my colleagues would allow their children to go to the District of Columbia schools. My colleagues would take two jobs, three jobs, they would do anything they could to get their kids into another school, and now they want to deny the opportunity for parents to have that opportunity.

If I lived in the District of Columbia, I would be a revolutionary because of the way these schools are. The Armey proposal for scholarships is good. It is going to help real people to make a real difference, and I urge all the Members, all the Members to vote for this bill. Because, when it passes, and, hopefully, it will be signed, it will save lives because it will give a young man and a young woman the opportunity to go on and do things that all of us, everybody in this body, wants for their own children.

Ms. NORTON. Madam Speaker, I yield 2 minutes to the gentlewoman from California (Ms. WOOLSEY).

(Ms. WOOLSEY asked and was given permission to revise and extend her remarks.)

Mr. SCOTT. Madam Speaker, will the gentlewoman yield?

Ms. WOOLSEY. I yield to the gentleman from Virginia.

Mr. SCOTT. Madam Speaker, I wish to respond to the comments of the majority leader.

The fact that it is designated as not aid to the school eliminates the Federal enforcement, and there are a lot of things that can be done under Federal enforcement that are exempt because of that language.

I had an amendment in the Committee on Rules that was denied to allow that language to come out so that we could have full participation and full enforcement of civil rights. That is not in the bill because of that language.

Ms. WOOLSEY. Madam Speaker, reclaiming my time, I say to all my colleagues that public education is the backbone of our country. Let us not forget that. It is why we are a great Nation. Public education is available to all. It does not discriminate, and it must be strengthened, not weakened. Yet this bill before us today will do just that. It profoundly harms our public schools.

This bill makes it easier for a chosen few, and the word is few, to go to private schools, schools that self-select their student body, schools that have no responsibility to special education and no concern for students with unique educational needs.

□ 1315

This is not acceptable. I am proud to speak for public education in America. Sure, it is not perfect, but the solution to any problems of our public school system will not be solved by providing vouchers to a few chosen children. The solution is to fix our public schools so that all families would choose public education unless they choose to go to a religious school that they would pay the tuition from their family.

S. 1502 hurts our kids, hurts our schools and our country, and it must be defeated.

Mr. ARMEY. Madam Speaker, I yield 1 minute to the distinguished gentleman from Colorado (Mr. BOB SCHAFFER).

Mr. BOB SCHAFFER of Colorado. Madam Speaker, the Constitution of the United States in article 1, section 8, gives Congress the authority to exercise exclusive legislation in all cases whatsoever over such district as may, by cession of particular States, and the acceptance of Congress, become the seat of the Government of the United States.

And there are other sections in the Constitution as well that give the Congress the authority and, in fact, the obligation to be concerned about the children of the District of Columbia public schools.

But it is more than just a constitutional authority. We have a moral obligation to treat these children like real Americans. It is interesting when we read the newspapers here in Washington about how voucher opponents send their own children to private schools. Now, these are people over here who understand the difference between bondage and liberty.

John Milton, British poet, in the poem Samson Agonistes, said, ''But what more often nations grown corrupt than to love bondage more than liberty, bondage with ease than strenuous liberty.''

Some people understand the difference between bondage and liberty

and send their children to the schools of their choice. Let us treat children in the District of Columbia like real Americans as well, so they might one day learn the difference between bondage and liberty.

Ms. NORTON. Madam Speaker, I yield myself such time as I may consume.

This Member reminds the Member that I represent people who ask that they be treated like real Americans, that their home rule and self-government be respected, and that the vote which this Member won on the House floor, as a real American, not be taken from my taxpaying residents.

Madam Speaker, I yield 2 minutes to the gentlewoman from New York (Mrs. LOWEY).

(Mrs. LOWEY asked and was given permission to revise and extend her remarks.)

Mrs. LOWEY. Madam Speaker, I rise in strong opposition to this legislation.

My colleagues, there are several important educational initiatives before this Congress that would benefit millions of students across our Nation, not just the chosen few. There is the President's proposal to help schools hire 100,000 new teachers to reduce class size in the lower grades. There is also the President's school modernization and repair initiative. I introduced one version last year, the Rebuild America's Schools Act, that has attracted nearly 120 cosponsors. And a new proposal introduced by the gentleman from New York (Mr. RANGEL), myself, and others would offer tax credits to help local schools eliminate overcrowding, finance roof and window repair, and invest in computers and technology. These measures have the support of the American people. But are they being considered by the House? No.

Madam Speaker, Democrats believe the Government should work to strengthen public schools, not undermine them. Unfortunately, that is exactly what this proposal is designed to do. Of course, there are problems, serious problems, with the schools in this district and other districts. One problem that I find particularly serious with this proposal is funding religious schools. I believe in government-church separation, and providing public vouchers for religious school costs would clearly violate this important constitutional principle.

A potential lack of accountability to the taxpayer is another problem.

Madam Speaker, the bill before us authorizes enough money next year to provide vouchers to roughly 7 percent of D.C. children. What about the rest? What message does this educational sweepstakes send to our youth? It says, ''Your future is based on the luck of the draw, not your effort and ambition, and not equal opportunity for all.''

Madam Speaker, D.C. public schools are in trouble. We need to invest in them. The Republicans want to tear them down brick by brick. The answer is not a limited voucher program that will weaken our public schools. It is tougher academic standards, safer school buildings, smaller classes, more teacher training. We have to invest in our public schools and make sure that every youngster has the opportunity to get an outstanding education.

Mr. ARMEY. Madam Speaker, I yield 2 minutes to the distinguished gentleman from Indiana (Mr. SOUDER).

Mr. SOUDER. Madam Speaker, I want to thank the majority leader for his efforts in this and leading the way to give opportunity to those who may not have it.

As I have, basically, understood much of the debate today, I am sure there were some survivors on the Titanic who were glad that the minority Members were not making the decisions on whether to use the lifeboats, because the decision would have been, since everybody cannot be in the lifeboat, nobody should be in the lifeboat.

I am glad that the Members of the minority party who have spoken out here are not in charge of IDEA, because apparently the rule would be if we cannot fully fund IDEA, nobody should get the money.

The question here is should those who are reaching out get some opportunity. But the underlying fundamental question here, and I want to make it clear on the RECORD here, because I have taken some criticism because I supported the High Hopes initiative in the committee, because I think we need to reach out in multiple ways, in public schools, in private schools, in charter schools, every way possible to increase the opportunities for all minorities, whether they be Hispanic, African American, Asian, rural white. We need to make sure that everybody has the opportunity to succeed in America.

One of the things that this bill does is it empowers parents and children to vote with their feet. We keep hearing the word ''lottery'' like it is some kind of a gambling thing when, in fact, it is not. Maybe only 2,000 will get in, but many more will want to get in. Those who do not get in will still have the incentive to push in their schools, because their schools, in order to keep them from applying, presumably will start to listen to parents, presumably will start to respond.

In fact, if what the people want, because they are clearly spending more dollars in the public schools than they are in these private schools, if what the people want is discipline, if what the people want is better basic education, if what the people want is to get the things that they are getting out of the private schools, the public schools where they have choice start to respond.

We have an excellent public school in Southeast Washington and Anacostia, the Thomas Jefferson School, that does not have the crime problems, where they have more excellence going on. And we need to encourage those public schools that are reaching out and doing that; and one way to do that is to give the parents the ability to say, ''If you do not respond to us, if you do not listen to us, we will vote with our feet.'' And that is what we are doing here is empowering the poor like the rich are.

Ms. NORTON. Madam Speaker, I yield myself such time as I may consume.

I want to put this civil rights issue that the gentleman from Virginia (Mr. SCOTT) raised to rest by asking unanimous consent that the response of the Leadership Conference on Civil Rights, the coalition of the Nation's civil rights organizations, be admitted into the RECORD. The Leadership Conference opposes the bill.

The SPEAKER pro tempore (Ms. EMERSON). Is there objection to the request of the gentlewoman from the District of Columbia?

There was no objection.

Ms. NORTON. Madam Speaker, I yield 1 minute to the gentleman from Illinois (Mr. DAVIS).

(Mr. DAVIS of Illinois asked and was given permission to revise and extend his remarks.)

Mr. DAVIS of Illinois. Madam Speaker, I rise today in opposition to this bill, for three reasons. First of all, it is undemocratic in that it ignores the will of the people of the District of Columbia. They have already spoken and overwhelmingly rejected vouchers in a recent referendum.

Secondly, I oppose it because it is simply another attempt to dismantle public education in America. Public education has been the cornerstone of democracy and must remain so. This bill would divert $7 million from private schools to public schools to help only a few students. And we are not even sure that vouchers will improve achievements anyway. Evidence suggests that it need not necessarily do so.

Finally, I oppose this bill because we should focus on putting our resources where they are really needed. We should use the money to fix up the crumbling schools, wire schools for the Internet, provide textbooks and other learning aids for students to learn.

So I urge my colleagues, let us not do the political thing, let us do the real thing, let us do the meaningful thing, let us support public education and vote this bill down.

Mr. ARMEY. Madam Speaker, I yield 1 minute to the distinguished gentleman from Pennsylvania (Mr. PITTS).

Mr. PITTS. Madam Speaker, I rise to urge my colleagues to support the D.C. Opportunities Scholarship Act.

We have a moral responsibility to put children first in education, including inner-city children in D.C. All children should have the opportunity to attend school where they are safe, in a classroom where their teacher is qualified, and where their parents are involved in their education.

According to a Washington Post article I recently read, about 40 percent of second- and third-graders tested in D.C. public schools last spring read too poorly to meet the new proposed standard for promotion to the next grade.

This would mean about 5,000 of Washington's 13,000 second- and third-graders might have to repeat their grade for some reason. Five thousand Washington D.C. kids are simply not being taught basic reading skills. I wonder how many of these students will slip through the cracks and graduate in high schools without ever being able to read a newspaper.

Right now, many of their parents are helpless to take action and provide a good education for their children. Let us give them a choice to respond to the educational needs of their children. Let us support this D.C. Opportunity Scholarship Act.

Ms. NORTON. Madam Speaker, may I inquire how much time I have remaining?

The SPEAKER pro tempore. The gentlewoman from the District of Columbia (Ms. NORTON) has 22 minutes remaining. The gentleman from Texas (Mr. ARMEY) has 23½ minutes remaining.

Ms. NORTON. Madam Speaker, I yield 1½ minutes to the distinguished gentlewoman from Colorado (Ms. DEGETTE).

Ms. DEGETTE. Madam Speaker, I thank the gentlewoman from the District of Columbia for yielding and also for her inspired leadership on this issue.

Last night we began debating a higher education bill that will significantly help students who go on to get a postsecondary education. As I stand here today, I think, what good is that bill, what good is this bill if we cannot even give an elementary or a secondary education to a kid? What good is legislation for postsecondary education if we sabotage the public school system in this country and if we undermine the future of millions of kids in this country?

And this legislation is just the first step. Public schools in Washington and all over the United States face very real and serious problems. But we do not solve them by funneling money away from them. If we begin instituting voucher systems, we might as well just say, let us walk away from our public schools. And none of us are ready to do that.

Let us talk about this lifeboat analogy we heard about. Imagine there is a ship that is about to sink. We know the ship is going down. We have the chance to do something about it. The Republican response is, let us make sure that we have lifeboats for 3 percent of the passengers on the ship. The rest of the passengers, let us hope they can swim.

What we need to do to effectively address the problems that our public schools face is to fix our crumbling inner-city schools, reduce our classroom size, train qualified teachers, modernize our classroom, and connect our kids to the Internet. Let us look at competition, but within the public schools.

Mr. ARMEY. Madam Speaker, I yield 2 minutes to my friend, the distinguished gentleman from Florida (Mr. WELDON).

Mr. WELDON of Florida. Madam Speaker, I am a product of the public school system. I went to primary and secondary, as well as college and medical school, through public schools. Indeed, my mother was a public school teacher. But yet, I support this bill, and I think this bill is a very good bill. And, frankly, I am appalled at the kind of language that people are using to describe this concept.

I mean, this is a very, very limited, small scholarship program; and to use this kind of language that I think incites fear in people, frankly, I just do not understand it.

We have a very serious problem in the D.C. public school system. Sixty-five percent of D.C. public schoolchildren test below their grade level, this despite spending about $7,500 per student.

The Washington Post, not exactly a Republican newspaper, reported that 85 percent of the D.C. public school graduates who enter a university need remedial education. Forty percent of the high school students either drop out or they shift over to a private school.

Now let me tell my colleagues something: Rich people have school choice in the city of Washington. Indeed, the President, the Vice President, how many Members of this body send their children to the D.C. public schools? We are talking about giving a limited number of students a scholarship and to see how well it goes over, to see if the families like it, to see if the children like it. And they use this language like we want to destroy public education all across America.

□ 1330

In my opinion it is an outrage to use these kind of terms to describe a simple, very limited scholarship program. I think what you fear most is that this is going to be a success and the parents in the Washington D.C. area will ask for more of it. That is what you really fear.

In my opinion, this piece of legislation is something that everybody should support, particularly those who are really interested in education. Let us put the issue to rest. If this is such a bad idea, will we not find out with this scholarship program? You will be able to stand up and say, ''I told you so.''

Ms. NORTON. Madam Speaker, I yield 1½ minutes to the gentlewoman from Michigan (Ms. STABENOW).

Ms. STABENOW. Madam Speaker, I come to the floor today as a parent of two children who have gone through an urban public school, a good public school in Lansing, Michigan, who I am very proud of. We have had our challenges. Contrary to what this bill suggests, we have rolled up our sleeves and this year alone we have been able to recruit 1,100 new volunteers to work one-on-one with our students. We have through NetDay been able to bring together business and labor to wire 29 schools without taxpayers' expense, to be able to improve opportunity for technology and the Internet for every child in the Lansing public schools.

What this bill does, it talks about a legitimate concern for children in Washington, D.C. and proposes exactly the wrong solution. It proposes taking $7 million out of a precious budget where there is not enough money and saying that 2,000 children will have the opportunity for a voucher, 76,000 children will be left with a system that does not have the investments it needs. Those 76,000 children could have in fact 65 schools wired for the Internet, 460,000 new textbooks in those schools, if instead of this bill we would in fact invest that $7 million to affect every child in Washington, D.C.

Last fall literally the roofs were falling in on D.C. children. The response of the other side was to say 2,000 of the children could go to a different school and leave 76,000 children I suppose with buckets to catch the water. Our response is fix the schools, modernize them, improve them, and invest in every single American child in this country.

Mr. ARMEY. Madam Speaker, I yield 1 minute to the gentleman from Indiana (Mr. MCINTOSH).

Mr. MCINTOSH. Madam Speaker, I rise in full support of this legislation. I think it is a wonderful opportunity to truly serve those who are most needy, the young in this country.

I am reminded of a student in Indianapolis, Alphonso Harrell, whom I met. He was from a disadvantaged family and trapped in a public school that was not serving him, he was not doing well, and on his way to possibly a career of crime and terrible life. He had the advantage of a privately funded scholarship that allowed him to go to a local high school run by the Catholic religion. Alphonso has turned around. He now is a very good student, on the student government, captain of the football team and on his way to college, because of that opportunity.

This legislation makes those opportunities available for the least advantaged here in the District of Columbia. I applaud it wholeheartedly.

Unfortunately, many of the outside groups who are opposing this legislation are special interests who want to see the monopoly of the public school system maintained in the District of Columbia even when it does not serve the students. I rise in full support of this legislation and urge my colleagues to vote for it.

I strongly support this bill.

The fact is scholarship programs like this literally change lives of nation's youth. I was moved by the story of young Alphonso Harrell of Indianapolis, Indiana.

Alphonso has turned his life around dramatically since enrolling at Cathedral High School. Beforehand, he was underachieving in public school, and could easily have ended up in jail or worse.

However, a privately funded scholarship program changed all that. Alphonso had a chance to escape a terrible school

Now, Alphonso is an honor student, captain of the football team, on student govt, and will be attending college soon.

Opponents of D.C. Scholarships represent a narrow, selfish special interest who want to keep the monopoly of failed public school systems. They would have you believe that Private Schools are not a viable option for the poor and downtrodden of the District of Columbia.

While many of the opponents, themselves, send their children to private and parochial bastions of privilege, they would deny even the most modestly priced private education to the children of hard working residents of the District.

Mr. President and my fellow Members, I beseech you to set these children free. Set them free of the uncaring bureaucrats and special interests who rule their lives.

Why should families of limited means be reduced to the edges of financial ruin in order to provide their children with a $2500 private school education, when at the same time the District of Columbia is spending an average of $9000 per student annually and providing, as far as the parents are concerned, virtually nothing in return?

It is heartless for opponents of this bill to rob the children of the District of Columbia of a good education.

Parents know best what is good for their children, and deserve the right to choose where to educate their children.

My fellow members of the House, I urge you to vote with parents and vote in favor of the D.C. Scholarship Bill.

Ms. NORTON. Madam Speaker, I yield 2 minutes to the distinguished gentleman from Texas (Mr. RODRIGUEZ).

Mr. RODRIGUEZ. Madam Speaker, I rise in opposition to the so-called Student Opportunity Scholarship Act, another voucher proposal. Vouchers are not the answer to the many problems that confront our schools. It is seen as a panacea but it is a scapegoat to our existing situation. Yes, it might help some of the youngsters that are out there and it might be beneficial, but it is going to be at the expense of all the other youngsters that are out there. In fact, the vouchers take away tax dollars from public schools where our children have the greatest need.

If we are going to commit to helping, we ought to be out there providing the resources that are needed. At this present time there is a press conference out there because there are being cuts right now at teacher training, there are some cuts that are being put out in terms of not allowing sufficient resources to be able to build our classrooms. There are also some proposed cuts that would not allow for construction of schools. There are some cuts that will also have some direct impact in terms of wiring our classrooms. We should be adding additional resources instead of taking existing resources from the youngsters that are now out there, instead of coming up with this program that is only going to be responsible for only impacting a few at the expense of all the rest.

Let us not be fooled into believing that this bill is for the benefit of our students and for our parents. In fact, most parents will not have a say-so in terms of who will be able to get in there. In fact, one of the difficulties about the voucher system is that it does not allow the opportunity for youngsters to participate. If you have any type of difficulties, any kind of handicap, those youngsters will not be included. So yes, it is very exclusive. It is only for those individuals that will be able to get in there, again at the expense of all the others.

Public policy should respect the parental choice but the choice of benefit of all the students, not at the expense of the rest. Let us not abandon our public schools. I would ask and look at what has happened. There is a direct correlation between the proposals and the individuals supporting this proposal and the lack of commitment to fund our particular classrooms out there, lack of commitment to support public education as a whole. That is where it is needed.

Mr. ARMEY. Madam Speaker, I should just like to observe that it is generally advisable when one speaks of a direct correlation to offer empirical data rather than bias and opinion.

Madam Speaker, I yield 2 minutes to the gentleman from Michigan (Mr. HOEKSTRA).

Mr. HOEKSTRA. Madam Speaker, I thank the gentleman from Texas for yielding time. As the previous Member may have talked about, there is a direct correlation that when you send money to Washington, it does not make it back to the child and it does not make it back to the classroom. This current system gobbles up money and it hurts kids and it hurts our public schools and it hurts our children. We have taken a look at it: 760 programs, 39 agencies, $100 billion. It does not work. You send a dollar to Washington for education, maybe 60 to 70 cents actually makes it back to a child in a classroom. Yes, we do not support that kind of a system.

We have gone to 17 States, we have taken a look at what works in education. We have gone to lots of great schools. When you empower parents, when you focus on basic academics, when you get dollars back into the classroom, it works. We are not in the process or the need to focus on a particular system. We need to start taking a look at the kids.

We have been in Cleveland, we have been in Milwaukee, we have been in all the places where education is progressing and where change is taking place. And every place where education is improving, it is moving power to parents and it is moving it to the local level and not moving more of it back to Washington.

This is not the answer to all of the problems we face in education, but it is definitely a step in the right direction. It is a step that we ought to take. And it is a step we ought to take here in Washington, D.C. because it is not an issue of money. We spend roughly $10,000 per child in Washington and we get some of the lowest results of any public school in the country. It is not fair to those kids.

Another few million dollars to improve these schools is not going to make the difference. We need radical change. We need to help the 7,573 students who tried to apply to get these scholarships who are not going to have that opportunity.

Ms. NORTON. Madam Speaker, I yield 1½ minutes to the distinguished gentleman from Texas (Mr. GREEN).

Mr. GREEN. Madam Speaker, I thank the gentlewoman from the District of Columbia for yielding me this time to speak in opposition to this bill. Let me quote some of my colleagues from the other side.

The gentleman from Florida (Mr. WELDON) said that rhetoric and the destroying of public education is not the intent. I sat on this floor and heard one of my colleagues a few months ago say that public education is a legacy of the Communist revolution. And so maybe that is not the intent of this bill, but it sure gives that intent when you hear some of the rhetoric from the other side.

My colleague from Indiana talked about the Titanic, that nobody would get on the lifeboat. Those of us who saw the Titanic will remember how those gates were closed for those people in steerage. Those 7,500 children may be able to get out and get that lifeboat, but we are leaving thousands and tens of thousands still in steerage with the gates closed and without the opportunity that fixing public education really needs to be done.

Public education is available for everyone. It is irresponsible to have a voucher bill that takes scarce public funds and uses it for private schools, to only educate those few who maybe will make it out of steerage and maybe break down that gate or sneak around that gate, but not break the whole gate down so everyone can have that opportunity. That is what public education is about.

The tuition costs in private schools in the D.C. area is far greater than the value of the vouchers. So we are only going to be able to help those few students, Madam Speaker, who will be able to have their parents to match that, because the tuition is going to be so much more. Again, we are throwing up barriers. We really ought to fix the D.C. schools, and not only fix it for 10 percent of the students.

Madam Speaker, I hope this bill will be defeated.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mrs. EMERSON). The Chair would like to ask those in the gallery to refrain from any audible conversation.

Mr. ARMEY. Madam Speaker, I yield myself 3 minutes.

Madam Speaker, I have here a book that I prepared in anticipation of this

discussion. I have in this book the 20 fallacies that are argued in opposition to the provision of these scholarship opportunities for these children.

Let me begin by extending my compliments to the opposition. Already, before the debate is over, I believe you have covered all 20. There are a few in particular that I want to call attention to for just a moment.

One, I can predicate my remarks by the observation that there is an old adage in psychology that says, ''You always get more of what it is you really don't want.'' Generally that is a sort of a self-inflicted unintentional consequence that just comes from our neurosis.

In this case we have the most fascinating case. There is a test of constitutionality that does in fact also cover civil rights law that was established by the Supreme Court. It is called the lemon test. This bill was carefully written so that it meets the lemon test. That came as a big, big disappointment to the opposition of the bill that were counting on being able to attack the bill on the lemon test, on constitutionality.

The lemon test is three-part. It says if the choice where to use assistance is made by the parents of the students, then it passes the test if that choice is made by the parents of the students, not the government. We pass the test if the program does not create a financial incentive to choose private schools. And we pass the test if it does not involve the government in the school's affairs.

There is a specific provision in the bill on page 25 that says Not School Aid: ''A scholarship under this Act shall be considered assistance to the student and shall not be considered assistance to an eligible institution.'' The gentleman from Virginia (Mr. SCOTT) appeared before the Committee on Rules yesterday and asked for a rule that would allow him to amend the bill to drop that. When queried by the gentleman from Massachusetts (Mr. MOAKLEY) as to why he would want to do such a thing, which would of course make it subject to unconstitutionality under the test, his response was, and I quote, that his provision would offer an additional attack on the constitutionality because it would be essentially funding parochial schools.

□ 1345

I appreciate the dedication of the opposition, and I appreciate the Committee on Rules that quite wisely did not allow the amendment to be put in order for no reason other than to afford the opportunity to realize their worst dreams so they could kill the opportunity for the children.

As my colleagues know, I do not mind being dedicated, but I do think they ought to be more creative and a little less transparent in that we passed the constitutionality test.

Madam Speaker, I reserve the balance of my time.

Ms. NORTON. Madam Speaker, I would like to refer the gentleman from Texas to the Wisconsin decision and to the Ohio decision. In both of those decisions the court said they were applying the lemon test, and in both of those decisions the court said the publicly funded vouchers of the precise kind at issue here did not meet the lemon test.

Madam Speaker, I yield 2 minutes to the distinguished gentleman from New York City (Mr. MEEKS) specifically from Queens, New York.

Mr. MEEKS of New York. Madam Speaker, I thank the gentlewoman from the District of Columbia for yielding this time to me.

As indicated, I represent the Sixth Congressional District in Queens, New York, and I succeeded a man who I respect, who is my friend, who I think has done a great deal, the Reverend Floyd Flake. However, on this issue he was incorrect. On this issue dealing with school vouchers, the individuals that I represent in the Sixth Congressional District overwhelmingly believe in public education and are against school vouchers.

Madam Speaker, I think the reason that that occurs is, I can testify to, because of the fact that I am a product of public education, I have two daughters who are now attending public schools, that, in fact, all children can learn. And I think from the debate that I have heard here today I have not heard anyone say that only a few children can learn, but they are talking about children and their ability to learn so that we can have a better tomorrow. And if, in fact, we concede that all children can learn, then it seems to me it should be our responsibility to make sure that they all have that opportunity, and in order to do that the answer is very easy.

We must make sure that public schools are there to educate all and that those, whether it is religious purposes or et cetera, want their kids to go to a different school, they are going to a different school not because they do not have the ability to learn in a public school but because they choose to go to a religious or private school.

So, therefore, I think it is our task and our mission and our jobs to make sure that everybody in public education has an opportunity to learn, not just a few. We should not have just a few good public high schools or a few good public junior high schools or a few good public elementary schools; every one should be. We should set a standard so we can make sure that all of the public schools reach that standard, and that standard is this.

It seems simple that we found that where there are smaller class sizes, where we have educated teachers, where we made sure that there is opportunities for the young people to enhance their environment, for example, junior varsity sports and all, math and science courses and all, we then improve the educations of our children.

Madam Speaker, I am against and I oppose this bill, S. 1502; and I thank the gentlewoman for having yielded me the time.

Mr. ARMEY. Madam Speaker, I yield myself such time as I may consume.

Madam Speaker, one quick note, again, on this constitutionality issue that is very intriguing. Of course, when this bill is signed into law, if it is tested in the courts it will be in the Federal courts and go under the jurisdiction of the Supreme Court. And the good news is their bad news. It will not be tested before the Wisconsin State Supreme Court.

Madam Speaker, I yield 3 minutes to the distinguished gentleman from Connecticut (Mr. SHAYS) my good friend.

Mr. SHAYS. Madam Speaker, I have only one reluctance in speaking, and that is to disagree with the gentlewoman from the District of Columbia (Ms. NORTON) who I consider one of the most capable, talented, passionate, intelligent and effective Members in Congress. And so that is my only reluctance because I believe passionately in the D.C. Student Opportunities Scholarship Program. I believe passionately that, as a Member of Congress in charge of and having responsibilities for the District of Columbia, we need to do something to stir it up a little bit to start to see how we can make positive changes.

A few years ago, I opposed school vouchers, and I remember having changed my decision because I began to realize that was a false position. And I came back to my office where the NEA was meeting with my staff, and they were very serious. And my staff was very serious. And I asked, ''What's going on?''

One of the individuals from the NEA and some members from the CEA in Connecticut said, ''Well, we came by to tell your staff member that we can no longer support you for Congress because of your decision to support vouchers.''

My response to that individual was I know that is the case, and that is why it took me 3 years longer than it should have to do the right thing and make up my mind that we need a demonstration voucher program.

I view this more as a scholarship program in D.C. It is only impacting 2,000 students, who are randomly chosen. It is going to give students the opportunity and parents the opportunity to apply for a grant of $3,200 to send their child to another school if they want. We are going to see how parents react and what parents want in D.C. Then we will know how to redesign the public school system and provide the extra resources which D.C. will need in order to improve its system.

So I congratulate the gentleman from Texas (Mr. ARMEY) on this bill. It is a modest bill, which offers a demonstration program. As a pilot program it only goes to a few, but the students are chosen randomly. It is not taking the best and the brightest out of the system.

Madam Speaker, I just hope dearly that this legislation passes. I am happy

the Senate passed it, and I hope the President has the good sense to try this demonstration scholarship program.

Ms. NORTON. Madam Speaker, I yield myself such time as I may consume.

Replying to the distinguished majority leader's view of who would decide this matter and what might be decided, I quote first from the Wisconsin court:

> Nonetheless, we accept the State's premise that, in reviewing the program, we may and perhaps must consult the United States Supreme Court cases applying the primary effect test. This test is the second of three parts of the lemon test.

Quoting also the Ohio court:

> While it is clear that Section 7, Article I of the Ohio Constitution provides a source of protection against State funding of sectarian schools independent of the Establishment Cause, the case law construing this section indicates that its protection against State funding of sectarian institutions is essentially coextensive with that afforded by the Establishment Clause.

Madam Speaker, I yield 1 minute to the distinguished gentlewoman from Texas (Ms. JACKSON-LEE).

(Ms. JACKSON-LEE of Texas asked and was given permission to revise and extend her remarks.)

Ms. JACKSON-LEE of Texas. Madam Speaker, I thank the gentlewoman from the District of Columbia for her leadership and, hoping that if my time goes over she will yield me an additional 30 seconds, I rise in opposition to this legislation.

I was hoping my good friend from Texas was holding up, rather than the 20 fallacies of the D.C. voucher bill, I was wishing he was holding up the Bible that says, ''Do unto thy neighbors like you would have your neighbor do unto you.'' Or the 23rd Psalm in the book that we read frequently that says, the Lord is my shepherd; I shall not want. He is making the schoolchildren of the District of Columbia want.

This is a misguided proposition dealing with school vouchers. It is to suggest that school vouchers equal excellence in education. If the schoolchildren in Washington, D.C., are really our concern, we should fund math and science and reading programs to provide them with the kinds of tools they need. Vouchers say that private school buildings are better than public school buildings. That is all it is about.

The tomfoolery of thinking that the private voucher is going to educate a child is absolutely wrong. Four years of vouchers in Milwaukee suggests that vouchers do nothing more than public schools. In fact, there is no evidence that vouchers will help educate a child. It takes $12,000 to educate a child in a private school here in Washington, D.C. The vouchers are for $33,200. The number of children that can participate is 2,000. In fact, we have 77,000 children in the District of Columbia, 77,000 children.

Do my colleagues know what that means? Two thousand children are spending $45 million of the American tax dollars.

This is clearly tomfoolery, and I believe that we should go to the heart of the matter, create an atmosphere for all children in America to live and to learn. And if our opposition says that public schools are equal to communism, then we know we are going the wrong direction.

I believe the American public wants good education for their children. The D.C. voucher system is an unfair system pointed at people that cannot help themselves. Let us do the right thing and vote for public school education so that all of the children of America can rise high in the sun.

Madam Speaker, I hope we read the Bible. The Lord is my shepherd; I shall not want.

Mr. ARMEY. Madam Speaker, I yield 1 additional minute to the gentleman from California (Mr. RIGGS) my good friend.

Mr. RIGGS. Madam Speaker, I certainly am not asserting that continuation of our public schools is equivalent to maintaining a Communist authoritarian system of government. I will say that the District of Columbia public schools has too many individuals involved in the operation of those schools who are neglectful, and there is just simply too much malfeasance and even corruption in the District of Columbia government, and every Member serving in this body knows that.

Secondly, with respect to the argument that there is not enough funding here to provide enough scholarships, the fact of the matter is that we now have a lottery conducted yesterday that would grant over a thousand privately funded scholarships. This legislation would fund another 2,000 some odd scholarships a year. So, all of a sudden, we can take that argument and stand it on its ear.

I mean, are they actually arguing that, because we cannot serve all, we should not serve some? Would they support a program that would allow every low-income family in the District of Columbia to have a scholarship for their children?

I also want to bring up special education here in a moment, but I need to confer with the majority leader if I can do that.

Ms. NORTON. Madam Speaker, I yield myself such time as I may consume.

Madam Speaker, I will not abide reckless charges on the floor, and the thing I want to say is that there is no corruption in the D.C. Public schools or anywhere else. I think there is, and we have asked for investigations. But when the gentleman rises on the floor to allege what everybody knows, I challenge him to cite me an instance, and if he cannot, then I tell him, and he did not yield to me, and so I shall not yield to him, but I tell him this much:

This Member will not accept his reckless charges on this floor or his stereotypes, and until he is willing to turn over to this Member an example of such charges I ask him to keep his charges to himself.

Madam Speaker, I yield 1 minute to the gentlewoman from California (Ms. MILLENDER-MCDONALD).

Ms. MILLENDER-McDONALD. Madam Speaker, I thank the leader of this great debate, the gentlewoman from the District of Columbia (Ms. NORTON) for her leadership on this issue.

I urge my colleagues to oppose S. 1502, the so-called D.C. Opportunities Scholarship. Scholarships are generally awarded to one on the premise of their merits and their deeds. This is not a scholarship bill, it is a voucher; and a voucher is a voucher is a voucher, despite attempts to put a pretty face on a bad bill.

I really do not have to stand and speak for the people of California, my State, because they have already spoken and they have said no to vouchers, and so have many other States. School vouchers drain taxpayers' dollars from public schools into private and religious schools. This hurts the vast majority of children who are left behind in public schools.

Americans oppose transferring taxpayer dollars from public to private education by a 54 to 39 percent margin. We need to provide more resources for options that are making a positive difference in public schools like charter schools which is showing great promise in my State of California.

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Democrats believe that we should improve public schools. Vouchers are not the solution to improve public education. This Congress should be passing legislation that affirms that quality public education should be the inalienable right of every child in America. Vote ''no'' on this private voucher; vote ''no'' on this bill.

Madam Speaker, I urge my colleagues to oppose S. 1502, the ''so-called'' D.C. Opportunity Scholarship Act. Scholarships are generally awarded on one's own merits and deeds. This is not a scholarship bill. It's a voucher, AND a voucher IS a voucher, IS a voucher—despite attempts to put a pretty name on a bad bill.

I really don't have to stand and speak for California, MY STATE, because the people of California have already spoken—no to vouchers! And so have many other states.

School vouchers drain taxpayers dollars from public schools into private and religious schools. This hurts the vast majority of children, who are left behind in the public schools.

Americans oppose transferring taxpayer dollars from public into private education by a 54–39% margin.

We need to provide more resources for options that are making a positive difference in public schools, like charter schools—which are showing great promise in my state of California.

Democrats believe that we should be improving public schools. How are we improving public schools when you leave 76,000 students behind.

This DC voucher plan provides only a few DC public school students (2,000) with vouchers—while providing no answers for 76,000 students.

The DC public schools need to be improved—not abandoned.

Yet Republicans now want to use Washington, DC as a laboratory for their ''social experiments'' with a concept that has been resoundingly rejected by voters all over the country.

Vouchers are not the solution to improve public school education. This Congress should be passing legislation that affirms that quality public school education should be the inalienable right of every child in America.

Vote ''no'' on private vouchers—Vote ''no'' on this bill .

Mr. ARMEY. Madam Speaker, it is my great pleasure to yield 1 minute to the gentleman from Arizona (Mr. HAYWORTH).

Mr. HAYWORTH. Madam Speaker, I thank the distinguished majority leader for yielding me this time.

There is a simple realization that confronts us today in this chamber, and that is, despite the very concerted efforts of some very dedicated people, the schools of the District of Columbia, this Nation's seat of government, for which this body bears ultimate constitutional responsibility, those schools are in crisis. And for the parents of the District of Columbia and for their children, this simple notion should reign supreme.

In this land of the free, those parents should have the freedom to choose which school they believe to be best for their children, and this tool of scholarships is something needed in terms of educational triage for a system that sadly has failed the citizens of the District of Columbia, has failed the students of the District of Columbia. That is why we stand here today in the well of this House to reaffirm the notion of freedom and choice.

Imagine if your child had to go to a school daily where there were unsafe conditions, where someone could not learn; and it is for the children we make this pledge and we make this vote, and that is why I am pleased to support the legislation of the gentleman from Texas.

Ms. NORTON. Madam Speaker, I yield 1 minute to the distinguished gentleman from Massachusetts (Mr. TIERNEY), who is also a member of the Committee on Education and the Workforce.

Mr. TIERNEY. Madam Speaker, I thank the gentlewoman for yielding me the time. Madam Speaker, public funds are entrusted basically for the use of the greatest, broadest public good, not for selected use or discrimination or to put forward for 3 percent of the people. That seems to make a second privileged class, those that are already fortunate enough and wealthy enough to be able to afford a private education, and now 3 percent of other formerly public school children are going to have the privilege of going where others are not.

It does not address the issue; it does not address the issue that was just spoken to by our good friend from Arizona, schools that may not be as good as the good public schools that we do have, and we do have good public schools. The answer is to make sure that all of our public schools are as good as they can be, as good as those that are already good; to fix those broken schools to make sure the curriculum works, to make sure that every child that attends public school has good teachers; to make sure that we measure their progress, and to make sure that everybody has the opportunity to move up the economic ladder in this country and have hope and have a good life.

Vouchers do not improve schools. They draw away the source of money that could improve schools. They are not fair. They do not provide an opportunity for every student that wants to move to a private school. They target some and give them an opportunity to move, possibly, but there are not enough private schools to deal with having this be a fair program, and there are not enough dollars being put in to let every child go to the private school that he or she may want to go to.

There is no way that I could foresee the majority appropriating enough money to give $3,200 to each of the 50 million plus public school children to have this be a fair program. If we want to fix the public schools, and that is what the majority wants to do, why do we not see some evidence of that? Every opportunity that we have to fix the public schools, and there is no Federal role in the public school system in the local communities.

Mr. ARMEY. Madam Speaker, it is my great pleasure to yield 1 minute to my good friend, the gentleman from from California (Mr. ROGAN).

Mr. ROGAN. Madam Speaker, I thank the gentleman for yielding me this time.

Madam Speaker, in northern California some time ago, a young boy was sent to a high school, Gompers High School. He was the son of a convicted felon and an alcoholic. On his first day of school he was told by the assistant dean, All you need to do is show up for homeroom. We do not care if you show up the rest of the day. He was confused. He asked at the end of the meeting why that was so important, and he was told, Because at homeroom is where we take attendance, and that is where our money comes from, and as long as we get our money, we do not care if you show up the rest of the day.

I know that story well, Madam Speaker, because that young boy was me.

There are many children who are going into buildings just like Gompers Continuation School. These buildings have the word ''school'' on top of them, but they are not giving an education. We are condemning the poorest people in the poorest neighborhoods to a lifetime of pain instead of the promise of education.

Let us give the children of Washington, D.C. who are least able to afford to have a decent education and have a chance for a real future the opportunity to have what every single child of a Member of Congress has: a good education for a good future.

Ms. NORTON. Madam Speaker, I yield 1 minute to the gentleman from California (Mr. FARR), the State whose voters rejected vouchers twice.

Mr. FARR of California. Madam Speaker, I thank the gentlewoman for yielding me this time.

Madam Speaker, one thing we all have in common in our districts is we all have roads, and we all have schools. If people been watching the debate on the floor, they would know that we committed ourselves to fixing the roads in America. We did that just a couple of weeks ago by passing BESTEA: $219 billion we are going to put into the road system in America. But when it comes to fixing schools, we put zero, zip, none, no money into fixing schools, not a drop of Federal dollars. We have educational programs, but far less spent on that than we do on roads. So if we want to fix schools like we fix roads, we need to spend some more money.

Now, my colleagues do not suggest that in the road problem that we give vouchers for fixing the roads, but that is what my colleagues are suggesting here. It will not fix our educational system without a commitment of funds. If we were to give the same commitment to education that we just gave to roads, we would appropriate this year $219 billion. That is how we fix education.

Mr. ARMEY. Madam Speaker, could I inquire as to how much time is remaining?

The SPEAKER pro tempore (Mrs. EMERSON). The gentleman from Texas (Mr. ARMEY) has 9 minutes remaining. The gentlewoman from the District of Columbia (Ms. NORTON) has 7 minutes remaining.

Mr. ARMEY. Madam Speaker, I wonder if I might inquire of the gentlewoman from the District of Columbia how many speakers she has remaining?

Ms. NORTON. Madam Speaker, at this time it looks like around three.

Mr. ARMEY. Madam Speaker, I believe I have the right to close debate?

The SPEAKER pro tempore. The gentleman is correct.

Mr. ARMEY. That being the case, since I have two speakers, three at the most, perhaps it would be advisable if the gentlewoman from the District of Columbia might want to go ahead and yield to one of her speakers.

Ms. NORTON. Madam Speaker, I am pleased to yield 1 minute to the distinguished gentleman from New Jersey (Mr. PAYNE), a member of the Committee on Education and the Workforce.

Mr. PAYNE. Madam Speaker, the discussion here during this floor debate today may be focused on a proposal of private school vouchers in the District of Columbia, but it has larger ramifications throughout the country.

For example, in my home State of New Jersey, Governor Whitman has proposed implementing a private school voucher program in our State. Of course, this proposal has drawn considerable criticism from both Republicans and Democrats in the New Jersey State Legislature. Therefore, it is not clear if Governor Whitman will go ahead with her plan. But what we do here sends a message to the rest of the country, and we hope that we do not send the wrong message.

On a larger level, it disturbs me that proposals of vouchers have been used as an attempt to gain support in low-income communities. Basically, they have billed vouchers as a way to level the playing field for poor students who cannot afford private school, and they believe that they will win points in urban districts. However, they do not tell parents and students that the funds will be taken out of the public school system, therefore making a bad system even worse. They fail to inform them that students will not be protected by civil rights laws because they do not apply to private schools. While touting these vouchers as a saving grace for urban students, they do not provide the assurance that special education laws are adhered to in the schools.

So I ask that we defeat this proposal, and let us support and strengthen the public school system in this country.

Mr. ARMEY. Madam Speaker, I yield 2 minutes to the distinguished gentleman from California (Mr. COX), the Chairman of the Republican Policy Committee.

Mr. COX of California. Madam Speaker, I thank the majority leader for yielding me this time and thank him for bringing this to the floor for the kids. That is what this is about. It is not about legality, it is not about technicality, it is about whether these kids are going to get a chance.

The truth is, they need a chance. Last year for the first time District students, for which Congress is responsible, we are not responsible as the mayor of any city in the country, but we are responsible for D.C., and the kids for which we are responsible, in this Chamber right here, took the Stanford 9 achievement test for the first time. This test is used across the country, has been since 1923. Millions of kids have taken it, but the District schools never took it before, and here is what we found out.

In reading, 15 percent of the first-graders tested ranked below basic. That means that they did not have even the minimum skills necessary to go to the second grade. That was not all that far off the national average; it was a few points ahead of the national average, but that was for first-graders.

What we found is that the longer these kids stayed in the D.C. system, the worse it got for them, who are just like the other kids around the rest of the country. Forty-one percent of the second-graders tested below basic, compared to 15 percent the year before. By the time they were in tenth grade, 53 percent were below basic. That means they could not go on to the next grade because they could not read. The same thing happened in math. By the tenth grade, 89 percent of D.C. kids are below basic in math.

We already spend over $9,000 per pupil. That is the fourth highest in the Nation. Money is not the problem; the system is the problem. Let us not put the system ahead of the kids, let us put the kids first. This is our chance to do it. If we turn our backs on these kids now, it is their future, but we can do something to help them, and this is our opportunity to help them. I thank the majority leader for giving us this opportunity on the floor. Now, let us just do it.

Madam Speaker, I include the following for the RECORD.

HOW D.C.'S SCHOOLS CAN LEAD THE NATION

(By Rep. Christopher Cox)

Every parent knows that early education is essential to a child's future. But new reading and math achievement tests in the District of Columbia show that D.C.'s public schools are failing an entire generation of students. D.C. students have the same potential as every American child, yet the more time they spend in D.C. schools, the more poorly they do compared to other American children.

Today, just as the District of Columbia is poised to reap the benefits of tremendous economic growth, its young people may not be able to take advantage of unprecedented opportunities. Good jobs are plentiful, and the unemployment rate in the region is one of the lowest in the nation. It is imperative that children growing up in the Nation's capital receive the kind of education that will permit them to take advantage of these opportunities.

Congress is constitutionally responsible for the District of Columbia. If a national education policy is ever to be taken seriously, then Congress must first show it can achieve results in this modestly-sized city by the Potomac.

D.C. IN THE 1990S: AWASH WITH OPPORTUNITY FOR NEW GRADUATES

The District of Columbia is one of the wealthiest regions in the nation. Despite a population of only 500,000, the District has a gross economic product of almost $50 billion, with nearly two-thirds coming from non-governmental sources such as services, finance, insurance and real estate, and transportation and utilities. According to the Bureau of Economic Analysis, District residents' per capita personal income was $34,129 in 1996—higher than any state in the union, and almost $10,000 above the national average. The District also compares favorably to other metropolitan areas. D.C. metropolitan-area average annual pay is ninth in the country, behind such lucrative locales as New York, San Francisco, and the wealthy suburbs of New Jersey. Furthermore, the District is expected to remain wealthy area for the foreseeable future: its gross economic product is projected to increase at least 20% by 2025.

Today's students will benefit from these job opportunities only if they learn the skills employers will need in the years to come. Already, the region suffers from a shortage of skilled workers. The unemployment rate in the D.C. metropolitan area was only 3.9% in 1996, significantly below the so-called ''natural'' unemployment rate of 5.5%. The District itself, however, suffers from unemployment well above the natural rate, indicating that District residents, many of them products of the D.C. schools, are unable to satisfy employers—even in one of the nation's best markets for job seekers.

In the 21st century, the D.C. economy will be even more dependent on knowledge-based workers. Unfortunately, knowledge-based workers will need two basic skills—reading and math—that D.C. schools are failing to provide to their students.

RECENT TEST RESULTS FROM D.C. SCHOOLS

Last year, for the first time, District students took the Stanford 9 math and reading achievement tests—the nation's best-known achievement test. The Stanford 9 is a privately owned and operated test used by school systems across the country. It is the ninth version of the exam, which millions of American schoolchildren have taken since it was created in 1923. Stanford takes great care to ensure that the test is not biased in any way, including having a panel of prominent minority-group educators review the test. The results show that D.C. students' scores, upon entering the D.C. public schools, are roughly comparable to average student scores nationwide. The longer students remain in District public schools, however, the more their scores fall below both their initial levels of achievement and the national average. In fact, in the highest grades tested, the number of D.C. students who lack basic skills was twice the national average in reading, and one and a half times the national average in math.

Reading

Fifteen percent of the first-graders tested ranked ''below basic'' for reading on the Stanford 9 test. This means they had little or no mastery of the skills needed to enter second grade. This figure is roughly comparable to the national average of 12%. But the number of students ''below basic'' grew dramatically as children continued in the D.C. schools: 41% of the second graders tested ranked ''below basic,'' and 53% of tenth graders tested were ''below basic.''

Math

Thirty-seven percent of the third graders tested (the youngest students to take the math test) ranked ''below basic'' in math. The next level tested in math, the sixth grade, showed 55% ''below basic''—an increase of 33% after three years in D.C. public schools. By the tenth grade, a staggering 89% were ''below basic'' in math. Another 8% ranked as ''basic''—possessing only partial mastery of the most rudimentary math skills. Only three percent of District tenth graders were either proficient or advanced in math.

Many of the individual schools are far worse than even these dismal overall scores. At no less than 22 D.C. public schools, over 90% of the students rank ''below basic'' in math. At three of these schools, 100% of the students tested ranked ''below basic.'' Not one student at any of these schools showed any of the math skills needed for their grades.

Worse, as the Washington Post reported on January 8, 1998, these results do not include ''almost 4,000 tests that could not be scored because so few answers were filled out.'' This is 10% of the reading tests that were scored, and a quarter of the math tests that were scored. In other words, 4,000 D.C. students lacked the skills needed to fail the test. They were all below zero.

THE SOLUTION: EDUCATIONAL CHOICE, FOR THE KIDS

The D.C. public schools must change if their graduates are to succeed in life. And Congress—which bears the constitutional responsibility for the governance of the District—must help.

Already, Congress and the American people have been generous with tax dollars: according to the most recent Department of Education figures, the District spends $9,335 per pupil, the fourth highest in the nation. This year, it will cost more than one-half billion dollars to run the District's public education system. Clearly, money alone is not enough.

Instead, both Houses of Congress have separately passed the District of Columbia Student Opportunity Scholarship Act of 1997. This measure, which passed the House as part of the 1997 D.C. appropriations package, has already been introduced as freestanding legislation by Majority Leader Dick Armey (H.R. 1797). The bill will provide tuition scholarships to about 2,000 low-income students in the District of Columbia to enable them to attend the school of their choice, as well as providing extra tutoring assistance for 2,000 public-school students.

D.C. parents clearly want better opportunities for their children than the D.C. public schools provide. The non-profit Washington Scholarship Fund announced that it would provide 1,000 new scholarships to enable low-income District children to attend the private or religious school of their parents' choice. As of the January 31, 1998 application deadline, 7,573 children had applied for the 1,000 scholarships. According to House Majority Leader Dick Armey, ''This response is the strongest evidence yet that parents are frustrated by their lack of access to the best possible education for their children.''[1]

Research from school systems that offer educational choice demonstrates that giving parents the opportunity to choose their children's schools improves learning, and test scores, for children throughout the entire system. Data from Milwaukee, for example, show clear increases in reading and math scores—so much so that, according to a recent study, ''If similar success could be achieved for all minority students nationwide, it could close the gap separating white and minority test scores by somewhere between one-third and one-half.'' And parental choice provides competition that can help reduce costs in public and private schools alike, resulting in better deduction that is also more affordable. New York City's Catholic schools, for example, educate students at approximately one-third the cost of the city's public schools.

According to Samuel Stanley, Vice President for Research of the Buckeye Institute for Public Policy Solutions, ''Several studies of public school competition with other public and private schools have found competition improves public school performance. We need to create similar markets for students within school districts to provide the right incentives for using current resources productively and efficiently.''[2]

Brian Bennett, Director of School Operations for the School Futures Research Foundation, agrees: ''The most striking example of the competitive change that can result is no doubt found in Albany, New York, where a most generous philanthropist, Virginia Gilder, offered a $2,000 scholarship to every child in one of the city's lowest performing schools—and one-sixth of the student body left. Changes then instituted by the local board were dramatic—the principal of the old school was ousted, nine new teachers where brought in, two assistant principals were added, and the school received investments in books, equipment, and teacher training that had been neglected for years. Competition works to improve the education of all children.''[3] As Peter M. Flanigan, the investment banker who founded the Student/Sponsor Partnership in New York, put it, ''The alternative to a crushing monopoly is competition. When a monopoly faces real competition it always reacts by improving itself.''[4]

The D.C. Student Opportunities Scholarship Act will enable D.C. students to succeed in the expanding economy in which they live. While President Clinton promised to veto the Opportunity Scholarship Act, even if it meant killing all funding for the District, these latest D.C. test scores show the status quo is unacceptable. We can no longer trap thousands of students in schools that fail to prepare them for the marvelous opportunities at their very doorstep. Mr. Clinton owes it to the children of America's capital city to sign the D.C. Opportunity Scholarship Act the moment it reaches his desk.

The following are the results of Washington D.C. students' spring 1997 Stanford 9 Achievement Test in reading and math. (Excerpt from The Washington Post, October 30, 1997)

Grade level	DC public schools below basic (percent)	National average (percent)
Reading:		
1	15	12
2	41	25
3	41	25
4	45	24
5	36	22
6	31	21
8	34	22
10	53	26
Math:		
3	37	11
6	55	43
8	72	42
10	89	61
11	53	36

Note: The reading test covers areas such as sounds and letters, word reading, reading vocabulary, sentence reading, and reading comprehension depending on the students' grade level. The mathematics portion of the test focuses on problem solving and math procedures.

The test was given for the first time to D.C. school students in May 1997. It was not administered to children in all grade levels because it was a part of a pilot program administered by the school district. This year, every D.C. student in grades 1–11 will take both the mathematics and reading portions of this exam.

FOOTNOTES

[1] The evidence in other cities is just as stark. In New York City, 23,000 families applied for 1,000 private scholarships for grades 1–5 at private schools of their choice. Peter Flanigan, Founder, Student/Sponsor Partnerships, Testimony before the House Education and the Workplace Oversight and Investigations Subcommittee, Education at a Crossroads Field Hearing, May 5, 1997.

[2] Samuel Staley, Testimony before the House Education and the Workforce Oversight and Investigations Committee, Federal Education Programs Evaluation—Field Hearing on Public School Choice, May 27, 1997.

[3] Brian Bennett, Testimony before the House Education and the Workforce Committee Early Childhood, Youth and Families Subcommittee on School Choice in D.C., March 12, 1998.

[4] Flanigan Testimony.

Ms. NORTON. Madam Speaker, I am pleased to yield 1 minute to the distinguished gentlewoman from New York (Ms. SLAUGHTER).

Ms. SLAUGHTER. Madam Speaker, I thank the gentlewoman for yielding me this time.

I do not think any one of us could say that the public school system in the United States in many areas of the country is not in serious trouble. I do not think many of us would disagree that whatever happens, the public school system in the United States has to be helped and made better.

It is somewhat tragic to me when I hear this debate, because I know that everybody is well-meaning, and I really believe that all of the Members of this Congress want to do the best they can for the children of the United States. But the fact of the matter is that at a cost of a voucher of $3,200, it seems to me that what you are doing is dangling out to poor parents by telling them that their public school is no good is sort of a pie-in-the-sky idea, because I don't know of any private schools, many of them, that would be able to pay the tuition of $3,200.

How much better it would be for every child in the country if the public school system was brought up to standard. We have an obligation for that.

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When this country was settled, the first thing the settlers did in every community was to build a church and build a school, understanding that it was their personal obligation to educate their children. We need to dedicate ourselves today not to ways to getting around the public school system, but to dedicating ourselves to making it be what it ought to be.

If we are going to be able to compete in the next century, every child in this country needs the best education it can get. No child should be left behind. Instead of offering out the notion that somehow they are all going to go to some exclusive school for $3,200, let us pledge ourselves to see what we have to do to rebuild these schools, to rededicate ourselves to the idea that the public school system is the backbone of our democracy.

Mr. ARMEY. Madam Speaker, I yield 45 seconds to the gentleman from California (Mr. RIGGS).

Mr. RIGGS. Madam Speaker, I thank the gentleman from Texas (Mr. ARMEY), the majority leader, for yielding me this time.

Madam Speaker, I just want to point out how absurd the arguments are in opposition to this, because the District of Columbia is already relying extensively on private schools. This is the Washington Post, April 28, and I quote, ''The District of Columbia, which is under court order to test and place students with special needs, is spending more than $40,000 a pupil,'' you heard me right, $40,000 a kid in some cases, ''to pay tuition, transportation and other costs of private schools because the city lacks a sound special education program. More and more parents are insisting that their children be classified as having special needs because it is a way out of the District of Columbia public schools.''

Madam Speaker, I would say to the gentlewoman from the District of Columbia (Ms. NORTON) that the ongoing audit of the District of Columbia public schools recently found that the District of Columbia had failed to pay the private schooling costs of thousands of children with learning disabilities and special needs, amounting to hundreds of thousands of dollars in unpaid bills. I submit that that is concrete evidence of neglect, incompetence and mismanagement.

Ms. NORTON. Madam Speaker, I yield myself such time as I may consume.

Footnotes at end of article.

Madam Speaker, I would remind the gentleman that the District of Columbia is under a Control Board because of its dire financial condition, and the Congress of the United States bears a heavy responsibility for that.

May I also indicate to the gentleman that we love our private schools. We love our religious schools. Because of them, many residents who would otherwise move out stay here. If, in fact, the competition from private schools was sufficient to help bring up public schools, then the District of Columbia would be among the most excellent in the world.

Let me be clear, I am not now and never shall be an apologist for the public schools of the District of Columbia, although I attended these same schools and got a good education during the years when the Congress of the United States required that they be segregated under law.

At the same time, I shall not abandon these schools. Nor will I require or expect that any parent or any child remain in the D.C. public schools until they are brought up to par. I renew my challenge to the majority to let us raise private money for private schools together, particularly because most of these schools will necessarily be religious schools that cannot be publicly funded under the Constitution of the United States.

Madam Speaker, Christ said, ''Render under Caesar the things which are Caesar's and unto God the things that are God's.'' Public money belongs in public schools.

Madam Speaker, I reserve the balance of my time.

Mr. ARMEY. Madam Speaker, I yield myself 3 minutes.

Madam Speaker, at the beginning of this debate, I said there were two great beneficiaries of school choice. The first institutional beneficiary is public schools, because it is because of school choice that public schools find the incentive to improve themselves.

We know that works. We saw it work in Albany, New York, when Virginia Gilder, the philanthropist, found the worst school in the city, offered $2,000 scholarships to the parents of each child to move their child to a school of their choice. One-sixth of the parents took that offer up. They moved their children.

It so startled the school district that, as The Washington Post reported, the school board ousted the principal, brought in nine new teachers, added two assistant principals, invested in books, equipment, and teacher training after years of neglect.

Madam Speaker, competition works. We all agreed we should break up AT&T because if there were a monopoly on the block it would not be innovative or responsive, it would not meet the needs of the consumers. Why would Members think a public monopoly is any more benevolent than a private monopoly? We are breaking up the monopoly so they can have the incentive to compete.

But that is not where the heart lies. The heart lies with the children. And let me tell my colleagues, I know these kids, I spend time with these kids. This is not an abstraction with me.

I think of poor little David, 9 years old. His mother is on drugs. His father only shows up once and a while to use the little guy. He found himself with an opportunity to attend one of these schools by a scholarship through the Washington Scholarship Fund, and he gets his own little 9-year-old self up out of bed every day and gets himself to school because at school he is loved and he learns.

David was not the cream of the crop. He tested below grade level, and the school reached out and took him, as they did five children in Anacostia that we know. All tested below grade level. But the schools took them, nurtured them, taught them, and they are all doing just fine now.

We have got little William who is now a freshman who has turned his entire life around. This boy was headed for big trouble. But he got out of the school in which he felt trapped, that expected so little of him that he gave so little to himself, and now he has turned his little life around.

And then there is Kenny. Kenny had a bad start of it. He got an opportunity. Kenny will now go to high school at the best school in D.C. based on the merit of his work.

I said at the beginning we are dedicated to improving the schools. We cannot improve the schools if we keep giving the schools everything they ask for and never make demands on them and never hold them accountable.

City government in D.C. cannot hold these schools accountable. It cannot hold itself accountable. The Federal Government cannot hold it accountable. If the parents hold the schools accountable, the schools will improve for the children. This is about the children. Let me just say: Have a heart.

Ms. NORTON. Madam Speaker, I yield the balance of my time to the distinguished gentleman from Missouri (Mr. GEPHARDT) the minority leader.

(Mr. GEPHARDT asked and was given permission to revise and extend his remarks.)

Mr. GEPHARDT. Madam Speaker, I deeply appreciate the comments that the gentleman from Texas (Mr. ARMEY), the Majority Leader, just made. I take very seriously the idea that he says that Republican Members of the House are concerned about the children and concerned about education. I accept that completely.

I believe Members, all Members of this House want to improve the education and the upbringing of all of our children. That is a very important beginning agreement. We have a disagreement, obviously, about the role of vouchers and whether or not to take some of the money that we are spending on public education to give to vouchers that can be used in private and other schools. But we ought to build on our agreement rather than suffering from this ongoing disagreement.

All of us want the children of the District of Columbia and every other jurisdiction in the country to succeed, to learn, to have proper values, to be productive, healthy citizens. That must be our number one goal. We believe that vouchers do not advance us toward that goal. Our concern, which is sincere and heartfelt, is that the children that are left behind will do worse, worse as a result of this legislation. Seventy-six thousand youngsters will not have the benefit of the vouchers. The 7,000 who get them may do better; they may not do better. But the 76,000 that are left behind will be hurt.

Madam Speaker, what we should be talking about today are the kinds of things that the gentlewoman from the District of Columbia has brought forward, creative ideas to improve public education. And I take seriously what the majority leader has said about accountability. We should be for accountability.

I put in legislation I call ''Reward for Results.'' It says that Federal aid, at least part of Federal aid, ought to be conditioned upon a school achieving results. We should be able to find out if children can read, write and compute at certain ages. And we should, in my view, be willing to condition part of Federal aid on them being able to achieve those conclusions.

What I would hope we could have here is a discussion between the parties on creative ideas to fix the public schools that do not work; to realize that most of the public schools do work and do a very good job, but the ones that do not, we cannot afford that result.

So, I hope Members will vote against this idea of vouchers. I hope we will meet again and talk about creative ideas to fix the public schools, to make them accountable, to get the results that we need, to make sure that every child is a productive citizen.

I am heartened by what the Majority Leader has said today. I think we can find an agreement. I do not think this is it. I urge Members to vote against this bill. I wish the gentlewoman from the District of Columbia had the ability to bring her motion to recommit today, and I hope that if we could defeat this bill we could come back with a bipartisan agreement on education that would move us in the right direction.

Mr. ARMEY. Madam Speaker, I thank the gentleman from Missouri (Mr. GEPHARDT) for his comments. I always appreciate his participation in the debate.

Madam Speaker, I yield the balance of my time to the distinguished gentleman from Georgia (Mr. GINGRICH), Speaker of the House.

The SPEAKER pro tempore (Ms. EMERSON). The Speaker of the House is recognized for 3½ minutes.

Mr. GINGRICH. Madam Speaker, I thank the gentleman from Texas (Mr.

ARMEY), my friend, for yielding me this time, and I thank the gentleman from Missouri (Mr. GEPHARDT), the minority leader, for his comments.

Let me say first, I would be very excited to help establish a bipartisan task force on reforming public education. I would be very excited to establish a special task force on public education for D.C. I would be very willing to establish a bipartisan task force to look at military dependent schools, which I am a product of. I would be very willing to work on a bipartisan basis to help Indian schools achieve national levels.

Those are the three school systems, by the way, that are specifically Federal: military dependent schools, Indian schools, and the District of Columbia. We have the relationship to D.C. that a State legislature would have to local schools.

Madam Speaker, I am very willing as a product of public schools, as somebody whose children went to public school, I have actually lived my career in a public school. I used to teach in a public high school. I am committed to public education and I will be glad to work on reform.

But that is not what is here today. And it is interesting how whatever is here is not what is right, because what is right is not here, so Members have to vote ''no'' today because today it actually helps somebody; but if they vote ''no'' today, later they can vote ''yes,'' as long as they do not vote ''yes'' today.

What is here today is real simple. And I must say to all of my friends on the left, I do not understand how they can walk the streets, look the children in the eye and cheat them. I do not understand how they can meet with the parents and tell them no.

We met yesterday with Ted Forstmann, who does not live in D.C. Ted Forstmann is a very successful American who loves this country, so he has taken his own personal money and he created a thousand scholarships because he despaired of this Congress. And he offered a thousand children a scholarship out of the goodness of his own heart in D.C. alone.

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But he had a condition. These are not free scholarships. You have to come up with $500 for your child to get that scholarship. There are 8,000 applications in the District of Columbia. You can talk about home rule, but the children who are trapped in the failed system spoke with their application; 8,000 children applied.

That meant that welfare mothers and mothers at minimum wage, families in public housing were saying, we love our child so much, and we are so frightened for our child's future that we will scrape together our $500 so that our child has an alternative. Without any effort, 8,000 applied. They believe that, next year, there will be 25,000 applications.

We are seeing the same thing in New York. We are seeing it in Cleveland. But we are not the State Legislature of New York. We are not the State Legislature of Ohio. We are the U.S. Congress, and this is the national capital.

If you have it in your heart to turn to that child, those other 7,000, and say to them, no, I know your parents think your life may be destroyed, I know you may end up not learning how to read, I know you may end up a drug addict, I know you may end up a victim of violence, but, no, I want to take care of the teachers' union, and stay where you are, if you can live with yourself and vote no, fine; but then, later on, when you see one of those children and there is another accidental death, there is another accidental drug overdose, there is another statistic on welfare, do not look to this side of the aisle and say, oh, why does that child not have an education.

Some of you say 7,000 is not enough. Fine. We are prepared to move 70,000. We will move 70,000 vouchers if you want to give every child in this District a chance.

You say to us, well, we are taking money from public education. Every one of you knows that is not true. Every one of you knows that is just plain not accurate. This system actually leaves $4,000 more back behind so that, on a per capita basis, there is actually more money for the children who stay in public schools.

This is designed by Mr. ARMEY so the public school child who stays in public school has more resources because he only offers $3,200 maximum; whereas, the current system pays somewhere between $7,800 and $10,000, depending on whether or not you believe any of the records.

So more money for the current child who stays in public school is a yes vote for the Armey motion. Direct, immediate help for several thousand children is a yes vote. But if you can live with saying no when 7,000 additional children have spoken by applying, when their parents have spoken, when they are crying out to this Congress, save our child from drugs, save our child from violence, save our child from illiteracy, save our child from ignorance, then let the burden of conscience be on those who take care of the teachers' unions but cheat the children. Vote yes for this bill.

Ms. KILPATRICK. Madam Speaker, as a former public school teacher, concerned citizen, parent and Member of Congress, I am fully aware of the value of a quality education. One of the first speeches that I made on the floor of the House emphasized the importance of education in preventing crime and providing a skilled and capable work force. Therefore, it troubles me deeply to discover that there is a real, enthusiastic, and empirical effort to denigrate and erode the federal commitment to the public schools of our nation via school vouchers. I am emphatically opposed to school vouchers based on the fact that vouchers do not work, only benefit those students who receive vouchers, and is often taxpayer support of private or religious institutions.

Initial results from Milwaukee, Wisconsin, the showcase city for the voucher program, has been marginal, at best. In these fiscally conservative times, taxpayers deserve to get the most for their tax dollars as possible. Marginal programs will not suffice. Also, these voucher schools, more often than not, do not accept children with physical challenges or remedial needs, and get to pick and choose among the best and the brightest to attend their institutions. Our public schools accept all children, regardless of previous educational success or failure, financial standing, or physical ability.

I am also distressed by the fact that the D.C. voucher bill provides a select group of students (2,000) with vouchers, while leaving the other 76,000 students in under-funded public schools. No one would argue that there is no room for improvement in D.C. public schools. However, the implementation of vouchers constitutes the abandonment of D.C. schools and abandonment is not the answer. Congress needs to be encouraging efforts all across the city to make schools safer, improve teaching, raise educational standards and provide more teachers in D.C. classrooms.

Finally, I am leery of this legislation's potential to encroach upon our First Amendment freedoms. Our Constitution was forged based on the clear principle providing for the separation of church and state. This legislation, which would allow the use taxpayer funds to support private and religious institutions, is clearly the entanglement of federal funds in religious matters.

Excellence in education begins with our public schools. School vouchers would take vitally-needed funds from our public schools to private and parochial institutions. Of course, our public schools need reform. The price of reform should not be borne on the backs of our poor children and families, who cannot afford the high price of vouchers. We need to get serious about reforming and supporting public schools, not abandoning them in favor of a plan that does not work—school vouchers.

Mrs. CLAYTON. Madam Speaker, I rise in opposition to this poorly conceived proposal for school vouchers. The test of who you are and where you stand is what you do, not what you say.

The Republicans say that they are for public education for all, but what do they do? They propose a plan that will only benefit a few, and the few are not the students. The few are those who would put profits in their pockets through a voucher system for private schools that are not likely to open their doors to all.

A private school by definition is ''exclusive,'' ''inaccessible,'' ''restricted,'' ''off limits'' to most, available only to some. How, then, can we appropriately use public funds to finance the education of some at the expense of most?

They say the plan promotes choice. But, what they do is provide a choice for only 2,000 students, and do nothing for the remaining 76,000 students. Is that choice?

They say they are for competition. They say that this voucher plan will give poor students the same access to good schools that wealthy students have. But, what they do is provide a maximum voucher of a mere $3,200. That won't get any poor student into any private school in Washington, D.C.

They say they want to help the D.C. school system. But, what they are really doing is trying to go through the back door and establish a school voucher program nationwide, something they could not do through the front door. A nationwide voucher program will hurt students from the rural communities I represent.

Draining public funds from rural public schools, expecting those students to go to private schools usually located great distances way is not only a myth, it is a total deception.

Madam Speaker, there are ways to help our public schools, and they do need help.

This week, Democrats unveiled an agenda for ''first class'' public schools. That agenda includes making sure that all of our students have an early start and an even start, achieving the basics by age six. In includes producing well trained teachers and relief from crumbling and overcrowded school, while adequately equipping classrooms.

That agenda includes support for local plans to renew neighborhood, public schools and the adoption of rigorous standards of performance. And, it includes real parental choice for public schools.

Madam Speaker, there is no right to public education. That is what the courts have said. But, the courts have also said, when you provide education to some, you must provide it to all.

In America, for many, many years, we have had, as a national policy, the promise of providing public education, not just for the few, but for the many. This voucher plan does not provide education for all.

Vote no, and send this plan back where it belongs.

Mr. BURTON of Indiana. Madam Speaker, I find it disheartening that President Clinton, and others opposing this legislation, would rather protect a public education system that is failing to educate the District's children, than do what is best for the families of our nation's capitol.

I read Monday in Congressional Quarterly's Daily Monitor that one of the bill's opponents has called the voucher plan, quote, ''an election-year charade'' which is, quote, ''irrelevant * * * to the pressing needs of District schoolkids.''

Let me remind my colleagues that this proposal was introduced in a non-election year (last June) as a bi-partisan, bi-cameral bill. This is not an election year ''charade'', and it is not a Republican or conservative issue. If it were, we would not have the support of leading liberals in the Democratic party such as Senators JOSEPH LIEBERMAN, MARY LANDRIEU, BOB KERREY, and former Representative Floyd Flake.

That this legislation is ''irrelevant'' to the pressing needs of District schoolkids could not be further from reality. It is because the ''pressing'' needs of District schoolkids have continued to go ill-addressed, and the city's children continue to fall behind, that the need for this legislation is so desperately needed now.

Two years ago, in 1996, the Financial Control Board reported that, ''The deplorable record of the District's public schools * * * has left one of the city's most important public responsibilities in a state of crisis, creating an emergency which can no longer be ignored or excused.''

That was two years ago! How many more years must District families wait out this state of ''emergency''? How many more years must children fall behind in school, increasing their risks of failure in adulthood because of a substandard education?

So many District families cannot afford anything but the current poor quality of education in the cities' public school system. Vouchers would give these families a chance to choose a school which can provide a better education—without taking a single dime from the existing public school budget—while reforms in the public school system are being implemented.

Studies show that similar voucher efforts in Cleveland and Milwaukee are having dramatic positive effects on reading and math skills. This legislation could be part of the answer to this week's devastating news about the low reading and math scores of this city's schoolchildren. Again, it is only part of the solution. We must at the same time show leadership and support for efforts to improve the infrastructure and quality of education in the public school system of our nation's capitol.

We all know that there is no magic bullet. Most reform efforts will take time. However, this voucher program could provide some immediate relief to families who do not have a choice with regard to their child's education.

I urge my colleagues on both sides of the aisle—please join me in support of this important legislation. Your vote for this bill is a vote to put DC's parents immediately on the road to providing a better education for their children, thus a better and brighter future for their children.

Mr. COSTELLO. Madam Speaker, I rise today in strong opposition to S. 1502, the District of Columbia Student Opportunity Scholarship Act. The passage of this bill will not correct the problems we have in our education system. Taking money from our public school system will only further hurt our school children.

This legislation is another attempt by the Republican-led Congress to undermine the integrity of our public school system. S. 1502 diverts limited tax dollars to nonpublic education. We already spend too little on our children's future. I cannot in good conscience support a bill that will further erode millions of children's opportunities for a quality education.

Madam Speaker, there are approximately 46 million children in our nation's public schools. By the year 2006, a projected 3 million more students will be enrolled in public schools. In sharp contrast, only 11 percent of children attend private schools. It is bad public policy to abandon our federal commitment to public education. What will happen to students left behind in public schools when their resources are given away?

Is this really the best use of federal dollars? Instead of siphoning money into private and parochial schools, I believe we should focus on fixing the problems in our public schools so that all school children will benefit. We should rebuild our educational foundation to make our public schools a safe haven for learning. It is shameful that today we debate ways to put more children in private schools rather than working on improving our public schools. A free public school education for all Americans is one of the basic tenets of our nation. We must not abandon this principle.

Studies have indicated that the controversial Cleveland voucher program produces no academic gains for voucher students compared to their peers in public schools in any academic subject—reading, math, social studies or science. Moreover, serious accountability problems have been found in many areas including verifying the voucher recipients' income level, residence or eligibility. An independent audit discovered $1.9 million worth of misspent Ohio tax dollars. We don't want these same problems in the District of Columbia and we don't want them in our states.

I urge my colleagues to oppose this legislation.

Mrs. MORELLA. Madam Speaker, I rise in opposition to the District of Columbia Student Opportunity Scholarship Act.

I have always been a staunch believer that matters of education policy should be decided by the local school board and local elected officials. Consequently, on matters regarding school vouchers, Congress should allow the District to make up its own mind, . . . just as every other locality in the country is able to choose for itself. The people of the District of Columbia should be deciding themselves whether or not they want vouchers. Vouchers should not be imposed upon the citizens of D.C. by members who are elected from other jurisdictions throughout the United States.

I am opposed to allowing public funds to be used for private and parochial schools. Such funding has been successfully challenged as violating the Constitutional mandate calling for the separation of Church and State. Moreover, there is little evidence that voucher plans increase student achievement, and the schools that are left behind are weakened by the loss of the most committed parents and students.

On September 30th of last year, a front page Washington Post story found that there are not even 2,000 spaces available in private schools in the local region. In addition, the majority of private schools in the area charge much more than $3,200.

This is a bad bill if we are concerned about high standards for all of the children in the District of Columbia public schools. It's just a ''quick-fix'' solution to address the needs of underserved children in the District. Moreover, official studies of the Milwaukee and Cleveland voucher programs have said that voucher students have not made academic gains. The 1998 study of the Cleveland program, by the Ohio State Department of Education, found no achievement gains for voucher students in the Cleveland public schools.

There are better ways to spend the $7 million Congress would use to allow but a few children in the District to attend public and parochial schools. The D.C. public schools could use $1 million to buy new textbooks for every 3rd, 4th and 5th grader. The District could use $3.5 million for 70 after-school programs based in public schools, to help 7,000 children who would otherwise be ''home alone'' when school ends each day.

Madam Speaker, this bill would divert scarce tax dollars from D.C.'s public schools and shift taxpayer dollars into schools that are not accountable to the community. I am opposed to imposing school vouchers on the citizens of the District of Columbia, and I urge my colleagues to vote ''No'' on the District of Columbia Student Opportunity Scholarship Act.

Mr. MARTINEZ. Madam Speaker, I rise to express my strong and unequivocable opposition to the bill which is before us today. Vouchers are not only bad policy but in this instance have clearly become the political tool

of the Republican leadership to bash the public school system of the District of Columbia and this country to play on the fears of our nation's parents.

Vouchers have received a significant amount of attention over the past few weeks as we have seen a major push by the Republican leadership to politically capitalize on the education of our children. We have heard our Republican colleagues use words like ''scholarships'' instead of vouchers to portray the message which their pollsters have said is so vital. I am pleased to see so much effort being put into ensuring that this message is not being lost.

I have never been one to craft my views or modify my position just because the latest questionable accurate poll has produced certain conclusions. Instead, we should be concentrating on proposals and ideas that will increase the quality of education in this country rather than destroy it.

Regardless, as I am sure it does not come as a surprise to any which have followed this issue, I am adamantly opposed to any use of public tax dollars for any voucher-like proposal, including the provisions included in this bill authorizing vouchers to be used in the District of Columbia. Not only do these provisions raise some very serious constitutional questions, but they will do little to help only a few students while greatly benefiting those whose interests are entrenched in private schools.

In fact, Representative ARMY himself has admitted that this bill will provide vouchers for only 2000 D.C. children. Last time I checked this would not come close to helping the more than 80,000 school age children which reside in the District. We cannot and should not ignore the problems of today's educational system while attempting to capitalize on political rhetoric. We should give time to the District's new chief academic officer, Arlene Ackerman, who has led positive reforms in Seattle, Washington schools, and can and will do the same in the District.

The Republicans have sought to use D.C. vouchers as the answers to our Capital City's problems in its school system. This is wrong. Any proposal which invites the idea of providing private school vouchers dismantles an educational system which guarantees access for all by leaving ''choice'' in the hands of private school admissions officers.

In addition to the destruction of equality in the most basic opportunity—the opportunity to learn—there is not one research study, despite what some of our witnesses may say today, which accurately provides evidence that vouchers improve student learning. Because of this lack of evidence, I see little reason to establish any type of Federal voucher program, including one in the District of Columbia.

We have seen the existing voucher programs in Milwaukee and Cleveland provide no improvement in student achievement levels despite the fact that they have been in operation, at least in the case of Milwaukee, for over six years. In addition to the complete lack of a policy basis for enacting any type of private school voucher proposal, the American people have spoken repeatedly that they have no interest in such programs. Over 20 States, including the District of Columbia, have held referenda on this issue and the citizens of all 20 States have rejected voucher programs.

Our goal as public policy makers should be to construct broad policy which will improve the educational results of all of our children—not a select few. One of the most deeply rooted values in this country has been that all children are guaranteed access to an education. The public school system has been the institution in this country which has provided this opportunity. Yes, there are problems in our public schools, problems which deserve and need our attention. All of us in Congress realize that the District has a great share of problems in its public school system.

However, we should not look for quick fixes to a situation which deserves careful consideration. As I said at a recent hearing in the Education and Workforce Committee on this subject, those who support vouchers want to abandon our public schools and the vast majority of children who would remain in what is already an underfunded system. Those of us in Congress need to show leadership in combating the problems that face us as elected leaders—not run away from them.

Only by working within the public school system, both in the District and throughout the Nation, can we build upon the successes and learn from our failures in our attempts to educate our Nation's children.

In closing, I would urge members not to support this ill-conceived and politically motivated bill. Now is not the time to go back on our educational commitments to our children.

Ms. CHRISTIAN-GREEN. Madam Speaker, I rise today in strong opposition to S. 1502, the District of Columbia School Vouchers Act—yet another attempt by the majority to drain resources from the already needy DC School system in order to pay for an already rejected experiment.

Madam Speaker, there is no question that DC public schools have problems. This isn't some new startling revelation; there isn't a public school system in the country that doesn't have problems. It is true that there are schools in DC which, for whatever reason, are not adequately serving the students attending them. But, my colleagues, the answer to this problem and the problems plaguing public schools in New York, Chicago or Los Angeles is assuredly not vouchers. Providing a $3,200 subsidy to private and parochial schools would do nothing but drain $45 million dollars in federal funds that would otherwise be available for public schools nationwide.

My colleagues on the other side of the aisle say that they are justified in proposing this bill by pointing to the fact that DC parents would welcome this kind of assistance. This also isn't news. What poor family, which have to send their children to an unsafe, run-down, decrepid school, that doesn't have enough teachers or books, wouldn't welcome assistance to send their children to a clean safe well-run private school. But, the cruel political irony of this and other school voucher proposals is that it would provide help to a small number of public school students and do nothing for the majority of students that do not get vouchers and have to remain in their poor run down schools. What does my Republican colleagues propose to help them?

Madam Speaker, we all know that vouchers isn't the answer. We must find solutions that will fix the problems in DC and all public schools. We must build new schools, repair run-down buildings, provide funding for more teachers so that class sizes can be reduced and funds for computers and other needed resources. Allowing only 2,000 out of over 80,000 DC students to get a better education will do more harm than good. Vote no on S. 1502. We must not allow the majority to experiment on the children of DC while doing further harm to an already desperate public school system.

Mr. PELOSI. Madam Speaker, I rise in opposition to the District of Columbia school voucher legislation. This is not the way to improve public education.

Not one of us is going to contest the assertion that the D.C. public schools need help. but the way to do this is through comprehensive school reform, by engaging parents, teachers and the community in creating and maintaining high performance centers of learning with challenging academic standards.

Diverting public money to private schools is not a way to improve education. It is, however, an experiment that is doomed to fail leaving this city's school children as the casualties. This legislation may benefit 2,000 D.C. students but abandon 76,000 others. Quality education for all students, not for a select few, should be our priority.

Creating a voucher system does not solve the problem, it shifts the responsibility elsewhere. It also does not guarantee that students from low-performing schools will meet the admission standards of private institutions, or that the voucher would even cover the expense of many private schools.

Public school choice, magnet schools, charter schools and comprehensive school reform efforts provide effective alternatives to passing our problems off on private schools.

Our federal responsibility in education is to support States and local school districts in their efforts to make better public schools and better learners. It is not an acceptable solution to engage in misguided social engineering in the District by draining funds that would be used to improve the public schools. The Democrats of this House have a plan, a good plan that raises the prospects for all of America's public school children, not just a select few at the expense of all the rest.

The SPEAKER pro tempore (Mrs. EMERSON). All time for debate has expired.

The Senate bill is considered read for amendment.

Pursuant to House Resolution 413, the previous question is ordered.

The question is on the third reading of the Senate bill.

The Senate bill was ordered to be read a third time, and was read the third time.

MOTION TO COMMIT OFFERED BY MS. NORTON

Ms. NORTON. Madam Speaker, I offer a motion to commit the Senate bill to the Committee on Government Reform and Oversight.

The SPEAKER pro tempore. Is the gentlewoman opposed to the Senate bill?

Ms. NORTON. Yes, Madam Speaker.

The SPEAKER pro tempore. The Clerk will report the motion to commit.

The Clerk read as follows:

Ms. NORTON moves to commit the bill S. 1502 to the Committee on Government Reform and Oversight.

The SPEAKER pro tempore. The motion is not debatable.

Without objection, the previous question is ordered on the motion to commit.

There was no objection.

The SPEAKER pro tempore. The question is on the motion to commit.

The question was taken; and the Speaker pro tempore announced that the noes appeared to have it.

RECORDED VOTE

Ms. NORTON. Madam Speaker, I demand a recorded vote.

A recorded vote was ordered.

The SPEAKER pro tempore. Pursuant to the provisions of clause 5 of rule XV, the Chair announces that she will reduce to a minimum of 5 minutes the period of time within which a vote by electronic device, if ordered, will be taken on the question of passage of the Senate bill.

The vote was taken by electronic device, and there were—ayes 198, noes 224, not voting 11, as follows:

[Roll No. 118]

AYES—198

Abercrombie
Ackerman
Allen
Andrews
Baesler
Baldacci
Barcia
Barrett (WI)
Becerra
Bentsen
Berman
Berry
Bishop
Blagojevich
Blumenauer
Bonior
Borski
Boswell
Boucher
Boyd
Brown (CA)
Brown (FL)
Brown (OH)
Capps
Cardin
Carson
Clay
Clayton
Clement
Clyburn
Condit
Conyers
Costello
Coyne
Cramer
Cummings
Danner
Davis (FL)
Davis (IL)
DeFazio
DeGette
Delahunt
DeLauro
Deutsch
Dicks
Dingell
Doggett
Dooley
Doyle
Edwards
Engel
Eshoo
Etheridge
Evans
Farr
Fattah
Fazio
Filner
Ford
Frank (MA)
Frost
Furse
Gejdenson
Gephardt
Gordon
Green
Gutierrez
Hall (OH)
Hamilton
Harman
Hastings (FL)
Hefner
Hilliard
Hinchey
Hinojosa
Holden
Hooley
Hoyer
Jackson (IL)
Jackson-Lee (TX)
Jefferson
John
Johnson (WI)
Johnson, E. B.
Kanjorski
Kaptur
Kennedy (MA)
Kennedy (RI)
Kildee
Kilpatrick
Kind (WI)
Kleczka
Klink
Kucinich
LaFalce
Lampson
Lantos
Lee
Levin
Lewis (GA)
Lipinski
Lofgren
Lowey
Luther
Maloney (CT)
Maloney (NY)
Manton
Markey
Martinez
Mascara
Matsui
McCarthy (MO)
McCarthy (NY)
McDermott
McGovern
McHale
McIntyre
McKinney
McNulty
Meehan
Meeks (NY)
Menendez
Millender-McDonald
Miller (CA)
Minge
Mink
Moakley
Mollohan
Morella
Murtha
Nadler
Neal
Oberstar
Obey
Olver
Ortiz
Owens
Pallone
Pascrell
Pastor
Payne
Pelosi
Peterson (MN)
Pomeroy
Poshard
Price (NC)
Rahall
Ramstad
Rangel
Reyes
Rivers
Rodriguez
Roemer
Rothman
Roybal-Allard
Rush
Sabo
Sanchez
Sanders
Sawyer
Schumer
Scott
Serrano
Sherman
Sisisky
Skaggs
Skelton
Slaughter
Smith, Adam
Snyder
Spratt
Stabenow
Stark
Stenholm
Stokes
Strickland
Stupak
Tanner
Tauscher
Thompson
Thurman
Tierney
Torres
Towns
Traficant
Turner
Velazquez
Vento
Visclosky
Waters
Watt (NC)
Waxman
Wexler
Weygand
Wise
Woolsey
Wynn
Yates

NOES—224

Aderholt
Archer
Armey
Bachus
Baker
Ballenger
Barr
Barrett (NE)
Bartlett
Barton
Bass
Bereuter
Bilbray
Bilirakis
Bliley
Blunt
Boehlert
Boehner
Bonilla
Bono
Brady
Bryant
Burr
Burton
Buyer
Callahan
Calvert
Camp
Campbell
Canady
Cannon
Castle
Chabot
Chambliss
Chenoweth
Christensen
Coble
Coburn
Collins
Combest
Cook
Cooksey
Cox
Crane
Crapo
Cubin
Cunningham
Davis (VA)
Deal
DeLay
Diaz-Balart
Dickey
Doolittle
Dreier
Duncan
Dunn
Ehlers
Ehrlich
Emerson
English
Ensign
Everett
Ewing
Fawell
Foley
Forbes
Fossella
Fowler
Fox
Franks (NJ)
Frelinghuysen
Gallegly
Ganske
Gekas
Gibbons
Gilchrest
Gillmor
Gilman
Gingrich
Goode
Goodlatte
Goodling
Goss
Graham
Granger
Greenwood
Gutknecht
Hall (TX)
Hansen
Hastert
Hastings (WA)
Hayworth
Hefley
Herger
Hill
Hilleary
Hobson
Hoekstra
Horn
Hostettler
Houghton
Hulshof
Hunter
Hutchinson
Hyde
Inglis
Istook
Jenkins
Johnson (CT)
Johnson, Sam
Jones
Kasich
Kelly
Kim
King (NY)
Kingston
Klug
Knollenberg
Kolbe
LaHood
Largent
Latham
LaTourette
Lazio
Leach
Lewis (CA)
Lewis (KY)
Linder
Livingston
LoBiondo
Lucas
Manzullo
McCollum
McCrery
McDade
McInnis
McIntosh
McKeon
Metcalf
Mica
Miller (FL)
Moran (KS)
Moran (VA)
Myrick
Nethercutt
Neumann
Ney
Northup
Norwood
Nussle
Oxley
Packard
Pappas
Paul
Paxon
Pease
Peterson (PA)
Petri
Pickering
Pickett
Pitts
Pombo
Porter
Portman
Pryce (OH)
Quinn
Radanovich
Redmond
Regula
Riggs
Riley
Rogan
Rogers
Rohrabacher
Ros-Lehtinen
Roukema
Royce
Ryun
Salmon
Sanford
Saxton
Scarborough
Schaefer, Dan
Schaffer, Bob
Sensenbrenner
Sessions
Shadegg
Shaw
Shays
Shimkus
Shuster
Skeen
Smith (NJ)
Smith (OR)
Smith (TX)
Smith, Linda
Snowbarger
Solomon
Souder
Spence
Stearns
Stump
Sununu
Talent
Tauzin
Taylor (MS)
Taylor (NC)
Thomas
Thornberry
Thune
Tiahrt
Upton
Walsh
Wamp
Watkins
Watts (OK)
Weldon (FL)
Weldon (PA)
Weller
White
Whitfield
Wicker
Wolf
Young (FL)

NOT VOTING—11

Bateman
Bunning
Dixon
Gonzalez
Kennelly
McHugh
Meek (FL)
Parker
Sandlin
Smith (MI)
Young (AK)

□ 1453

The Clerk announced the following pairs:

On this vote:

Mrs. Kennelly of Connecticut for, with Mr. Young of Arkansas against.

Mr. Meeks of New York for, with Mr. Smith of Michigan against.

Mrs. CHENOWETH changed her vote from ''aye'' to ''no.''

Mr. VENTO and Mr. ANDREWS changed their vote from ''no'' to ''aye.''

So the motion to commit was rejected.

The result of the vote was announced as above recorded.

The SPEAKER pro tempore (Mrs. EMERSON). The question is on the passage of the Senate bill.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

RECORDED VOTE

Ms. NORTON. Madam Speaker, I demand a recorded vote.

A recorded vote was ordered.

The SPEAKER pro tempore. This will be a 5-minute vote.

The vote was taken by electronic device, and there were—ayes 214, noes 206, answered ''present'' 1, not voting 12, as follows:

[Roll No. 119]

AYES—214

Aderholt
Archer
Armey
Bachus
Baker
Ballenger
Barr
Barrett (NE)
Bartlett
Barton
Bass
Bereuter
Bilbray
Bilirakis
Bliley
Blunt
Bonilla
Bono
Boyd
Brady
Bryant
Burr
Burton
Buyer
Callahan
Calvert
Camp
Campbell
Canady
Cannon
Castle
Chabot
Chambliss
Chenoweth
Christensen
Coble
Coburn
Collins
Combest
Condit
Cook
Cooksey
Cox
Crane
Cubin
Cunningham
Davis (VA)
Deal
DeLay
Diaz-Balart
Dickey
Doolittle
Dreier
Duncan
Dunn
Ehlers
Ehrlich
Emerson
Ensign
Everett
Ewing
Foley
Forbes
Fossella
Fowler
Fox
Franks (NJ)
Frelinghuysen
Gallegly
Ganske
Gekas
Gibbons
Gilchrest
Gillmor
Gilman
Gingrich
Goode
Goodlatte
Goodling
Goss
Graham
Granger
Greenwood
Gutknecht
Hansen
Hastert
Hastings (WA)
Hayworth
Hefley
Herger
Hill
Hilleary
Hobson
Hoekstra
Horn
Hostettler
Houghton
Hulshof
Hunter
Hyde
Inglis
Istook
Jenkins
Johnson, Sam
Jones
Kasich
Kelly
Kim
King (NY)
Kingston
Klug
Knollenberg
Kolbe
LaHood
Largent
Latham
LaTourette
Lazio
Lewis (CA)
Lewis (KY)
Linder
Lipinski
Livingston
Lucas
Manzullo
McCollum
McCrery
McDade
McInnis
McIntosh
McKeon
Metcalf
Mica
Miller (FL)
Moran (KS)
Moran (VA)
Myrick
Nethercutt
Neumann
Ney
Northup
Norwood
Nussle
Oxley
Packard
Pappas
Paxon
Pease
Peterson (PA)
Petri
Pickering
Pitts
Pombo
Porter
Portman
Pryce (OH)
Quinn
Radanovich
Redmond
Regula
Riggs
Riley
Rogan
Rogers
Rohrabacher
Ros-Lehtinen
Royce
Ryun
Salmon
Sanford
Saxton
Scarborough
Schaefer, Dan
Schaffer, Bob
Sensenbrenner
Sessions
Shadegg
Shaw
Shays
Shimkus
Shuster
Skeen
Smith (NJ)
Smith (OR)
Smith (TX)
Smith, Linda
Snowbarger
Solomon
Souder
Spence
Stearns
Stump
Sununu
Talent
Tauzin
Taylor (MS)
Taylor (NC)
Thomas
Thornberry
Thune
Tiahrt
Upton
Walsh
Wamp
Watkins
Watts (OK)
Weldon (FL)
Weldon (PA)

Weller	Whitfield	Wolf
White	Wicker	Young (FL)

NOES—206

Abercrombie	Harman	Obey
Ackerman	Hastings (FL)	Olver
Allen	Hefner	Ortiz
Andrews	Hilliard	Owens
Baesler	Hinchey	Pallone
Baldacci	Hinojosa	Pascrell
Barcia	Holden	Pastor
Barrett (WI)	Hooley	Payne
Becerra	Hoyer	Pelosi
Bentsen	Hutchinson	Peterson (MN)
Berman	Jackson (IL)	Pickett
Berry	Jackson-Lee (TX)	Pomeroy
Bishop	Jefferson	Poshard
Blagojevich	John	Price (NC)
Blumenauer	Johnson (CT)	Rahall
Boehlert	Johnson (WI)	Ramstad
Bonior	Johnson, E. B.	Rangel
Borski	Kanjorski	Reyes
Boswell	Kaptur	Rivers
Boucher	Kennedy (MA)	Rodriguez
Brown (FL)	Kennedy (RI)	Roemer
Brown (OH)	Kildee	Rothman
Capps	Kilpatrick	Roukema
Cardin	Kind (WI)	Roybal-Allard
Carson	Kleczka	Rush
Clay	Klink	Sabo
Clayton	Kucinich	Sanchez
Clement	LaFalce	Sanders
Clyburn	Lampson	Sawyer
Conyers	Lantos	Schumer
Costello	Leach	Scott
Coyne	Lee	Serrano
Cramer	Levin	Sherman
Crapo	Lewis (GA)	Sisisky
Cummings	LoBiondo	Skaggs
Danner	Lofgren	Skelton
Davis (FL)	Lowey	Slaughter
Davis (IL)	Luther	Smith, Adam
DeFazio	Maloney (CT)	Snyder
DeGette	Maloney (NY)	Spratt
Delahunt	Manton	Stabenow
DeLauro	Markey	Stark
Deutsch	Martinez	Stenholm
Dicks	Mascara	Stokes
Dingell	Matsui	Strickland
Doggett	McCarthy (MO)	Stupak
Dooley	McCarthy (NY)	Tanner
Doyle	McDermott	Tauscher
Edwards	McGovern	Thompson
Engel	McHale	Thurman
English	McHugh	Tierney
Eshoo	McIntyre	Torres
Etheridge	McKinney	Towns
Evans	McNulty	Traficant
Farr	Meehan	Turner
Fattah	Meeks (NY)	Velazquez
Fawell	Menendez	Vento
Fazio	Millender-McDonald	Visclosky
Filner	Miller (CA)	Waters
Ford	Minge	Watt (NC)
Frank (MA)	Mink	Waxman
Frost	Moakley	Wexler
Furse	Mollohan	Weygand
Gejdenson	Morella	Wise
Gephardt	Murtha	Woolsey
Gordon	Nadler	Wynn
Green	Neal	Yates
Gutierrez	Oberstar	Young (AK)
Hall (OH)		
Hamilton		

ANSWERED ''PRESENT''—1

Paul

NOT VOTING—12

Bateman	Dixon	Meek (FL)
Boehner	Gonzalez	Parker
Brown (CA)	Hall (TX)	Sandlin
Bunning	Kennelly	Smith (MI)

□ 1504

The Clerk announced the following pairs:

On this vote:

Mr. Bunning for, with Mrs. Kennelly of Connecticut against.

Mr. Smith of Michigan for, with Mr. Meeks of New York against.

Mr. YOUNG of Alaska changed his vote from ''aye'' to ''no.''

So the Senate bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

PERSONAL EXPLANATION

Mr. BOEHNER. Mr. Speaker, unfortunately, I missed the vote on final passage of S. 1502, The District of Columbia Opportunity Scholarship Act. As a strong supporter of this much-needed legislation to improve the quality of education for thousands of school children in the District of Columbia, I would have voted ''yes'' on final passage.

REPORT ON RESOLUTION WAIVING POINTS OF ORDER AGAINST CONFERENCE REPORT ON H.R. 3579, 1998 SUPPLEMENTAL APPROPRIATIONS AND RECESSIONS ACT

Mr. MCINNIS, from the Committee on Rules, submitted a privileged report (Rept. No. 105–505) on the resolution (H. Res. 416) waiving points of order against the conference report to accompany the bill (H.R. 3579) making emergency supplemental appropriations for the fiscal year ending September 30, 1998, and for other purposes, which was referred to the House Calendar and ordered to be printed.

WAIVING REQUIREMENT OF CLAUSE 4(b) OF RULE XI WITH RESPECT TO SAME DAY CONSIDERATION OF CERTAIN RESOLUTIONS

Mr. MCINNIS. Mr. Speaker, by direction of the Committee on Rules, I call up the resolution (H. Res. 414) and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 414

Resolved, That the requirement of clause 4(b) of rule XI for a two-thirds vote to consider a report from the Committee on Rules on the same day it is presented to the House is waived with respect to any resolution reported from that committee before May 1, 1998, providing for consideration or disposition of the bill (H.R. 3579) making emergency supplemental appropriations for the fiscal year ending September 30, 1998, and for other purposes, an amendment thereto, a conference report thereon, or an amendment reported in disagreement from a conference thereon.

The SPEAKER pro tempore. The gentleman from Colorado (Mr. MCINNIS) is recognized for 1 hour.

Mr. MCINNIS. Mr. Speaker, for the purposes of debate only, I yield the customary 30 minutes to the gentleman from Ohio (Mr. HALL), pending which I yield myself several such time as I may consume. During the consideration of this resolution, all time yielded is for the purpose of debate only.

Mr. Speaker, House Resolution 414 is a simple resolution. The proposed rule merely waives the requirement of clause 4(b) of rule XI for a two-thirds vote to consider a report from the Committee on Rules on the same day it is presented to the House for resolutions reported from the Committee before May 1, 1998, under certain circumstances.

This narrow, short-term waiver only applies to special rules providing for the consideration or disposition of H.R. 3579, making emergency supplemental appropriations for the fiscal year ending September 30, 1998, amendments thereto, a conference report thereon, or items in disagreement from a conference for H.R. 3579.

Mr. Speaker, H. Res. 414 is straightforward, and it was reported by the Committee on Rules with a voice vote. The Committee recognizes the need for expedited procedures to bring these emergency supplemental appropriations forward as soon as possible.

Mr. Speaker, the timeliness of some of these emergency appropriations cannot be understated. There are many areas within the country that have been hit by significant natural disasters which need relief as well as critical funding for military operations. Therefore, we must move promptly.

I urge my colleagues to support House Resolution 414.

Mr. Speaker, I reserve the balance of my time.

Mr. HALL of Ohio. Mr. Speaker, I yield myself such time as I may consume.

I thank my colleague the gentleman from Colorado (Mr. MCINNIS) for yielding me the time. As he has described, this rule will permit the House to consider the conference report on the emergency supplemental appropriation bill the same day the Committee on Rules reports a rule for the bill.

Mr. Speaker, under this procedure, Members will have little or no opportunity to examine the conference report before they vote on it. Generally, important and complex bills should not be taken up in this manner. Moreover, I am opposed to provisions in the bill itself, including cuts in the program which funds housing for poor people and the failure to include funding for the International Monetary Fund.

Though I understand the need for moving quickly to pass the emergency spending bill, because of the reasons I have already mentioned, I oppose this rule.

Mr. Speaker, I reserve the balance of my time.

Mr. MCINNIS. Mr. Speaker, I yield myself such time as I may consume to inquire of my good friend the gentleman from Ohio (Mr. HALL) if he has any further testimony or any further discussion on his side?

The SPEAKER pro tempore. Does the gentleman from Ohio have any further speakers?

Mr. HALL of Ohio. Mr. Speaker, it appears that I have nobody here really to speak on this particular rule. Therefore, I yield back the balance of my time.

Mr. MCINNIS. Mr. Speaker, I yield back the balance of my time, and I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the resolution.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. HALL of Ohio. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 5 of rule I, further proceedings on this question are postponed until later today.

RECESS

The SPEAKER pro tempore. Pursuant to clause 12 of rule I, the Chair declares the House in recess subject to the call of the Chair.

Accordingly (at 3 o'clock and 14 minutes p.m.), the House stood in recess subject to the call of the Chair. The bells will be rung 15 minutes prior to reconvening.

□ 1602

AFTER RECESS

The recess having expired, the House was called to order by the Speaker pro tempore (Mr. HULSHOF) at 4 o'clock and 2 minutes p.m.

WAIVING REQUIREMENT OF CLAUSE 4(b) OF RULE XI WITH RESPECT TO SAME DAY CONSIDERATION OF CERTAIN RESOLUTIONS

The SPEAKER pro tempore. The pending business is the question of agreeing to the resolution, House Resolution 414, on which the yeas and nays are ordered.

The Clerk read the title of the resolution.

The SPEAKER pro tempore. The question is on the resolution.

The vote was taken by electronic device, and there were—yeas 211, nays 196, not voting 25, as follows:

[Roll No. 120]

YEAS—211

Aderholt
Archer
Armey
Bachus
Baker
Ballenger
Barr
Barrett (NE)
Bartlett
Barton
Bass
Bereuter
Bilbray
Bilirakis
Blunt
Boehlert
Boehner
Bonilla
Bono
Brady
Bryant
Burr
Burton
Buyer
Callahan
Calvert
Camp
Campbell
Canady
Cannon
Castle
Chabot
Chambliss
Chenoweth
Christensen
Coble
Coburn
Collins
Combest
Cook
Cooksey
Cox
Crane
Cubin
Cunningham
Davis (VA)
Deal
DeLay
Diaz-Balart
Dickey
Doolittle
Dreier
Duncan
Ehlers
Ehrlich
Emerson
English
Ensign
Everett
Ewing
Foley
Forbes
Fossella
Fowler
Fox
Franks (NJ)
Frelinghuysen
Gallegly
Ganske
Gekas
Gibbons
Gilchrest
Gillmor
Gilman
Goodlatte
Goodling
Goss
Graham
Granger
Gutknecht
Hansen
Hastert
Hastings (WA)
Hayworth
Hefley
Herger
Hill
Hilleary
Hobson
Hoekstra
Horn
Hostettler
Houghton
Hulshof
Hunter
Hutchinson
Hyde
Inglis
Istook
Jenkins
Johnson (CT)
Jones
Kasich
Kelly
Kim
King (NY)
Kingston
Klug
Knollenberg
Kolbe
LaHood
Largent
Latham
LaTourette
Lazio
Leach
Lewis (CA)
Lewis (KY)
Linder
Livingston
LoBiondo
Lucas
Manzullo
McCollum
McCrery
McDade
McHugh
McInnis
McIntosh
McKeon
Metcalf
Mica
Miller (FL)
Moran (KS)
Morella
Myrick
Nethercutt
Neumann
Ney
Northup
Norwood
Nussle
Oxley
Packard
Pappas
Paul
Paxon
Pease
Peterson (PA)
Petri
Pickering
Pitts
Pombo
Porter
Portman
Pryce (OH)
Quinn
Ramstad
Redmond
Regula
Riggs
Riley
Rogan
Rogers
Rohrabacher
Ros-Lehtinen
Roukema
Royce
Ryun
Salmon
Sanford
Saxton
Scarborough
Schaffer, Bob
Sessions
Shadegg
Shaw
Shays
Shimkus
Shuster
Skeen
Smith (NJ)
Smith (TX)
Smith, Linda
Snowbarger
Solomon
Souder
Spence
Stearns
Stump
Sununu
Talent
Tauzin
Taylor (NC)
Thomas
Thornberry
Thune
Tiahrt
Upton
Walsh
Wamp
Watkins
Watts (OK)
Weldon (FL)
Weller
White
Whitfield
Wicker
Wolf
Young (AK)
Young (FL)

NAYS—196

Abercrombie
Ackerman
Allen
Andrews
Baesler
Baldacci
Barcia
Barrett (WI)
Becerra
Bentsen
Berman
Berry
Bishop
Blagojevich
Blumenauer
Bonior
Borski
Boswell
Boucher
Boyd
Brown (CA)
Brown (FL)
Brown (OH)
Capps
Cardin
Carson
Clay
Clayton
Clement
Clyburn
Condit
Conyers
Costello
Coyne
Cramer
Cummings
Danner
Davis (FL)
Davis (IL)
DeGette
Delahunt
DeLauro
Deutsch
Dicks
Dingell
Doggett
Dooley
Doyle
Edwards
Engel
Eshoo
Etheridge
Evans
Farr
Fattah
Fazio
Filner
Ford
Frank (MA)
Frost
Furse
Gejdenson
Gephardt
Goode
Gordon
Green
Gutierrez
Hall (OH)
Hamilton
Harman
Hastings (FL)
Hefner
Hilliard
Hinchey
Hinojosa
Holden
Hooley
Hoyer
Jackson (IL)
Jackson-Lee (TX)
Jefferson
John
Johnson (WI)
Johnson, E. B.
Kanjorski
Kennedy (MA)
Kennedy (RI)
Kildee
Kilpatrick
Kind (WI)
Kleczka
Klink
Kucinich
LaFalce
Lampson
Lantos
Lee
Levin
Lewis (GA)
Lipinski
Lofgren
Lowey
Luther
Maloney (CT)
Maloney (NY)
Manton
Markey
Martinez
Mascara
Matsui
McCarthy (MO)
McCarthy (NY)
McDermott
McGovern
McHale
McIntyre
McKinney
McNulty
Meeks (NY)
Menendez
Millender-McDonald
Minge
Mink
Moakley
Mollohan
Moran (VA)
Murtha
Nadler
Neal
Oberstar
Obey
Olver
Ortiz
Owens
Pallone
Pascrell
Pastor
Payne
Pelosi
Peterson (MN)
Pickett
Pomeroy
Poshard
Price (NC)
Rahall
Rangel
Reyes
Rivers
Rodriguez
Roemer
Rothman
Roybal-Allard
Rush
Sabo
Sanchez
Sanders
Sawyer
Schumer
Scott
Serrano
Sherman
Sisisky
Skaggs
Skelton
Slaughter
Smith, Adam
Snyder
Spratt
Stabenow
Stark
Stenholm
Stokes
Strickland
Stupak
Tanner
Tauscher
Taylor (MS)
Thompson
Thurman
Tierney
Torres
Towns
Traficant
Turner
Velazquez
Vento
Visclosky
Waters
Watt (NC)
Waxman
Wexler
Weygand
Wise
Woolsey
Wynn
Yates

NOT VOTING—25

Bateman
Bliley
Bunning
Crapo
DeFazio
Dixon
Dunn
Fawell
Gonzalez
Greenwood
Hall (TX)
Johnson, Sam
Kaptur
Kennelly
Meehan
Meek (FL)
Miller (CA)
Parker
Radanovich
Sandlin
Schaefer, Dan
Sensenbrenner
Smith (MI)
Smith (OR)
Weldon (PA)

□ 1624

Mr. RANGEL changed his vote from ''yea'' to ''nay.''

So the resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

ANNOUNCEMENT REGARDING AMENDMENTS TO H.R. 1872, COMMUNICATIONS SATELLITE COMPETITION AND PRIVATIZATION ACT

Mr. SOLOMON. Mr. Speaker, I want to make a very important statement which will concern airplanes taking off this evening, if we can get some quiet.

Mr. Speaker, I have three announcements to make. The first is, we are about to take up the rule on the supplemental. We realize that Members are trying to catch planes and to leave, and there is not a vote expected on the rule. It is mandatory that there be a vote on the supplemental under the Rules of the House.

If we can shorten the debate on the rule and then go directly, without a vote, to the supplemental, we should be out of here so that most Members will be accommodated.

Mr. Speaker, the Committee on Rules will meet next Tuesday, May 5, to grant a rule which will limit the amendments to be offered to H.R. 1872, the Communications Satellite Competition and Privatization Act.

The rule may include a provision requiring amendments to be preprinted in the amendment section of the CONGRESSIONAL RECORD.

Mr. Speaker, the Committee on Rules is also planning to meet during the week of May 4 to grant a rule for consideration of H.R. 3694, and that is the Intelligence Authorization bill for Fiscal Year 1999.

The Chairman of the Permanent Select Committee on Intelligence has requested a rule which would require that amendments be preprinted in the CONGRESSIONAL RECORD. If this request is granted, amendments to be preprinted would need to be signed by the Member and submitted at the Speaker's table. The amendments would still need to be consistent with

House rules but would be given no special protection by being printed.

Mr. GOSS. Mr. Speaker, will the gentleman yield?

Mr. SOLOMON. I am glad to yield to the gentleman from Florida, chairman of the Permanent Select Committee on Intelligence.

Mr. GOSS. Mr. Speaker, I thank the distinguished gentleman from New York for yielding. As chairman of the Permanent Select Committee on Intelligence, I would like to advise all Members that we hope that the authorization bill which has now been marked up will be brought forward next week, subject to a rule.

I would like to advise Members that there is a procedure for any Member who would like to look at the material in that legislation to contact the House Permanent Select Committee on Intelligence staff, and arrangements can be made for Members to review classified material.

CONFERENCE REPORT ON HR. 3579, 1998 SUPPLEMENTAL APPROPRIATIONS AND RESCISSIONS ACT

Mr. SOLOMON. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 416 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 416

Resolved, That upon adoption of this resolution it shall be in order to consider the conference report to accompany the bill (H.R. 3579) making emergency supplemental appropriations for the fiscal year ending September 30, 1998, and for other purposes. All points of order against the conference report and against its consideration are waived. The conference report shall be considered as read.

The SPEAKER pro tempore. The gentleman from New York (Mr. SOLOMON) is recognized for 1 hour.

Mr. SOLOMON. Mr. Speaker, for the purposes of debate only, I yield the customary 30 minutes to the gentleman from Ohio (Mr. HALL), my good friend, pending which I yield myself such time as I might consume. During the consideration of this resolution, all time yielded is for the purposes of debate only.

Mr. Speaker, this resolution is a customary rule for the consideration of conference reports. The rule waives all points of order against the conference report to accompany H.R. 3579, which makes emergency supplemental appropriations for fiscal year 1998, and against its consideration. The rule also provides that the conference report would be considered as read.

Mr. Speaker, passage of this rule would provide much-needed funding to thousands of disaster areas around this Nation as well as crucial funding for our Nation's defense. The conference report responsibly provides resources for our military operations in Southwest Asia and in Bosnia to ensure that our men and women in uniform have the best equipment and resources that money can buy.

Furthermore, the conference report also provides for $179 million for the Ballistic Missile Defense Program.

The conference report also includes crucial paid-for funds for the disaster areas in the northeast who were burdened by heavy ice storms earlier this year, for the Southeast and Plains States devastated by tornados, floods, and other natural disasters, and also for the Southwestern and Western States that were hit by El Nino weather disasters.

□ 1630

Mr. Speaker, in my part of the country, up in upper State New York, we were hit hard by an ice storm that literally wiped out power and energy to residents for as long as 2 and even 3 weeks. Passage of this bill today will ensure that all of these areas will receive this much-needed relief.

Finally, Mr. Speaker, this conference report provides much-needed increases for veterans' compensation and pensions to prevent any expected shortfalls in this important account.

Mr. Speaker, I would like to say that the gentleman from Louisiana (Mr. LIVINGSTON), the chairman of the Committee on Appropriations, and the members of the Committee on Appropriations certainly are to be commended for their vigorous defense of the House's position that this supplemental not include funding for the IMF or the United Nations and that the nondefense disaster-related funding be offset. These Members also did yeomen work in protecting our Defense Department from any further cuts.

Our Nation has endured 14 straight years of inflation-adjusted cuts in defense spending. That is a 40 percent real decline in defense dollars, and it is beginning to hurt everywhere in our military.

Mr. Speaker, this is a fiscally responsible and much-needed measure before the House this afternoon; and I would urge all my colleagues to support the conference report and support this rule.

Mr. Speaker, I reserve the balance of my time.

Mr. HALL of Ohio. Mr. Speaker, I yield myself such time as I may consume, and I want to thank the chairman of the Committee on Rules (Mr. SOLOMON) for yielding me this time.

As the gentleman from New York has described, this is a rule that waives all points of order against the conference report on H.R. 3579. The report makes emergency appropriations for U.S. military operations in Bosnia, peacekeeping operations in Iraq, and domestic disaster relief. It also makes nonemergency appropriations.

The conference agreement contains many improvements from the House bill. In particular, I am pleased that the conferees dropped a provision which would have shut down the AmeriCorps program.

However, the bill actually deepens the cuts in the reserves for the Section 8 program, which helps make housing affordable to low-income people and the elderly. Once again, we are reducing aid to the people who can least protect themselves from these cuts.

The bill fails to include funding for the International Monetary Fund. I believe that we should fund the IMF for humanitarian reasons because it will help bolster the economies of nations not as well off as we are. It is also in our Nation's self-interest to support the IMF to maintain international economic stability.

The emergency funding in this bill is desperately needed by our troops abroad. The emergency disaster assistance is also important. However, we do not have to make these cuts in programs to help the poor and needy.

The Committee on Rules reported this bill on a recorded vote with all Democrats opposed.

Mr. Speaker, I reserve the balance of my time.

Mr. SOLOMON. Mr. Speaker, I yield 3 minutes to the gentleman from California (Mr. ROHRABACHER).

Mr. ROHRABACHER. Mr. Speaker, I rise in opposition to this supplemental.

Thanks to the diligent efforts of the appropriators, this bill now includes a provision that continues to throw money at one of this administration's better-known foreign policy fiascoes, our partnership with Russia to build the International Space Station.

I am chairman of the Subcommittee on Space and Aeronautics that oversees this effort, and that provision that we are talking about was not in either House or Senate bill but was inserted over the strong objection of the Subcommittee on Space and Aeronautics and the Committee on Science chairman, the gentleman from Wisconsin (Mr. SENSENBRENNER).

This bill contains and continues to give money to pay for Russia's failures; and by covering up those failures, the President and the Vice President can continue to pretend that everything is fine in this grand partnership with Boris Yeltsin. In other words, this bill spends tens of millions of dollars to hide the administration's mistakes.

The space station is now estimated to be $7 billion over budget and another 2 to 4 years late. NASA's own independent analysts suggest that Russia's defaults are the biggest problem. The Committee on Science has worked on a bipartisan basis to get the administration to focus on this problem. Instead, the administration keeps dancing away from the tough decisions, and now the appropriators are letting them off the hook by giving them this extra money.

Specifically, this supplemental provides $63 million in directed transfer, totaling $90 million in Band-aids for a patient that needs surgery. We need to focus on these problems with Russia or they will continue to drain money and continue to bring the space station down. That is not what this supplemental does.

Secondly, I oppose the supplemental because it again represents the shoveling of money at an enduring quagmire that drains our resources and makes us weaker and does not face the decisions that are necessary to get our country unstuck from this situation. I am, of course, referring to almost a half billion dollars in this bill to keep our troops in Bosnia.

I had strong reservations about the Bosnian mission to begin with. We were told it would last 1 year and cost $2 billion. Now our troops have been there almost 3 years, and it has already cost between $8 and $10 billion. The mission has escalated from a 1-year mission to now what appears to be an open-ended commitment with no end in sight.

The huge financial drain that this represents is coming right out of our taxpayers' hide but also the hides of our defenders who are finding they cannot even maintain their airplanes and ships and ground weaponry because money is being drained away from them for these foolish missions that have nothing to do with our national security, like Bosnia.

By passing supplementals like this, what we are doing is permitting the government and this administration to ignore these fundamental problems and not make the decisions that are necessary to do things like ending the Bosnian situation that goes on and on, or correcting the problem with Russia that is putting us behind the eight ball when it comes to the International Space Station. That is why this supplemental should be defeated.

Mr. HALL of Ohio. Mr. Speaker, I yield 2 minutes to the gentlewoman from New York (Mrs. MALONEY).

(Mrs. MALONEY of New York asked and was given permission to revise and extend her remarks.)

Mrs. MALONEY of New York. Mr. Speaker, I rise in opposition to the supplemental appropriations rule for a number of reasons, but for the moment I would like to talk about one special interest rider that was added in conference at the last minute that its supporters should be ashamed of. It is an amendment that allows big oil companies to pay lower royalties for oil extracted from federally-owned, taxpayer-owned land at the expense of our Nation's schoolchildren.

Oil companies should pay royalties to the Federal Government based on the market price, but they are not doing that. They have been paying to the Federal Government based on what they call posted price. Of course, that is a lower price than what they pay each other for this same oil. What they are doing is keeping two sets of books, one to record their profits for what they pay each other and one to profit off the American people and the American taxpayer by paying a lower price for oil extracted from taxpayer-owned land.

Oil royalties help pay for our children's education. Each year, big oil is taking $100 million out of our classrooms and putting it into their own pockets. The Washington Post and Rollcall both report that the companies are putting plenty of money into certain congressional campaigns. I guess it is paying off.

This is poor policy. We should vote against the supplemental. The President should veto it on just this rip-off that was added at the last minute alone.

Mr. HALL of Ohio. Mr. Speaker, I yield 3 minutes to the gentleman from Massachusetts (Mr. KENNEDY).

Mr. KENNEDY of Massachusetts. Mr. Speaker, I rise in strong opposition to this bill for the simple reason that it cuts over $2.3 billion from the housing budget.

It is remarkable that the leadership would bring forth a bill which slashes housing funding just 2 days after the HUD issued a major study documenting a record number of low-income households with severe housing problems. HUD's worst-case housing report concludes that there are 12.5 million Americans living in low-income households; including 4.5 million children, 1.5 million elderly people, and 1.1 million disabled people who are without affordable housing. They have been untouched by the economic boom.

When the Republicans took over the Congress in 1995, they slashed the housing budget by 25 percent without a hearing. They then took it upon themselves to cut the homeless budget by 26 percent. What this budget does, and I think many people, including many people on the Republican side, will give great credit to some of the reforms that have taken place at HUD over the course of these last couple of years.

I was very delighted to see that the gentleman from Louisiana (Mr. LIVINGSTON) mentioned in his press release today the fact that the money, this $2.3 billion that is being cut, is going to be vitally necessary to fund housing problems that we face in the future. The way the government accounts for housing money requires us every once in a while to put a lump sum figure in the budget authority requirements of the government's budget. That lump sum figure is coming up this coming year. We are cutting this money within the very year that we are going to need the dollars.

The chairman, I hope, will commit himself to making certain that the funding will continue next year, despite the fact that he has had to grab this money this year.

I see the chairman has just walked on to the House floor, and I would very much appreciate it if he would consider making a commitment to funding that housing need into the future.

Mr. LIVINGSTON. Mr. Speaker, will the gentleman yield?

Mr. KENNEDY of Massachusetts. I yield to the gentleman from Louisiana.

Mr. LIVINGSTON. Mr. Speaker, I heard the gentleman's statement, and I would be happy to tell the gentleman that in fiscal year 1999 we are certainly going to address this. Matter of fact, I have made the commitment to the gentleman from California (Mr. LEWIS) that many of these funds are going to have to be replenished. But for the balance of fiscal year 1998, these are excess funds and will not be needed.

Mr. KENNEDY of Massachusetts. Mr. Speaker, reclaiming my time, I very much appreciate the Chairman's commitment, and I hope he means he was not going to be cutting those funds from other parts of the HUD budget. And I very much appreciate his clarification.

Mr. HALL of Ohio. Mr. Speaker, I yield 3 minutes to the gentleman from Minnesota (Mr. VENTO).

Mr. VENTO. Mr. Speaker, I rise in opposition to this rule and opposition to this supplemental appropriation.

This concern is that certainly we need to deal with disaster assistance and the other funds requested here. Of course, we are not dealing with the important money for the International Monetary Fund because of the, I think, the misrepresentations and the lack of responsibility that was demonstrated last week on the floor in discussing or addressing that particular topic.

But with regards to the main issue in terms of what we are voting here for, what we are voting for is to take money with one hand and distribute it to those with the disaster assistance and the other domestic needs, and with the other hand we are taking it away from the communities with regard to the housing assistance that is necessary.

This bill, in and of itself, does not provide the type of help. This action is the wrong action. We ought to be addressing this problem right now. The fact is that commitments had been made, good intentions before, which in fact took $3.6 billion out of this particular fund, this permanent fund for assisted housing in 1997, with commitments that they were going to place that entire money back into the budget. It is still not there. And the fact is that putting this off until tomorrow, with the assurances, does not, in fact, put the money in place.

It is very likely, based on the type of performance that has gone on with regards to assisted housing, is that we have continually rolled these contracts over for 1 year, not making the commitment in the budget process to assure the type of stability that is necessary for low-income persons that live in this housing.

□ 1645

This is nothing more than a pea and shell game that is going on with regards to assisted housing, and the end result is going to be that many elderly, disabled, and low-income persons, families with children, are going to be denied the type of assistance and supports that they need.

The fact is that that $2.3 billion translates into taking support away

from 440,000 to 450,000 families that receive assisted housing support with this particular vote. That is what this vote will do. Yes, it will do some good in terms of the disaster assistance that we need in the Northwest and in the Pacific and with regards to the Northeast types of problems, but it, nevertheless, takes that money away from many communities across this country that need the money in terms of housing.

We are not facing up to it. No budget resolution this year, no issue, no blueprint is in place. And the fact is good intentions are fine to have, but they are not going to meet the tangible needs that we have with regards to housing. The fact is that we should not take this vote on a supplemental appropriation denying the types of funds that are necessary for the permanent assisted housing fund. I urge my colleagues to vote ''no.''

Mr. HALL of Ohio. Mr. Speaker, I yield 2 minutes to the gentleman from Ohio (Mr. KUCINICH).

Mr. KUCINICH. Mr. Speaker, I rise in opposition to the rule and in opposition to the bill, H.R. 3579, the emergency supplemental bill.

I, in particular, want to speak to my concerns about the $2.3 billion in offsets for emergency funding for section 8 housing. There are people across this country who depend on section 8 housing for the roof over their heads; and when they learn that Congress would take action to take money away from that program next year, this will have a destabilizing effect on many households, because people rely on our good sense and our goodwill and our humanity to sustain them.

I also want to express my concern that we would have on one hand the offsets put in there and at the same time put in there the money for Bosnia. It is really giving people a cruel choice. We know the suffering and the inhumanity that has been expressed in Bosnia and how people have heroically tried to come back from it, and at the same time we are being told to make a choice between that, helping them and people who live in section 8 housing in this country.

I, regretfully, am going to have to vote against this bill, but I think that when similar bills come to this House, we ought not use it as a moment to prey on the disadvantaged, to destabilize their household, and to tell them even for a minute that America does not care about their concerns.

Mr. HALL of Ohio. Mr. Speaker, I have no request for time, and I yield back the balance of my time.

Mr. SOLOMON. Mr. Speaker, I yield myself the balance of my time.

Mr. Speaker, let me just say that I mentioned early on where I heaped praise on the gentleman from Louisiana (Mr. LIVINGSTON) chairman of the Committee on Appropriations, the gentleman from Wisconsin (Mr. OBEY).

And, incidentally, the gentleman from Louisiana (Mr. LIVINGSTON) is sitting next to me here; and for all my colleagues who may not know, today is his birthday. And I told him earlier that when I grow up, I want to be just like him.

But seriously, this measure before us has disaster in it. I have been here for 20 years, and we in the north country of New York State do not have to ask for aid like this very often. We do not have tornadoes. We do not have hurricanes. We do not have earthquakes. Sometimes we have some floods, we have terrible snowstorms, but we are geared up to handle those.

We have always welcomed the opportunity to help people in other parts of the country. So today they are helping us in the north country; and believe me, our people really appreciate it.

I hope everybody votes on the rule and the bill.

Mr. Speaker, I yield back the balance of my time, and I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Sherman Williams, one of his secretaries.

CONFERENCE REPORT ON H.R. 3579, SUPPLEMENTAL APPROPRIATIONS AND RESCISSIONS ACT

Mr. LIVINGSTON. Mr. Speaker, pursuant to the rule, I call up the conference report on the bill (H.R. 3579) making emergency supplemental appropriations for the fiscal year ending September 30, 1998, and for other purposes, and ask for its immediate consideration.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Pursuant to House Resolution 416, the conference report is considered as having been read.

(For conference report and statement, see prior proceedings of the House of today.)

The SPEAKER pro tempore. The gentleman from Louisiana (Mr. LIVINGSTON) and the gentleman from Wisconsin (Mr. OBEY) each will control 30 minutes.

The Chair recognizes the gentleman from Louisiana (Mr. LIVINGSTON).

GENERAL LEAVE

Mr. LIVINGSTON. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the conference report to accompany H.R. 3579 and that I may include tabular and extraneous material.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

Mr. LIVINGSTON. Mr. Speaker, I yield myself such time as I may consume.

(Mr. LIVINGSTON asked and was given permission to revise and extend his remarks.)

Mr. LIVINGSTON. Speaker, I am pleased to bring to the floor the conference report on the Fiscal Year 1998 Emergency Supplemental Appropriations Bill (H.R. 3579). This conference report includes $2.859 billion in emergency defense supplemental appropriations to provide for the peacekeeping missions in Bosnia and Iraq and provide additional support for intelligence activities. It also provides $2.588 billion in emergency supplemental appropriations for recovery from natural disasters that have occurred this winter and spring all over the country. There is also $142 million in non-emergency supplemental appropriations mostly to help in fixing the ''year 2000'' computer problem in some of our agencies. Finally, there is a $550 million appropriation for Veterans Compensation and Pensions in this bill as well.

Mr. Speaker, it is very important that this conference report get passed today. The Secretary of Defense will be forced to issue furlough notices to some DOD employees if this bill does not reach the President's desk tomorrow. The extraordinary number of recent severe weather episodes is causing emergency accounts to be exhausted. Farmers, dairymen, road repairs, park repairs, flood control facility repairs, reforestation, utility repairs, and people who have had their place of residence damaged all are in dire need of these emergency supplemental appropriations.

I would like to point out that the emergency supplemental appropriations for recovery from national disasters and the non-emergency supplemental appropriations are, and I stress, are fully offset. We will hear concern expressed today about one of the rescissions used to pay for this emergency spending. This is the excess section 8 housing reserve rescission, as was mentioned on the floor previously during consideration of the rule.

The excess section 8 housing reserves that will be rescinded are unnecessary, stress ''unnecessary,'' during the remaining portion of the current fiscal year. Currently, there are $3.6 billion in excess section 8 housing reserve funds that will not be needed this year. The General Accounting Office identified excess funds when it reviewed the Department of Housing and Urban Development's various section 8 housing accounts at the request of the Committee on Appropriations.

Since 1997, HUD and GAO have found more than $9.9 billion in excess section 8 housing funds. Of that amount, $2.2 billion is being utilized for contingencies, and Congress has already rescinded $4.2 billion. Subtracting these amounts from $9.9 billion leaves a current balance of $3.6 billion in excess, stress ''excess,'' section 8 housing reserves.

There are sufficient funds available to pay for any section 8 housing contracts that expire during the rest of fiscal year 1998. Rescinding and redirecting these funds to pay for disaster relief will not harm any family that currently depends on section 8 housing assistance.

In fiscal year 1999, section 8 housing renewal needs are $10.8 billion. In the Fiscal Year 1999 Budget, the President proposed using $3.6 billion of excess reserves to offset the total cost of renewals for that year. Clearly, the Committee on Appropriations understands that the section 8 housing renewal account must be fully funded in order to protect the homes of those families who rely on this assistance. We will address that problem at a later date, but it does not impact anyone today. Not a single person will be adversely impacted by taking these rescissions today.

Mr. Speaker, this bill should be supported for what is included in it and not disregarded for what may have been left out. Members will hear concern about the lack of funding for the International Monetary Fund, for crop insurance, for student loans, for United Nations arrearages, and various other activities. I want to assure Members that these issues will get addressed, but it will not be today.

There is no immediate impact on not addressing funding for these issues at this time. This is a ''pure'' emergency supplemental appropriations bill, and it needs to move today. It is paid for except for the defense funding, which would create an unacceptable impact on our national security.

The fact is that we have, in the past, paid for supplemental emergency appropriations in the defense area by rescinding existing defense appropriations, and we have unfortunately, on too frequent occasions, have been taking from the nondeployed forces to keep the forward-deployed forces going. That is a practice we can no longer sustain because our troops all around the world are feeling an adverse impact.

All Members should vote ''yes'' on this conference report and help get it to the President's desk tomorrow. I hope that, if we do, that the President will sign it expeditiously, and our troops in Bosnia and Iraq and in all other corners of the world will know that our Congress is in support of them, and that the victims of disasters around this country will know that their elected representatives have rallied in their defense.

At this point in the RECORD I would like to insert a table reflecting the details of the conference report.

EMERGENCY SUPPLEMENTAL APPROPRIATIONS ACT, 1998 (H.R. 3579)

Doc No.		Supplemental Request	House	Senate	Conference	Conference compared with House	Conference compared with Senate
	TITLE I - EMERGENCY SUPPLEMENTAL APPROPRIATIONS FOR THE DEPARTMENT OF DEFENSE						
	CHAPTER 1						
	DEPARTMENT OF DEFENSE - MILITARY						
	Military Personnel						
105-220	Military personnel, Army (emergency appropriations)	184,000,000	184,000,000	184,000,000	184,000,000		
105-220	Military personnel, Navy (emergency appropriations)	22,300,000	22,300,000	22,300,000	22,300,000		
105-220	Military personnel, Marine Corps (emergency appropriations)	5,100,000	5,100,000	5,100,000	5,100,000		
105-220	Military personnel, Air Force (emergency appropriations)	10,900,000	10,900,000	10,900,000	10,900,000		
105-220	Reserve personnel, Navy (emergency appropriations)	4,100,000	4,100,000	4,100,000	4,100,000		
	Total, Military personnel	226,400,000	226,400,000	226,400,000	226,400,000		
	Operation and Maintenance						
105-220	Operation and maintenance, Army (emergency appropriations)	1,886,000	1,886,000	1,886,000	1,886,000		
	Contingent emergency appropriations		700,000			-700,000	
105-220	Operation and maintenance, Navy (emergency appropriations)	48,100,000	48,100,000	33,272,000	48,100,000		+14,828,000
	Contingent emergency appropriations		5,700,000			-5,700,000	
	Operation and maintenance, Marine Corps (contingent emergency appropriations)		26,810,000			-26,810,000	
105-220	Operation and maintenance, Air Force (emergency appropriations)	27,400,000	27,400,000	21,509,000	27,400,000		+5,891,000
	Contingent emergency appropriations		21,800,000			-21,800,000	
105-220	Operation and maintenance, Defense-wide (emergency appropriations)	1,390,000	1,390,000	1,390,000	1,390,000		
105-220	Contingent emergency appropriations	50,000,000		44,000,000	125,528,000	+125,528,000	+81,528,000
105-220	Operation and maintenance, Army Reserve (emergency appropriations)	650,000	650,000	650,000	650,000		
105-220	Operation and maintenance, Air Force Reserve (emergency appropriations)	229,000	229,000	229,000	229,000		
105-220	Operation and maintenance, Army National Guard (emergency appropriations)	175,000	175,000	175,000	175,000		
	Contingent emergency appropriations		5,750,000			-5,750,000	
	Operations and maintenance, Air National Guard (contingent emergency appropriations)		975,000			-975,000	
105-220	Overseas contingency operations transfer fund (emergency appropriations)	1,621,900,000	1,829,900,000	1,556,000,000	1,814,100,000	-15,800,000	+258,100,000
	Total, Operation and maintenance	1,751,730,000	1,971,465,000	1,659,111,000	2,019,458,000	+47,993,000	+360,347,000
	Emergency appropriations	(1,701,730,000)	(1,909,730,000)	(1,615,111,000)	(1,893,930,000)	(-15,800,000)	(+278,819,000)
	Contingent emergency appropriations	(50,000,000)	(61,735,000)	(44,000,000)	(125,528,000)	(+63,793,000)	(+81,528,000)
	Revolving and Management Funds						
105-220	Navy working capital fund (emergency appropriations)	23,017,000	23,017,000	23,017,000	23,017,000		
	Contingent emergency appropriations		7,450,000			-7,450,000	
105-220	Defense-wide working capital fund (emergency appropriations)	1,000,000	1,000,000	1,000,000	1,000,000		
	Total, Revolving and management funds	24,017,000	31,467,000	24,017,000	24,017,000	-7,450,000	
	Other Department of Defense Programs						
	Defense Health Program:						
105-220	Operation and maintenance (emergency appropriations)	1,900,000	1,900,000	1,900,000	1,900,000		
	(By transfer) (sec. 5(f))		(5,000,000)		(4,700,000)	(-300,000)	(+4,700,000)
	General Provisions						
	Reserve mobilization income insurance fund (contingent emergency appropriations) (sec. 3)		37,000,000		47,000,000	+10,000,000	+47,000,000
	Overseas humanitarian, disaster and civic aid (contingent emergency appropriations) (sec. 1)			36,500,000	36,500,000	+36,500,000	
	Operation and maintenance, Defense-wide (by transfer)(secs. 6 & 13)			(40,000,000)	(40,300,000)	(+40,300,000)	(+300,000)
	Research, development, test and evaluation, Defense-wide (contingent emergency appropriations)(sec. 9)			151,000,000	179,000,000	+179,000,000	+28,000,000
	Aircraft procurement, Navy (contingent emergency appropriations) (sec. 11)			272,500,000	272,500,000	+272,500,000	

EMERGENCY SUPPLEMENTAL APPROPRIATIONS ACT, 1998 (H.R. 3579)— continued

Doc No.		Supplemental Request	House	Senate	Conference	Conference compared with House	Conference compared with Senate
	Nonproliferation, antiterrorism, demining and related programs (contingent emergency appropriations)						
.....	(sec. 16)	.....	.....	35,000,000	28,000,000	+28,000,000	-7,000,000
	Total, Chapter 1:						
	New budget (obligational) authority	2,004,047,000	2,268,232,000	2,406,428,000	2,834,775,000	+566,543,000	+428,347,000
	Emergency appropriations	(1,954,047,000)	(2,162,047,000)	(1,867,428,000)	(2,146,247,000)	(-15,800,000)	(+278,819,000)
	Contingent emergency appropriations	(50,000,000)	(106,185,000)	(539,000,000)	(688,528,000)	(+582,343,000)	(+149,528,000)
	(By transfer)	.....	(5,000,000)	(40,000,000)	(45,000,000)	(+40,000,000)	(+5,000,000)
	CHAPTER 2						
	DEPARTMENT OF DEFENSE - MILITARY						
	Military construction, Navy (contingent emergency						
.....	appropriations)	.....	.....	17,428,000	.....	.....	-17,428,000
	Military construction, Air Force (contingent						
.....	emergency appropriations)	.....	.....	5,891,000	.....	.....	-5,891,000
	Military construction, Army National Guard						
.....	(contingent emergency appropriations)	.....	.....	.....	3,700,000	+3,700,000	+3,700,000
	Total, Military construction	.....	.....	23,319,000	3,700,000	+3,700,000	-19,619,000
	Family Housing						
	Family housing, Navy and Marine Corps (emergency						
105-220	appropriations)	15,600,000	15,600,000	.....	15,600,000	.....	+15,600,000
.....	Contingent emergency appropriations	.....	1,000,000	18,100,000	2,500,000	+1,500,000	-15,600,000
	Family housing, Air Force (emergency						
105-220	appropriations)	1,500,000	1,500,000	.....	1,500,000	.....	+1,500,000
.....	Contingent emergency appropriations	.....	900,000	2,400,000	900,000	.....	-1,500,000
	Total, Family housing	17,100,000	19,000,000	20,500,000	20,500,000	+1,500,000	.....
	Base realignment and closure account, Part III						
.....	(contingent emergency appropriations)	.....	1,020,000	.....	1,020,000	.....	+1,020,000
	Total, Chapter 2:						
	New budget (obligational) authority	17,100,000	20,020,000	43,819,000	25,220,000	+5,200,000	-18,599,000
	Emergency appropriations	(17,100,000)	(17,100,000)	.....	(17,100,000)	.....	(+17,100,000)
	Contingent emergency appropriations	.....	(2,920,000)	(43,819,000)	(8,120,000)	(+5,200,000)	(-35,699,000)
	Total, title I;						
	New budget (obligational) authority	2,021,147,000	2,288,252,000	2,450,247,000	2,859,995,000	+571,743,000	+409,748,000
	Emergency appropriations	(1,971,147,000)	(2,179,147,000)	(1,867,428,000)	(2,163,347,000)	(-15,800,000)	(+295,919,000)
	Contingent emergency appropriations)	(50,000,000)	(109,105,000)	(582,819,000)	(696,648,000)	(+587,543,000)	(+113,829,000)
	(By transfer)	.....	(5,000,000)	(40,000,000)	(45,000,000)	(+40,000,000)	(+5,000,000)
	TITLE II - EMERGENCY SUPPLEMENTAL APPROPRIATIONS						
	CHAPTER 1						
	DEPARTMENT OF AGRICULTURE						
	Farm Service Agency						
	Emergency conservation program (contingent						
105-220	emergency appropriations)	20,000,000	20,000,000	64,480,000	34,000,000	+14,000,000	-30,480,000
	Tree assistance program (contingent emergency						
.....	appropriations)	.....	4,700,000	8,700,000	14,000,000	+9,300,000	+5,300,000
	Agricultural Credit Insurance Fund Program Account:						
	Loan authorizations:						
	Farm operating loans:						
.....	Direct	.....	.....	(48,700,000)	.....	.....	(-48,700,000)
.....	Guaranteed subsidized loans	.....	.....	(56,000,000)	.....	.....	(-56,000,000)
	Subtotal	.....	.....	(104,700,000)	.....	.....	(-104,700,000)
105-220	Emergency insured loans	(87,000,000)	(87,000,000)	(87,400,000)	(87,400,000)	(+400,000)	.....
	Total, loan authorizations	(87,000,000)	(87,000,000)	(192,100,000)	(87,400,000)	(+400,000)	(-104,700,000)
	Loan subsidies:						
	Farm operating loans:						
.....	Direct (contingent emergency appropriations)	.....	.....	3,200,000	.....	.....	-3,200,000
	Guaranteed subsidized loans (contingent						
.....	emergency appropriations)	.....	.....	5,400,000	.....	.....	-5,400,000
	Subtotal	.....	.....	8,600,000	.....	.....	-8,600,000

EMERGENCY SUPPLEMENTAL APPROPRIATIONS ACT, 1998 (H.R. 3579) — continued

Doc No.		Supplemental Request	House	Senate	Conference	Conference compared with House	Conference compared with Senate
	Emergency insured loans (emergency						
105-220	appropriations)	6,000,000	.....	.....	.....	.....	.....
105-220	Contingent emergency appropriations	15,000,000	21,000,000	21,000,000	21,000,000	.....	.....
	Total, Agricultural Credit Insurance Fund Program Account	21,000,000	21,000,000	29,600,000	21,000,000	.....	-8,600,000
	Total, Farm Service Agency	41,000,000	45,700,000	102,780,000	69,000,000	+23,300,000	-33,780,000
	Commodity Credit Corporation Fund						
	Dairy and livestock disaster assistance program						
105-220	(emergency appropriations)	4,000,000	.....	.....	.....	.....	.....
.....	Livestock disaster assistance fund (contingent emergency appropriations)	.....	4,000,000	4,000,000	4,000,000	.....	.....
.....	Dairy production indemnity assistance program (contingent emergency appropriations)	.....	6,800,000	10,000,000	6,800,000	.....	-3,200,000
	Total, Commodity Credit Corporation	4,000,000	10,800,000	14,000,000	10,800,000	.....	-3,200,000
	Natural Resources Conservation Service						
	Watershed and flood prevention operations						
105-220	(emergency appropriations)	5,000,000	.....	.....	.....	.....	.....
105-220	Contingent emergency appropriations	35,000,000	65,000,000	100,000,000	80,000,000	+15,000,000	-20,000,000
	Total, Natural Resources Conservation Service	40,000,000	65,000,000	100,000,000	80,000,000	+15,000,000	-20,000,000
	Total, Chapter 1:						
	New budget (obligational) authority	85,000,000	121,500,000	216,780,000	159,800,000	+38,300,000	-56,980,000
	Emergency appropriations	(15,000,000)	.....	.....	.....	.....	.....
	Contingent emergency appropriations	(70,000,000)	(121,500,000)	(216,780,000)	(159,800,000)	(+38,300,000)	(-56,980,000)
	(Loan authorization)	(87,000,000)	(87,000,000)	(192,100,000)	(87,400,000)	(+400,000)	(-104,700,000)
	CHAPTER 2						
	RELATED AGENCY						
	United States Information Agency						
	International broadcasting operations (contingent						
.....	emergency appropriations)	.....	.....	5,000,000	5,000,000	+5,000,000	.....
	CHAPTER 3						
	DEPARTMENT OF DEFENSE - CIVIL						
	DEPARTMENT OF THE ARMY						
	Corps of Engineers - Civil						
	Construction, general (contingent emergency						
.....	appropriations)	.....	.....	38,500,000	.....	.....	-38,500,000
	Operation and maintenance, general (contingent						
105-220	emergency appropriations)	25,000,000	84,457,000	25,000,000	105,185,000	+20,728,000	+80,185,000
	(By transfer) (contingent emergency						
105-220	appropriations)	(5,000,000)	.....	(5,000,000)	.....	.....	(-5,000,000)
	Total, Corps of Engineers - Civil	25,000,000	84,457,000	63,500,000	105,185,000	+20,728,000	+41,685,000
	DEPARTMENT OF THE INTERIOR						
	Bureau of Reclamation						
	Water and related resources (contingent emergency						
105-220	appropriations)	2,340,000	4,520,000	.....	4,520,000	.....	+4,520,000
	Total, Chapter 3:						
	New budget (obligational) authority	27,340,000	88,977,000	63,500,000	109,705,000	+20,728,000	+46,205,000
	(By transfer) (contingent emergency appropriations)	(5,000,000)	.....	(5,000,000)	.....	.....	(-5,000,000)
	CHAPTER 4						
	DEPARTMENT OF THE INTERIOR						
	Bureau of Land Management						
.....	Construction (contingent emergency appropriations)	.....	.....	1,837,000	1,837,000	+1,837,000	.....
	United States Fish and Wildlife Service						
105-216	Construction (emergency appropriations)	3,688,000	3,938,000	.....	3,688,000	-250,000	+3,688,000
105-220	Contingent emergency appropriations	25,000,000	25,000,000	32,818,000	29,130,000	+4,130,000	-3,688,000

EMERGENCY SUPPLEMENTAL APPROPRIATIONS ACT, 1998 (H.R. 3579)— continued

Doc No.		Supplemental Request	House	Senate	Conference	Conference compared with House	Conference compared with Senate
	National Park Service						
105-220	Construction (contingent emergency appropriations).	8,500,000	8,500,000	9,506,000	9,506,000	+1,006,000	.....
	United States Geological Service						
105-220	Surveys, investigations, and research (contingent emergency appropriations)	1,000,000	1,000,000	1,198,000	1,198,000	+198,000	.....
	Bureau of Indian Affairs						
.....	Construction (contingent emergency appropriations).	.....	.....	1,065,000	1,065,000	+1,065,000	.....
	Total, Department of the Interior	38,188,000	38,438,000	46,424,000	46,424,000	+7,986,000	.....
	DEPARTMENT OF AGRICULTURE						
	Forest Service						
105-220	State and private forestry (emergency appropriations)	20,000,000	20,000,000	.....	20,000,000	.....	+20,000,000
105-220	Contingent emergency appropriations	28,000,000	28,000,000	48,000,000	28,000,000	.....	-20,000,000
105-220	National forest system (emergency appropriations)	5,000,000	5,000,000	.....	5,000,000	.....	+5,000,000
105-220	Contingent emergency appropriations	5,000,000	5,461,000	10,000,000	5,461,000	.....	-4,539,000
.....	Wildland fire management (contingent emergency appropriations)	.....	.....	2,000,000	2,000,000	+2,000,000	.....
	Total, Forest Service	58,000,000	58,461,000	60,000,000	60,461,000	+2,000,000	+461,000
	DEPARTMENT OF ENERGY						
.....	Strategic petroleum reserve (contingent emergency appropriations)	.....	.....	207,500,000	.....	.....	-207,500,000
.....	Prohibition of sale (contingent emergency appropriations)	.....	.....	208,000,000	208,000,000	+208,000,000	.....
	Total, Chapter 4:						
	New budget (obligational) authority	96,188,000	96,899,000	521,924,000	314,885,000	+217,986,000	-207,039,000
	Emergency appropriations	(28,688,000)	(28,938,000)	.....	(28,688,000)	(-250,000)	(+28,688,000)
	Contingent emergency appropriations	(67,500,000)	(67,961,000)	(521,924,000)	(286,197,000)	(+218,236,000)	(-235,727,000)
	CHAPTER 4A						
	DEPARTMENT OF HEALTH AND HUMAN SERVICES						
	Centers for Disease Control and Prevention						
.....	Disease control, research, and training (contingent emergency appropriations)	.....	.....	9,000,000	.....	.....	-9,000,000
	CHAPTER 5						
	DEPARTMENT OF TRANSPORTATION						
	Federal Highway Administration						
	Federal-aid highways (Highway Trust Fund):						
105-220	Emergency relief program (emergency appropriations)	224,000,000	224,000,000	.....	224,000,000	.....	+224,000,000
105-220	Contingent emergency appropriations	35,000,000	35,000,000	259,000,000	35,000,000	.....	-224,000,000
	Total, Federal Highway Administration	259,000,000	259,000,000	259,000,000	259,000,000	.....	.....
	Federal Railroad Administration						
.....	Emergency railroad rehabilitation and repair (contingent emergency appropriations)	.....	9,000,000	10,600,000	9,800,000	+800,000	-800,000
	Total, Chapter 5:						
	New budget (obligational) authority	259,000,000	268,000,000	269,600,000	268,800,000	+800,000	-800,000
	Emergency appropriations	(224,000,000)	(224,000,000)	.....	(224,000,000)	.....	(+224,000,000)
	Contingent emergency appropriations	(35,000,000)	(44,000,000)	(269,600,000)	(44,800,000)	(+800,000)	(-224,800,000)
	CHAPTER 6						
	DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT						
	Community Planning and Development						
.....	Community development block grants (contingent emergency appropriations)	.....	20,000,000	260,000,000	130,000,000	+110,000,000	-130,000,000

EMERGENCY SUPPLEMENTAL APPROPRIATIONS ACT, 1998 (H.R. 3579) — continued

Doc No.		Supplemental Request	House	Senate	Conference	Conference compared with House	Conference compared with Senate
	INDEPENDENT AGENCY						
	Federal Emergency Management Agency						
105-234	Disaster relief (contingent emergency appropriations)	1,632,189,000	.....	1,600,000,000	1,600,000,000	+1,600,000,000	.....
	Total, Chapter 6:						
	New budget (obligational) authority	1,632,189,000	20,000,000	1,860,000,000	1,730,000,000	+1,710,000,000	-130,000,000
	CHAPTER 7						
	DEPARTMENT OF EDUCATION						
.....	Bilingual and immigrant education (rescission)	.....	-75,000,000	.....	.....	+75,000,000	.....
	DEPARTMENT TRANSPORTATION						
	Federal Aviation Administration						
	Grants-in-aid for airports (Airport and Airway Trust						
.....	Fund): Rescission of contract authorization	.....	-366,400,000	.....	-241,000,000	+125,400,000	-241,000,000
.....	(Limitation on obligations)	.....	(1,668,600,000)	.....	.....	(-1,668,600,000)	.....
	DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT						
	Public and Indian Housing						
.....	Section 8 reserve preservation account (rescission)	.....	-2,193,600,000	.....	-2,347,190,000	-153,590,000	-2,347,190,000
	INDEPENDENT AGENCY						
	Corporation for National and Community Service						
	National and community service programs operating						
.....	expenses (rescission)	.....	-250,000,000	.....	.....	+250,000,000	.....
	Total, Chapter 7:						
	New budget (obligational) authority	.....	-2,885,000,000	.....	-2,588,190,000	+296,810,000	-2,588,190,000
	Rescissions	.....	(-2,518,600,000)	.....	(-2,347,190,000)	(+171,410,000)	(-2,347,190,000)
	Rescission of contract authorization	.....	(-366,400,000)	.....	(-241,000,000)	(+125,400,000)	(-241,000,000)
	(Limitation on obligations)	.....	(1,668,600,000)	.....	.....	(-1,668,600,000)	.....
	GENERAL PROVISIONS						
	Economic Support fund (contingent emergency						
.....	appropriations) (sec. 10008)	.....	.....	5,000,000	.....	.....	-5,000,000
	Total, title II:						
	New budget (obligational) authority	2,099,717,000	-2,289,624,000	2,950,804,000	.....	+2,289,624,000	-2,950,804,000
	Emergency appropriations	(267,688,000)	(252,938,000)	.....	(252,688,000)	(-250,000)	(+252,688,000)
	Contingent emergency appropriations	(1,832,029,000)	(342,438,000)	(2,950,804,000)	(2,335,502,000)	(+1,993,064,000)	(-615,302,000)
	Rescissions	.....	(-2,518,600,000)	.....	(-2,347,190,000)	(+171,410,000)	(-2,347,190,000)
	Rescission of contract authorization	.....	(-366,400,000)	.....	(-241,000,000)	(+125,400,000)	(-241,000,000)
	(By transfer) (contingent emergency						
	appropriations)	(5,000,000)	.....	(5,000,000)	.....	.....	(-5,000,000)
	(Limitation on obligations)	.....	(1,668,600,000)	.....	.....	(-1,668,600,000)	.....
	(Loan authorization)	(87,000,000)	(87,000,000)	(192,100,000)	(87,400,000)	(+400,000)	(-104,700,000)
	TITLE III - SUPPLEMENTAL APPROPRIATIONS 1/						
	CHAPTER 1						
	DEPARTMENT OF AGRICULTURE						
.....	Office of the Secretary	.....	5,000,000	.....	543,000	-4,457,000	+543,000
105-216	Departmental administration	4,800,000	4,300,000	2,000,000	2,000,000	-2,300,000	.....
105-216	Office of the General Counsel	235,000	235,000	235,000	235,000	.....	.....
	Grain Inspection, Packers and Stockyards						
.....	Administration	.....	.....	.....	1,500,000	+1,500,000	+1,500,000
	Farm Service Agency						
	Agricultural Credit Insurance Fund Program Account:						
	Loan authorizations:						
	Farm ownership loans:						
105-228	Direct	(39,448,000)	(39,448,000)	(20,000,000)	(18,320,000)	(-21,128,000)	(-1,680,000)
105-228	Guaranteed	(25,000,000)	(25,000,000)	(25,000,000)	(25,000,000)	.....	.....
	Subtotal	(64,448,000)	(64,448,000)	(45,000,000)	(43,320,000)	(-21,128,000)	(-1,680,000)
	Farm operating loans:						
105-228	Direct	(9,528,000)	(9,528,000)	(48,100,000)	(70,000,000)	(+60,472,000)	(+21,900,000)
.....	Guaranteed subsidized	.....	(40,000,000)	.....	(35,000,000)	(-5,000,000)	(+35,000,000)
	Subtotal	(9,528,000)	(49,528,000)	(48,100,000)	(105,000,000)	(+55,472,000)	(+56,900,000)
.....	Boll weevil eradication loans	.....	(18,814,000)	(18,800,000)	(18,814,000)	.....	(+14,000)
	Total, Loan authorizations	(73,976,000)	(132,790,000)	(111,900,000)	(167,134,000)	(+34,344,000)	(+55,234,000)

1/ House column for Title III reflects H.R. 3580 as reported by the House.

EMERGENCY SUPPLEMENTAL APPROPRIATIONS ACT, 1998 (H.R. 3579)— continued

Doc No.		Supplemental Request	House	Senate	Conference	Conference compared with House	Conference compared with Senate
	Loan subsidies:						
	Farm ownership loans:						
105-228	Direct	5,144,000	5,144,000	2,608,000	2,389,000	-2,755,000	-219,000
105-228	Guaranteed	967,000	967,000	966,197	967,000		+803
	Subtotal	6,111,000	6,111,000	3,574,197	3,356,000	-2,755,000	-218,197
	Farm operating loans:						
105-228	Direct	626,000	626,000	3,162,000	4,599,000	+3,973,000	+1,437,000
	Guaranteed subsidized		3,374,000		3,374,000		+3,374,000
	Subtotal	626,000	4,000,000	3,162,000	7,973,000	+3,973,000	+4,811,000
	Boll weevil eradication loans		222,000	222,000	222,000		
	Total, Farm Service Agency	6,737,000	10,333,000	6,958,197	11,551,000	+1,218,000	+4,592,803
	Total, Department of Agriculture	11,772,000	19,868,000	9,193,197	15,829,000	-4,039,000	+6,635,803
	DEPARTMENT OF HEALTH AND HUMAN SERVICES						
	Food and Drug Administration						
105-177	Prescription drug user fee act	(26,000,000)	(15,596,000)	(25,918,000)	(25,918,000)	(+10,322,000)	
	Total, Chapter 1:						
	New budget (obligational) authority	11,772,000	19,868,000	9,193,197	15,829,000	-4,039,000	+6,635,803
	(Loan authorizations)	(73,976,000)	(132,790,000)	(111,900,000)	(167,134,000)	(+34,344,000)	(+55,234,000)
	CHAPTER 2						
	DEPARTMENT OF ENERGY						
105-216	Departmental administration	5,408,000	5,408,000	5,408,000	5,408,000		
105-216	Miscellaneous revenues	-5,408,000	-5,408,000	-5,408,000	-5,408,000		
	Atomic Energy Defense Activities						
	Weapons activities (by transfer)			(4,000,000)			(-4,000,000)
105-216	Defense environmental restoration and waste management (by transfer)	(12,000,000)					
	CHAPTER 2A						
	MULTILATERAL ECONOMIC ASSISTANCE						
	Funds Appropriated to the President						
	International Monetary Fund						
105-213	United States quota, International Monetary Fund	14,500,000,000		14,500,000,000			-14,500,000,000
105-213	Loans to International Monetary Fund	3,400,000,000		3,400,000,000			-3,400,000,000
	Total, Chapter 2A:						
	New budget (obligational) authority	17,900,000,000		17,900,000,000			-17,900,000,000
	CHAPTER 3						
	DEPARTMENT OF THE INTERIOR						
	National Park Service						
	Operation of the national park system				340,000	+340,000	+340,000
	Minerals Management Service						
105-216	Royalty and offshore minerals management	6,675,000	6,675,000	6,675,000	6,675,000		
	Office of Surface Mining Reclamation and Enforcement						
105-216	Abandoned mine reclamation fund (by transfer)	(3,163,000)	(3,163,000)	(3,163,000)	(3,163,000)		
	Bureau of Indian Affairs						
105-216	Operation of Indian programs	1,050,000	1,050,000	1,050,000	1,050,000		
	Departmental Offices						
105-216	Office of Special Trustee for American Indians	4,650,000	4,650,000	4,650,000	4,650,000		
	Total, Department of the Interior	12,375,000	12,375,000	12,375,000	12,715,000	+340,000	+340,000
	DEPARTMENT OF AGRICULTURE						
	Forest Service						
	National forest system			2,000,000			-2,000,000

EMERGENCY SUPPLEMENTAL APPROPRIATIONS ACT, 1998 (H.R. 3579) — continued

Doc No.		Supplemental Request	House	Senate	Conference	Conference compared with House	Conference compared with Senate
	DEPARTMENT OF HEALTH AND HUMAN SERVICES						
	Indian Health Service						
.....	Indian health services	.....	.....	100,000	100,000	+100,000	.....
	Total, Chapter 3:						
	New budget (obligational) authority	12,375,000	12,375,000	14,475,000	12,815,000	+440,000	-1,660,000
	(By transfer)	(3,163,000)	(3,163,000)	(3,163,000)	(3,163,000)	.....	.....
	CHAPTER 4						
	DEPARTMENT OF HEALTH AND HUMAN SERVICES						
	Centers for Disease Control and Prevention						
.....	Disease control, research, and training	.....	.....	.....	9,000,000	+9,000,000	+9,000,000
	Health Care Financing Administration						
105-220	Program management	16,000,000	16,000,000	.....	2,200,000	-13,800,000	+2,200,000
	Total, Chapter 4:						
	New budget (obligational) authority	16,000,000	16,000,000	.....	11,200,000	-4,800,000	+11,200,000
	CHAPTER 5						
	CONGRESSIONAL OPERATIONS						
	HOUSE OF REPRESENTATIVES						
	Payments to Widows and Heirs of Deceased Members of Congress						
.....	Gratuities, deceased Members	.....	270,300	.....	270,300	.....	+270,300
	JOINT ITEMS						
	Capitol Police Board						
	Capitol Police						
.....	General expenses (by transfer)	.....	(4,000,000)	(4,000,000)	(4,000,000)	.....	.....
	ARCHITECT OF THE CAPITOL						
	Capitol Buildings and Grounds						
105-177	Capitol buildings, salaries and expenses 2/	7,500,000	7,500,000	7,500,000	7,500,000	.....	.....
105-177	Capitol grounds 2/	20,000,000	20,000,000	20,000,000	20,000,000	.....	.....
	Total, Architect of the Capitol	27,500,000	27,500,000	27,500,000	27,500,000	.....	.....
	Total, Chapter 5:						
	New budget (obligational) authority	27,500,000	27,770,300	27,500,000	27,770,300	.....	+270,300
	(By transfer)	.....	(4,000,000)	(4,000,000)	(4,000,000)	.....	.....
	CHAPTER 6						
	DEPARTMENT OF TRANSPORTATION						
	Office of the Secretary						
.....	Transportation planning, research, and development.	.....	.....	6,900,000	.....	.....	-6,900,000
.....	Amtrak Reform Council	.....	2,450,000	.....	2,450,000	.....	+2,450,000
	Federal Aviation Administration						
.....	Operations	.....	.....	47,200,000	.....	.....	-47,200,000
.....	Facilities and equipment (Airport and Airway Trust Fund)	.....	.....	108,800,000	25,000,000	+25,000,000	-83,800,000
	Total, Federal Aviation Administration	.....	.....	156,000,000	25,000,000	+25,000,000	-131,000,000
	Research and Special Programs Administration						
	Research and special programs:						
.....	Emergency transportation	.....	.....	.....	1,000,000	+1,000,000	+1,000,000
	Total, Department of Transportation	.....	2,450,000	162,900,000	28,450,000	+26,000,000	-134,450,000
	RELATED AGENCY						
	National Transportation Safety Board						
105-216	Salaries and expenses	5,400,000	5,400,000	5,400,000	5,400,000	.....	.....
	Total, Chapter 6:						
	New budget (obligational) authority	5,400,000	7,850,000	168,300,000	33,850,000	+26,000,000	-134,450,000

2/ FY 1999 request.

EMERGENCY SUPPLEMENTAL APPROPRIATIONS ACT, 1998 (H.R. 3579)— continued

Doc No.		Supplemental Request	House	Senate	Conference	Conference compared with House	Conference compared with Senate
	CHAPTER 7						
	DEPARTMENT OF THE TREASURY						
.....	Automation enhancement	.....	28,110,000	39,410,000	35,500,000	+7,390,000	-3,910,000
.....	Treasury building and annex repair and restoration	.....	17,000,000	.....	.....	-17,000,000	.....
.....	Financial Management Service	.....	5,300,000	5,300,000	5,300,000	.....	.....
	United States Customs Service:						
.....	Customs facilities, construction, improvements	.....	.....	5,512,000	.....	.....	-5,512,000
	Total, Department of the Treasury	.....	50,410,000	50,222,000	40,800,000	-9,610,000	-9,422,000
	General Provisions						
105-216	Year 2000 century date change conversion (by transfer)	(250,000,000)	.....	.....	.....	.....	.....
	Total, Chapter 7:						
	New budget (obligational) authority	.....	50,410,000	50,222,000	40,800,000	-9,610,000	-9,422,000
	(By transfer)	(250,000,000)	.....	.....	.....	.....	.....
	CHAPTER 8						
	DEPARTMENT OF VETERANS AFFAIRS						
	Veterans Benefits Administration						
105-177	Compensation and pensions	550,000,000	550,000,000	550,000,000	550,000,000	.....	.....
	INDEPENDENT AGENCY						
	National Aeronautics and Space Administration						
105-216	Human space flight (by transfer)	(173,000,000)	(173,000,000)	.....	(53,000,000)	(-120,000,000)	(+53,000,000)
	CHAPTER 9						
	DEPARTMENT OF AGRICULTURE						
105-215	Agricultural Research Service (rescission)	-223,000	-223,000	.....	-223,000	.....	-223,000
	Animal and Plant Health Inspection Service						
105-215	Salaries and expenses (rescission)	-350,000	-350,000	.....	-350,000	.....	-350,000
	Agricultural Marketing Service						
105-215	Marketing services (rescission)	-25,000	-25,000	.....	-25,000	.....	-25,000
105-215	Grain Inspection, Packers and Stockyards Administration (rescission)	-38,000	-38,000	.....	-38,000	.....	-38,000
105-215	Food Safety and Inspection Service (rescission)	-502,000	-502,000	-502,000	-502,000	.....	.....
	Farm Service Agency						
105-215	Salaries and expenses (rescission)	-1,080,000	-1,080,000	.....	-1,080,000	.....	-1,080,000
	Agricultural Credit Insurance Fund Program Account:						
	Farm operating loans:						
105-228	Guaranteed unsubsidized (rescission)	-6,737,000	-6,737,000	-6,736,197	-8,273,000	-1,536,000	-1,536,803
	Total, Farm Service Agency	-7,817,000	-7,817,000	-6,736,197	-9,353,000	-1,536,000	-2,616,803
	Natural Resources Conservation Service						
105-215	Conservation operations (rescission)	-378,000	-378,000	.....	-378,000	.....	-378,000
	Rural Housing Service						
105-215	Salaries and expenses (rescission)	-846,000	-846,000	-846,000	-846,000	.....	.....
	Food and Nutrition Service						
105-215	Child nutrition programs (rescission)	-114,000	.....	.....	.....	.....	.....
.....	Food program administration (rescission)	.....	-114,000	.....	-114,000	.....	-114,000
	Total, Department of Agriculture	-10,293,000	-10,293,000	-8,084,197	-11,829,000	-1,536,000	-3,744,803
	DEPARTMENT OF TRANSPORTATION						
	Maritime Administration						
105-215	Maritime Guaranteed Loan (Title XI) Program Account: Guaranteed loans subsidy (rescission)	-2,138,000	.....	.....	.....	.....	.....
	DEPARTMENT OF THE INTERIOR						
	Bureau of Reclamation						
105-215	Water and related resources (rescission)	-532,000	.....	.....	.....	.....	.....
	DEPARTMENT OF THE INTERIOR						
	Bureau of Land Management						
105-215	Management of lands and resources (rescission)	-1,188,000	-1,188,000	-1,188,000	-1,188,000	.....	.....
105-215	Oregon and California grant lands (rescission)	-2,500,000	-2,500,000	-2,500,000	-2,500,000	.....	.....
	Total, Bureau of Land Management	-3,688,000	-3,688,000	-3,688,000	-3,688,000	.....	.....

EMERGENCY SUPPLEMENTAL APPROPRIATIONS ACT, 1998 (H.R. 3579) — continued

Doc No.		Supplemental Request	House	Senate	Conference	Conference compared with House	Conference compared with Senate
	United States Fish and Wildlife Service						
.....	Resource management (rescission)	.....	-250,000	-250,000	-250,000	.....	.....
105-215	Construction (rescission)	-1,188,000	-1,188,000	-1,188,000	-1,188,000	.....	.....
	Total, United States Fish and Wildlife Service	-1,188,000	-1,438,000	-1,438,000	-1,438,000	.....	.....
	National Park Service						
105-215	Construction (rescission)	-1,638,000	-1,638,000	-1,638,000	-1,638,000	.....	.....
	Minerals Management Service						
105-216	Royalty and offshore minerals management (offset)	-3,675,000	-3,675,000	-3,675,000	-3,675,000	.....	.....
	Bureau of Mines						
105-215	Mines and minerals (rescission)	-1,605,000	-1,605,000	-1,605,000	-1,605,000	.....	.....
	Bureau of Indian Affairs						
105-215	Construction (rescission)	-737,000	-737,000	-837,000	-837,000	-100,000	.....
	Total, Department of the Interior	-12,531,000	-12,781,000	-12,881,000	-12,881,000	-100,000	.....
	DEPARTMENT OF AGRICULTURE						
	Forest Service						
105-215	Forest and rangeland research (rescission)	-148,000	-148,000	.....	-148,000	.....	-148,000
105-215	State and private forestry (rescission)	-59,000	-59,000	.....	-59,000	.....	-59,000
105-215	National forest system (rescission)	-1,094,000	-1,094,000	.....	-1,094,000	.....	-1,094,000
105-215	Wildland fire management (rescission)	-148,000	-148,000	.....	-148,000	.....	-148,000
105-215	Reconstruction and construction (rescission)	-30,000	-30,000	.....	-30,000	.....	-30,000
	Total, Forest Service	-1,479,000	-1,479,000	.....	-1,479,000	.....	-1,479,000
	DEPARTMENT OF HEALTH AND HUMAN SERVICES						
	Health Resources and Services Administration						
.....	Health professions education fund (rescission)	.....	.....	.....	-11,200,000	-11,200,000	-11,200,000
	Health Care Financing Administration						
105-220	Peer review organizations (offset)	-16,000,000	-16,000,000	.....	.....	+16,000,000	.....
	DEPARTMENT OF TRANSPORTATION						
	Office of the Secretary						
105-215	Payments to air carriers (rescission)	-2,499,000	-2,500,000	-2,499,000	-2,500,000	.....	-1,000
105-215	Payments to air carriers (Airport and Airway Trust Fund) (rescission of contract authorization)	-1,000,000	-3,000,000	-3,000,000	-3,000,000	.....	.....
	Total, Office of the Secretary	-3,499,000	-5,500,000	-5,499,000	-5,500,000	.....	-1,000
	Federal Aviation Administration						
.....	Facilities, engineering, and development (rescission)	.....	-500,000	.....	-500,000	.....	-500,000
.....	Grants-in-aid for airports (Airport and Airway Trust Fund) (rescission of contract authorization)	.....	-30,000,000	-185,893,000	-54,000,000	-24,000,000	+131,893,000
	Total, Federal Aviation Administration	.....	-30,500,000	-185,893,000	-54,500,000	-24,000,000	+131,393,000
	Federal Railroad Administration						
.....	Conrail labor protection (rescission)	.....	-508,234	-508,234	-508,234	.....	.....
	Total, Department of Transportation	-3,499,000	-36,508,234	-191,900,234	-60,508,234	-24,000,000	+131,392,000
	DEPARTMENT OF THE TREASURY						
.....	Treasury building and annex repair and restoration (rescission)	.....	-17,000,000	.....	.....	+17,000,000	.....
	United States Customs Service:						
.....	Salaries and expenses (rescission)	.....	-6,000,000	-11,300,000	-6,000,000	.....	+5,300,000
.....	Operations and maintenance, customs P-3 drug interdiction program (rescission)	.....	.....	-5,511,754	-4,470,000	-4,470,000	+1,041,754
	Internal Revenue Service:						
.....	Information technology investments (rescission)	.....	-27,410,000	-33,410,000	-30,330,000	-2,920,000	+3,080,000
	Total, Department of the Treasury	.....	-50,410,000	-50,221,754	-40,800,000	+9,610,000	+9,421,754

EMERGENCY SUPPLEMENTAL APPROPRIATIONS ACT, 1998 (H.R. 3579)— continued

Doc No.		Supplemental Request	House	Senate	Conference	Conference compared with House	Conference compared with Senate
	GENERAL PROVISIONS						
.....	Conservation farm option program (offset)	.....	-4,000,000	.....	-4,000,000	.....	-4,000,000
	Total, Chapter 9:						
	New budget (obligational) authority	-46,472,000	-131,471,234	-263,087,185	-142,697,234	-11,226,000	+120,389,951
	Rescissions	(-25,797,000)	(-74,796,234)	(-70,519,185)	(-78,022,234)	(-3,226,000)	(-7,503,049)
	Rescissions of contract authorization	(-1,000,000)	(-33,000,000)	(-188,893,000)	(-57,000,000)	(-24,000,000)	(+131,893,000)
	Offsets	(-19,675,000)	(-23,675,000)	(-3,675,000)	(-7,675,000)	(+16,000,000)	(-4,000,000)
	GENERAL PROVISIONS						
.....	Emergency Trade Deficit Review Commission Act	.....	.....	2,000,000	.....	.....	-2,000,000
	Total, title III:						
	New budget (obligational) authority (net)	18,476,575,000	552,802,066	18,458,603,012	549,567,066	-3,235,000	-17,909,035,946
	Appropriations	(18,523,047,000)	(684,273,300)	(18,721,690,197)	(692,264,300)	(+7,991,000)	(-18,029,425,897)
	Rescissions	(-25,797,000)	(-74,796,234)	(-70,519,185)	(-78,022,234)	(-3,226,000)	(-7,503,049)
	Rescissions of contract authorization	(-1,000,000)	(-33,000,000)	(-188,893,000)	(-57,000,000)	(-24,000,000)	(+131,893,000)
	Offsets	(-19,675,000)	(-23,675,000)	(-3,675,000)	(-7,675,000)	(+16,000,000)	(-4,000,000)
	(By transfer)	(438,163,000)	(180,163,000)	(11,163,000)	(60,163,000)	(-120,000,000)	(+49,000,000)
	(Loan authorizations)	(73,976,000)	(132,790,000)	(111,900,000)	(167,134,000)	(+34,344,000)	(+55,234,000)
	Grand total, all titles:						
	New budget (obligational) authority (net)	22,597,439,000	551,430,066	23,859,654,012	3,409,562,066	+2,858,132,000	-20,450,091,946
	Appropriations	(18,523,047,000)	(684,273,300)	(18,721,690,197)	(692,264,300)	(+7,991,000)	(-18,029,425,897)
	Emergency appropriations	(2,238,835,000)	(2,432,085,000)	(1,867,428,000)	(2,416,035,000)	(-16,050,000)	(+548,607,000)
	Contingent emergency appropriations	(1,882,029,000)	(451,543,000)	(3,533,623,000)	(3,032,150,000)	(+2,580,607,000)	(-501,473,000)
	Rescissions	(-25,797,000)	(-2,593,396,234)	(-70,519,185)	(-2,425,212,234)	(+168,184,000)	(-2,354,693,049)
	Rescissions of contract authorization	(-1,000,000)	(-399,400,000)	(-188,893,000)	(-298,000,000)	(+101,400,000)	(-109,107,000)
	Offsets	(-19,675,000)	(-23,675,000)	(-3,675,000)	(-7,675,000)	(+16,000,000)	(-4,000,000)
	(By transfer)	(438,163,000)	(185,163,000)	(51,163,000)	(105,163,000)	(-80,000,000)	(+54,000,000)
	(By transfer) (contingent emergency appropriations)	(5,000,000)	.....	(5,000,000)	.....	.....	(-5,000,000)
	(Limitation on obligations)	.....	(1,668,600,000)	.....	.....	(-1,668,600,000)	.....
	(Loan authorizations)	(160,976,000)	(219,790,000)	(304,000,000)	(254,534,000)	(+34,744,000)	(-49,466,000)
	DISCRETIONARY SPENDING RECAP						
	Title I:						
	Defense	2,021,147,000	2,288,252,000	2,450,247,000	2,859,995,000	+571,743,000	+409,748,000
	Title II:						
	Emergency	2,099,717,000	595,376,000	2,950,804,000	2,588,190,000	+1,992,814,000	-362,614,000
	Offset	.....	-2,885,000,000	.....	-2,588,190,000	+296,810,000	-2,588,190,000
	Total	2,099,717,000	-2,289,624,000	2,955,804,000	.....	+2,289,624,000	-2,950,804,000
	Title III:						
	Non-emergency	17,973,047,000	134,003,000	18,171,690,197	141,994,000	+7,991,000	-18,029,696,197
	Rescissions	-46,358,000	-131,471,234	-263,087,185	-142,697,234	-11,226,000	+120,389,951
	Total	17,926,689,000	2,531,766	17,908,603,012	-703,234	-3,235,000	-17,909,306,246

1/ House column for Title III reflects H.R. 3580 as reported by the House.

2/ FY 1999 request.

Mr. LIVINGSTON. Mr. Speaker, I reserve the balance of my time.

Mr. OBEY. Mr. Speaker, I yield myself 30 seconds.

Mr. Speaker, I think, in fairness to Members of the House, they should understand that the White House has apparently decided that the President will sign this bill. And I understand why he feels he has to do that given some of the funding in the bill. But I think there are many problems with the bill that will lead me to vote ''no.'' I will be explaining them at a later moment in the debate.

Mr. Speaker, I yield 4 minutes to the distinguished gentleman from Pennsylvania (Mr. MURTHA), ranking member on the Subcommittee on National Security.

Mr. MURTHA. Mr. Speaker, I want to compliment the chairman of the full committee because I stood here several weeks ago and I told him what might happen, and he took it to heart and he got the bill done, and I know it was not an easy bill to pass. So my compliments to everybody that was involved.

I am delighted to see in defense nothing is offset. And it is so important because we have such a problem with O&M and readiness and defense. I could not have voted for this bill if it were offset even domestically for defense. So the compromise was exactly the right compromise.

I am disappointed that IMF is not in this bill. We have assurances it will be brought up sometime in the near future. I hope it will be. I have a concern about section 8 housing. I hope it is not a ploy where the Committee on Appropriations next year suffers because we have to find the money to pay for it. I hope they do raise the caps, as they said they are going to do.

But I believe this is important that we vote for it because the money has been spent for defense. It takes care of a very important shortfall in defense. And I would urge all the Members to vote for this supplemental, which was worked out so carefully, and so many things that were kept from being put in the bill which would have made it impossible for us to vote for it.

□ 1700

Mr. OBEY. Mr. Speaker, I yield 3 minutes to the gentleman from California (Mr. FAZIO), the distinguished ranking member of the Subcommittee on Energy and Water Development.

Mr. FAZIO of California. Mr. Speaker, sometimes these bills are known for what they do and sometimes for what they do not do. I think that most of us today are pleased that we are beginning to attend to the problems created by the disasters that have befallen this country over the last number of months. But the sad reality is that this bill will be known for what it does not do, and that is, deal with the U.N. arrearage and with the funding of the International Monetary Fund.

We are on the verge of a potential loss of hundreds of thousands of American jobs because of the sickness in the economies of a number of nations in Southeast Asia, potentially South Korea, exacerbated by problems in Japan of a very different nature, but all of which need to be addressed by an international agency we helped create and we lead called the IMF. Their funding has been held up. While we may have some vague assurances that it will come before us, we do not know when, in what form or whether or not it will be adequate or timely to meet the needs that we as Americans have in the economic sphere.

Yes, we are booming in our country. Our economy is producing at a rate unheard of in post-World War II America. All of the indices are in positive territory. But leadership requires us to look to the future, to see on the horizon the iceberg that could well bring us down.

Our failure to fund the IMF in this bill at this time could well be a monumental mistake that we cannot even fully understand and appreciate at this time. Certainly our efforts to bring the U.N. behind us in Iraq have been deterred by our unwillingness to provide money we agree we owe that international agency.

As a result of our failure to include those funds in this bill because of another separate debate on international family planning which continues year in, year out in this institution, I think we are showing an inability, frankly, to take the leadership role that has been given to this Nation at this point in our history. I regret that despite, I think, the inclination of many Members on both sides of the aisle on this committee and an overwhelming majority of Members of the other body, despite that unanimity of thinking, because of the majority leadership in this institution, we have been prevented from taking up these two most important issues. I hope we do not rue the day. I fear we will.

It is for that reason that I think this bill comes up short of the responsibilities that we should have taken. I think for that reason many Members will vote ''no''.

Mr. OBEY. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Illinois (Mr. DAVIS).

(Mr. DAVIS of Illinois asked and was given permission to revise and extend his remarks.)

Mr. DAVIS of Illinois. I want to thank the gentleman for yielding me this time.

Mr. Speaker, I am always pleased when we can reach compromise or when there is any kind of compromise reached. It means that the body is working well. But it frightens me when I hear compromise reached talking about excess Section 8 housing.

It is very difficult to convince the thousands of homeless people throughout America that there is some excess housing. It is difficult to convince the people who live in my congressional district in the City of Chicago that there is excess Section 8 housing. I would hope that this is not a trend. And I would hope that even if we reach a compromise where this legislation is passed, that we do not find ourselves back talking about reducing Section 8 housing because there might have been some resources that were not used at this time.

For this reason, I think it comes up short, and I certainly would hope that there would be Members who feel the same way and would vote against this compromise.

Mr. YATES. Mr. Speaker, will the gentleman yield?

Mr. DAVIS of Illinois. I yield to the gentleman from Illinois.

Mr. YATES. Mr. Speaker, I certainly agree with the statement made by the distinguished gentleman from Illinois. My district also will suffer from the lack of Section 8 housing. As the gentleman said so eloquently, there is no shortage in the need for Section 8 housing.

The gentleman from Louisiana, the chairman of the committee, said that these funds that were deleted were excess. The gentleman from Illinois is right. There is no excess. The $2 billion that were taken from the program in this bill are not going to be put back in the next budget because there will be a $7 billion shortfall in Section 8 housing in that budget. And so the $2 billion that are out, I fear are out for the balance.

Mr. OBEY. Mr. Speaker, I yield myself 9 minutes.

Mr. Speaker, I understand why some Members of the House who have had disasters in their area will want to vote for this bill, but I am profoundly disturbed by the way this bill has developed. I will certainly be casting a ''no'' vote, and I think I owe the House an explanation.

Some of the items in this bill were requested by the administration more than a year ago. This bill originally was supposed to do basically five major things and a few minor things. It was supposed to provide disaster relief; it was supposed to provide funding for the cost of the troops' operating in Bosnia and in Kuwait. The administration also asked the Congress to provide replenishment funding for the International Monetary Fund to help them protect the U.S. economy from further currency crunches. It also asked the Congress to provide the arrearages that we have had for many years so that we could more effectively shape the direction of the United Nations. And it had some other items, including a $16 million request to actually make Kennedy–Kassebaum work, providing the Federal assistance necessary to see to it that persons who did lose their health coverage when they changed jobs could actually get the help that they were promised in that legislation.

This bill is very different now. It has a laundry list of items that should not be in the bill. And there are major items which should be in the bill which are sadly missing.

Here is a sampling of some of the riders in the bill: A six-lane highway through the Petroglyph National Monument in New Mexico, a sacred burial ground for the Indian tribes. That is there despite the opposition of the local mayor and many other officials. A second item, a $66 million gift to the oil companies by blocking collection of full royalty payments from oil companies who operate on American lands that are owned by the taxpayer. Third, as I said, the missing $14 million to make Kennedy–Kassebaum a reality.

That bill passed with only two dissenting votes, I believe, in this House last year. There was not a politician in Washington who did not break his or her neck running to a microphone or running to a television interview to brag about how much they were doing to help people who were losing their health insurance when they changed jobs and had preexisting conditions, and so therefore could not get new coverage. The money that was needed in this bill to make that a reality for thousands and thousands of Americans is denied because of a strong lobbying job. I think that is enough to give hypocrisy a bad name.

The offsets provided in the bill. There are no offsets for the defense expenditures in the bill. But as the gentleman from Illinois just indicated, there are $2.3 billion in additional cuts in Section 8 housing to pay for disaster assistance expenses. In plain English, much of that housing goes, one-third of it goes to low-income seniors whose average income is $7,500 a year.

Now, it is said, ''Oh, we don't need that money this year.'' It is true that for technical reasons, that money is not needed in this existing fiscal year. But we will be marking up the bills for the next fiscal year in about a month, and we are told by the General Accounting Office that there is already an existing $4.6 billion gap in that program over a period of time. In other words, we will have to put $4.6 billion of additional resources into that program that are not presently available. This action by the Congress today digs that hole $2.3 billion deeper. So we will have to provide $7 billion in additional money that we do not have.

Now, we are told by some on the majority side, ''Well, don't worry, these cuts will never take place.'' If that is the case, then these are phony cuts, and I would ask, if you do not plan to take it out of here long-term, if this is a one-month shell game, then who are the real people who are going to get socked with that $2.3 billion reduction? The fact is, right now, we do not know.

There are two other major problems with this bill. The United States leadership on a bipartisan basis at the end of World War II created the United Nations so that we would have an instrument, an international instrument to try to deal with international issues in ways that were consistent with the needs of the United States. For almost a generation, that organization has many times driven me and many other Americans nuts because it has been a Tower of Babel, it has been often the center of demagoguery and irresponsibility and cronyism. But the fact is that now that the Soviet Union has collapsed, we have an opportunity to finally reorganize that organization and make it a more effective instrument that will be consistent with American foreign policy.

Yet we are denying our representatives in the U.N. the money that is needed to make our hand more effective in dealing with that reorganization and in shaping their policies on issues ranging from Iraq to you name it in ways which will serve U.S. interests. I think it is a tragedy that that item is being held hostage to an extraneous matter that is not even in this bill.

Then we have the case of the International Monetary Fund. In September, the Speaker of this House sent a letter to the administration indicating that the administration was correct to seek that funding. And then in that same letter the Speaker indicated that IMF funding was going to be held hostage to the same extraneous family planning issue that is not even in this bill.

Last week, the Speaker took this microphone and told the House that there were so many things wrong with the IMF that he was dubious that we should provide any funding for it at all. That was switch number one.

Then today I was amazed to see an article in the Washington Post headlined, Gingrich Threatens White House on IMF. It went on to say the following: ''The Speaker warned that the failure of the White House to cooperate with investigations jeopardized the administration's legislative priorities.'' It then went on to indicate that the Speaker indicated that unless he was happy with the cooperation he was getting from the administration on that front, that they were going to withhold funding for the International Monetary Fund, and then suggested that the President had no moral standing to ask for that money.

□ 1715

Let me simply say that I think that that threat takes us back to the good old days 2 years ago when the Speaker indicated that one of the reasons that he helped to shut down the government was because he got a bad seat on Air Force One.

I would point out that what comments like that do is to turn what we do in this House into an argument about what we do to each other in Washington, and that is not what this House is supposed to be all about. What we do in this House is not supposed to be about what we do to each other. It is supposed to be about what we do together on behalf of the people who sent us here in the first place, and I would urge the Speaker to remember that and all other Members as well.

I would also say that if the Speaker decides to continue to hold the IMF hostage, in the end that is not going to hurt Bill Clinton. This is not Bill Clinton's economy. This is the economy of every single American. If we have another currency crisis, the jobs that will be lost will not be Mr. Clinton's or the gentleman from Georgia's (Mr. GINGRICH) or any of ours, though perhaps they should be. Instead, it will be hard-working U.S. workers or hard-working U.S. farmers who lose export markets and lose their jobs because of it.

I would like to read to my colleagues what another Republican said about this issue in a very different time when I was leading the fight for his request for IMF funding. Ronald Reagan said the following in 1983: ''My administration is committed to do what is legitimately needed to help ensure that the IMF continues as the cornerstone of the international financial system.''

''Let me make something very plain.'' Mr. Reagan said, ''I have an unbreakable commitment to increase funding for the IMF, but the U.S. Congress so far has failed to act to pass the enabling legislation. I urge the Congress to be mindful of its responsibility and to meet the pledge of our government.''

Leonard Silk in the New York Times wrote about Mr. Reagan in September of that same year, saying: ''Mr. Reagan went about as far in his speech yesterday as he could to end the dispute by scolding members of his own party as well as the Democrats for playing politics. He said he did not appreciate the partisan wrangling and political posturing over the issue and urged members of both parties to lay aside their differences, to abandon harsh rhetoric and unreasonable demands and to get on with the task in the spirit of true bipartisanship.''

I would say those words were true then, and they are most certainly true now.

So I would simply say I intend to vote no on this bill today for the reasons that I have listed. I believe that this House is engaging in irresponsible and needlessly reckless conduct which is putting at risk the national interests of the United States and is in the process of bringing the actions of this House into considerable disrepute.

I thought last year we had gotten over the partisanship and we were going to be able to deal together on appropriation bills in a constructive way, the way I thought we did for most of last year. I regret that we seem to be regressing into an ''election year, anything goes'' mode. That may suit the needs of some people in this body, it does not suit the needs of the people who sent us here. And if this House continues to withhold these items, it should be ashamed of the political way in which it is acting.

Mr. LIVINGSTON. Mr. Speaker, I yield such time as he may consume to the very distinguished gentleman from Florida (Mr. SCARBOROUGH), a member

of the Committee on National Security, for purposes of a colloquy only.

Mr. SCARBOROUGH. Mr. Speaker, first of all, I want to thank the gentleman from Louisiana (Mr. LIVINGSTON) and the other conferees for inserting language into the conference report addressing a serious situation with respect to implementation in section 220 of Public Law 104–333.

As the gentleman is aware, the gentlewoman from Florida (Mrs. FOWLER), Senators MACK and GRAMM and the entire Florida delegation and I have been fighting this battle to implement this law that Congress passed and President Clinton signed over 2 years ago. While I am certain it was not the intention of the conferees, the actual report language may mistake the situation with regard to the problem.

While the report language states that the maps were not received by the Fish and Wildlife Service in a timely manner and that these maps were lost in the mail, those facts are in dispute, and that portion of the report language is a cause for concern. In fact, the Committee on Resources will hold hearings on this issue in the near future.

Therefore, is it the gentleman's understanding that the conferees did not intend to state as a matter of fact whether or not Fish and Wildlife received the maps in a timely manner or whether or not the maps were lost in the mail?

Mr. LIVINGSTON. Mr. Speaker, will the gentleman yield?

Mr. SCARBOROUGH. I yield to the gentleman from Louisiana.

Mr. LIVINGSTON. Mr. Speaker, the gentleman is fundamentally correct. It was not the intent of the committee to interpret the facts of the situation but rather to highlight the problem for future action.

Mr. SCARBOROUGH. I thank the gentleman. I appreciate his willingness to work with the gentlewoman from Florida (Mrs. FOWLER) and myself and the entire Florida delegation to address this lingering serious problem with the fiscal year 1999 Interior appropriations bill, another legislative vehicle as soon as possible, and we all certainly look forward to working with the gentleman and the gentleman from Ohio (Mr. REGULA).

Mr. LIVINGSTON. Mr. Speaker, I thank the gentleman for his concern and compliment him on trying to solve a very serious problem that affects the people of his State.

Mr. Speaker, I yield such time as he might consume to the very distinguished gentleman from Florida (Mr. YOUNG) the chairman of the Subcommittee on National Security.

Mr. YOUNG of Florida. Mr. Speaker, first, I would like to compliment the gentleman from Louisiana (Mr. LIVINGSTON) and the gentleman from Wisconsin (Mr. OBEY) the ranking member on the Committee on Appropriations for having, in a very short time, conferenced this bill that, as we have noticed from debate, did have some very strong difference of opinions. But the Members on both sides worked hard together to come up with a solution, and I think we have come up with a pretty good conference report.

Is it exactly the way I wanted it? No, there were a few things I wanted in this bill that we were not able to do, and there was some other things put in the bill that I would prefer we had not. But that is the way that a conference works, and I compliment all the Members who played a role there.

As we discuss the defense part of this bill, I would like to say that the gentleman from Pennsylvania (Mr. MURTHA) who was the ranking member and the former chairman and I have worked together, extremely close and extremely hard, determined to keep anything relative to the security of our Nation free of partisan politics; and I compliment Mr. MURTHA for that and all the members of our subcommittee. And we have done that.

There are no partisan politics in the defense part of this bill. There may be some different opinions, but that is not unusual when there is a body of 435 independently elected men and women and a hundred in the other body.

I would like to talk just a few minutes about the defense part of this bill and mention that most of the defense funding in this bill goes to pay for deployments that have already been made and that are already under way. We have soldiers and sailors, marines and airmen scattered all over the world in numerous deployments, some of which are essential, some of which are very questionable, which some of us support, which some of us did not support.

But, nonetheless, they are there, and it is up to us to guarantee that they have whatever it is they need to accomplish their mission and to give themselves some protection at the same time they are doing this.

Now while they are doing this they are performing a lot of missions for the United Nations, a lot of missions that we do not get credit for on the accounting ledger at the U.N., and I think we ought to get credit for that. For those who want to talk about us being in arrears, let us get some real accounting and get credit for the moneys that we spend on those United Nations type deployments.

But let me say this, that since I have been chairman of this subcommittee and we have been the majority party, we have offset every penny for these deployments in that 3½ year period. Over $12 billion we have offset, which means we took it from the already appropriated accounts for the Army, the Navy, the Marine Corps and the United States Air Force. We took it out of moneys they were planning for training, for readiness, for quality of life, $12 billion we had already offset.

Now we cannot afford to continue to do that. If my colleagues had been able to be at a meeting with me at the Pentagon on Monday that the gentleman from Missouri (Mr. SKELTON) and I attended, they would have heard some very sad stories from the Secretary of Defense and the chairmen of the Joint Chiefs, and I think it is a shame to hear the stories that they are telling about what is happening to the military while the deployed forces were working hard to keep them ready and keep them well-equipped. The non-deployed forces back home are running out of equipment, running out of training money.

Let us pass this bill. Let us avoid the political implications. Let us remember that we are talking about providing funding for our American troops in uniform who have been sent around the world, and that is what this bill does.

Ms. PELOSI. Mr. Speaker, as a conferee, I rise today in opposition to the Emergency Supplemental Appropriations bill and to express serious concerns about this bill before us today. The conference report on H.R. 3579 is a flawed product, calling non-emergency spending and riders emergencies, while ignoring real emergencies. It is flawed both because of what is in it, and because of what is not in it.

I understand the real needs of people in this country who have suffered from natural disasters and believe that we must provide funding for this disaster assistance. We all support pitching in to help families and communities rebuild after forces beyond their control have wreaked havoc on their lives. I also join many of my colleagues in supporting the needed funding to maintain our troops in Bosnia and the Persian Gulf.

I object, however, to the unfair and capricious way in which decisions about what spending to off-set were made. It is no small mystery how the majority could decide that defense spending in this bill, including over $200 million in non-emergency projects, would not be offset, but that domestic disaster assistance would be. This means that important social or domestic programs are cut, but defense programs are not.

I am particularly troubled by the actions of this Congress to ransack the Section 8 housing reserves once again, in order to provide the off-set funding. This bill rescinds $2.347 billion in Section 8 reserves, placing 450,000 households in serious jeopardy of losing their homes. For my colleagues who may not be fully aware of the Section 8 program, they should know that almost one-third of Section 8-assisted households are elderly, another twelve percent are disabled, and most of the rest are families with children. The median income of Section 8-assisted households is just over $7,500. In order to prevent these people from becoming homeless, Congress will have to come up with the funding which we are now using for other purposes. We are essentially robbing Peter to pay Paul and the bill will come due soon.

The inequity in funding issues is not the only troubling aspect of this supplemental appropriations bill. The bill contains several controversial legislative riders which are opposed by many in this Congress. They represent the majority's bad habit of putting anti-environmental, special interest and anti-consumer legislation on appropriations bills in order to get them signed into law by the President.

My colleagues should be aware that the supplemental appropriations bill before us provides an on-going windfall for major oil companies by prohibiting the Department of the Interior from publishing a final rule to ensure that the American taxpayer receives market value for oil resources on national lands. Each year, these major oil companies underpay royalties to the Federal Treasury by $100 million for oil they produce on federal public lands. Much of this money goes directly for funding public schools, so, because of a non-emergency legislative provision included in this bill, we are feeding oil companies vast profits at the expense of our children. In addition, delaying the implementation of this rule could jeopardize a legal case brought by the Department of Justice against the very same oil companies which are pushing for the delay. The companies have been charged with shortchanging the government on oil revenues—in other words, cheating the taxpayer out of billions of dollars in royalties. This legislative rider is not right—and it certainly does not belong in an emergency supplemental appropriations bill—unless you buy the argument that the emergency is one experienced by the oil companies and that Congress should be helping them out.

I am also opposed to the legislative provision in this spending bill which would allow for the construction of a six-lane highway through Petroglyph National Monument in New Mexico. The purpose of National Monuments is to preserve for future generations sites of national significance and interest. In this particular case, Petroglyph National Monument is not only important for its historical significance, preserving important examples of Native American rock art, but also for its religious and cultural significance for Indian communities in the Southwest. The controversy over Petroglyph Park has been on-going in the Albuquerque area, where the Mayor does not want the road, and Congress should not intrude. It certainly does not rise to the level of an emergency which Congress must include in this bill.

I join my colleagues, too, in expressing my concern that this bill does not address several real emergencies—the need for funding for the International Monetary Fund (IMF) and for our unpaid debt to the United Nations. Both of these matters have reached the urgent stage and Congressional inaction on them in hindering the Administration's ability to conduct the nation's foreign policy.

We are undermining our own economic stability by not providing needed funding for the IMF. I would be one of the first to argue that the IMF needs reforms. The House Banking Committee passed, by a vote of 40 to 9, a framework for those reforms. Unfortunately, the bill before us today does not include that framework or the funding, taking real risks with our economic future and undermining the Administration's ability to negotiate much-needed reforms.

Our national security interests are also undermined by the continuing dead-beat status of the U.S. at the United Nations. Congressional inaction on funding U.N. arrears—what we owe to the U.N.—is undermining the very reforms which some in this body advocate so vociferously. It is ironic that while we are considering emergency spending legislation today, we are not considering funding for two very real emergencies with consequences for all Americans—IMF funding and U.N. arrears.

This Congress can and must do better. We should be able to work together to develop legislation to meet true emergencies—including alleviating the suffering of Americans who have been the victims of natural disasters—without harming the most vulnerable in our society. I urge my colleagues to oppose this conference report.

Mr. MILLER of California. Mr. Speaker, I rise against this misnamed emergency supplemental bill. Many Members will debate provisions in this bill that are very troublesome and that have been well publicized. I want to take a few moments to alert Members to a few provisions that certainly do not qualify as ''emergency'', and that have no reason to be in this legislation except to shower additional taxpayer dollars on special interests.

Just yesterday, during the Conference meeting on this bill, the conferees added language at the behest of the Senator from Texas, Mrs. HUTCHISON, that will allow oil companies to avoid paying taxpayers a fair royalty for oil and gas produced from public lands. Now, this provision was not in the House bill. It was not in the Senate bill. But we all know what happened: the oil industry saw an opportunity to make millions of dollars off the taxpayers, who own the oil and gas, by getting a rider in an emergency spending bill.

So the oil industry went to a friendly Senator and suddenly, a multi-million dollar gift falls into the industry's lap, and the taxpayers once again are left shortchanged. I am told that the lead lobbyist from the American Petroleum Institute, which was advocating this maneuver, was actually seen sitting at the Conference table, presumably helping the proponents craft the rider in just the right way to maximize profits for the oil industry at the expense of the taxpayer. How convenient.

Members should understand that we are now aware that the taxpayers have been shortchanged hundreds of millions of dollars by energy companies operating on the public lands. That is well documented. And the Administration rightly has taken legal action to recover those millions of dollars for the taxpayers. But this amendment—drafted by the oil industry—would stop the Interior Department from doing what it is legally charged with doing: assuring a fair return to the public from the production of its own oil and gas!

But the conferees didn't stop there. No, they have lots more expensive gifts for the oil industry—paid for by the unwitting taxpayer.

A few years ago, Congress very unwisely created a ''royalty holiday'' for the oil industry in the supposed deep water of the Gulf of Mexico. Companies willing to drill in these supposedly perilous depths were given leases that included millions of barrels of oil on which they would not have to pay the standard 12.5% royalty; in fact, they wouldn't have to pay any royalty on tens of millions of barrels of oil.

Of course, we knew oil companies would pay more for these royalty-free leases; why not, since they knew they wouldn't have to pay out royalties. But Congress still insisted that the Secretary of the Interior should have the flexibility to modify royalty rates (when they finally do kick in) to assure that taxpayers receive fair market value. That was the deal the oil companies signed off on when they endorsed the royalty ''holiday'' bill.

Now, everyone knows oil exploration and production in the Gulf is at fever pitch. In fact, deep water development was proceeding at an unprecedented rate even before we unwisely enacted the ''royalty holiday.'' But apparently the incentives weren't high enough, because stuck in the Statement of Managers for this so-called ''emergency'' bill is a provision that prevents the Interior Department from using authority granted in the ''holiday'' law to increase future royalty rates if, as we predicted, it might be needed to compensate for the excessive ''holiday'' giveaway.

The oil industry, which so happily embraced the royalty ''holiday'' in 1995 now wants even more; having benefitted from the ''holiday'' law for the past two years, now it wants more profits at taxpayer expense. And the conferees are going along with the deception.

Mr. Speaker, the oil industry does not need these provisions in this so-called ''emergency'' bill. Well completions were up in 1997; production in the lower 48 was up for the first time in 6 years in 1997. If restricting the authority of federal officials to ensure that the taxpayers are properly compensated is so important, then let the Resources Committee bring legislation to the floor of the House, not sneak it into legislation intended to provide urgent assistance to our citizens.

Mr. LIVINGSTON. Mr. Speaker, I have no further requests for time, and if the gentleman is prepared to yield back the balance of his time, so am I.

Mr. OBEY. Mr. Speaker, I yield back the balance of my time.

Mr. LIVINGSTON. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore (Mr. GOODLATTE). Without objection, the previous question is ordered on the conference report.

There was no objection.

The SPEAKER pro tempore. The question is on the conference report.

Pursuant to clause 7 of rule XV, the yeas and nays are ordered.

The vote was taken by electronic device, and there were—yeas 242, nays 163, answered ''present'' 2, not voting 25, as follows:

[Roll No. 121]

YEAS—242

Aderholt	Christensen	Fawell
Allen	Clement	Foley
Archer	Coburn	Forbes
Armey	Collins	Fossella
Bachus	Combest	Fowler
Baldacci	Condit	Fox
Ballenger	Cook	Franks (NJ)
Barr	Cooksey	Frelinghuysen
Barrett (NE)	Cox	Frost
Bartlett	Cramer	Gallegly
Barton	Crane	Ganske
Bass	Cubin	Gekas
Bereuter	Cunningham	Gibbons
Bilirakis	Davis (FL)	Gilchrest
Bishop	Davis (VA)	Gillmor
Blunt	Deal	Gilman
Boehlert	DeLay	Goodlatte
Boehner	Diaz-Balart	Goodling
Bonilla	Dickey	Gordon
Borski	Dicks	Goss
Boyd	Dooley	Graham
Brady	Doolittle	Granger
Bryant	Doyle	Gutknecht
Burr	Dreier	Hansen
Burton	Edwards	Harman
Buyer	Ehrlich	Hastert
Callahan	Emerson	Hastings (WA)
Calvert	English	Hayworth
Canady	Ensign	Hefley
Cannon	Etheridge	Herger
Chabot	Evans	Hill
Chambliss	Everett	Hilleary
Chenoweth	Ewing	Hobson

Holden
Horn
Hostettler
Houghton
Hulshof
Hunter
Hutchinson
Hyde
Istook
Jefferson
Jenkins
John
Johnson (CT)
Johnson, Sam
Jones
Kasich
Kelly
Kim
King (NY)
Kingston
Knollenberg
Kolbe
LaHood
Largent
Latham
LaTourette
Lazio
Leach
Lewis (CA)
Lewis (KY)
Linder
Lipinski
Livingston
LoBiondo
Lucas
Manton
Manzullo
Mascara
McCarthy (NY)
McCollum
McCrery
McDade
McHale
McHugh
McInnis
McIntosh
McIntyre
McKeon
McKinney
Mica
Miller (FL)
Minge
Mollohan
Moran (KS)
Moran (VA)
Murtha
Myrick
Nethercutt
Ney
Northup
Norwood
Ortiz
Oxley
Packard
Pappas
Pease
Peterson (MN)
Peterson (PA)
Petri
Pickering
Pickett
Pitts
Pombo
Pomeroy
Porter
Portman
Pryce (OH)
Quinn
Radanovich
Ramstad
Redmond
Regula
Reyes
Riggs
Riley
Rodriguez
Rogan
Rogers
Ros-Lehtinen
Roukema
Ryun
Salmon
Sanchez
Saxton
Scarborough
Schaffer, Bob
Sessions
Shadegg
Shaw
Shimkus
Shuster
Sisisky
Skeen
Smith (NJ)
Smith (OR)
Smith (TX)
Smith, Linda
Snowbarger
Solomon
Spence
Stearns
Stenholm
Strickland
Stump
Sununu
Talent
Tanner
Tauscher
Tauzin
Taylor (MS)
Taylor (NC)
Thomas
Thornberry
Thune
Thurman
Tiahrt
Towns
Traficant
Turner
Walsh
Wamp
Watkins
Watts (OK)
Weldon (FL)
Weldon (PA)
Weller
White
Whitfield
Wicker
Wolf
Woolsey
Young (AK)
Young (FL)

NAYS—163

Abercrombie
Ackerman
Andrews
Baesler
Barcia
Barrett (WI)
Becerra
Bentsen
Berry
Bilbray
Blagojevich
Blumenauer
Bonior
Boswell
Boucher
Brown (CA)
Brown (FL)
Brown (OH)
Camp
Campbell
Cardin
Carson
Castle
Clay
Clayton
Clyburn
Coble
Conyers
Costello
Coyne
Crapo
Cummings
Danner
Davis (IL)
DeGette
Delahunt
DeLauro
Deutsch
Dingell
Doggett
Duncan
Ehlers
Engel
Eshoo
Farr
Fattah
Fazio
Filner
Ford
Frank (MA)
Furse
Gejdenson
Gephardt
Goode
Gutierrez
Hall (OH)
Hamilton
Hastings (FL)
Hefner
Hilliard
Hinchey
Hinojosa
Hoekstra
Hooley
Hoyer
Inglis
Jackson (IL)
Jackson-Lee (TX)
Johnson (WI)
Johnson, E. B.
Kanjorski
Kaptur
Kennedy (MA)
Kennedy (RI)
Kildee
Kilpatrick
Kind (WI)
Kleczka
Klink
Klug
Kucinich
LaFalce
Lampson
Lantos
Lee
Levin
Lewis (GA)
Lofgren
Lowey
Luther
Maloney (CT)
Markey
Martinez
Matsui
McCarthy (MO)
McDermott
McGovern
McNulty
Meeks (NY)
Menendez
Millender-McDonald
Mink
Moakley
Morella
Nadler
Neal
Neumann
Nussle
Oberstar
Obey
Olver
Owens
Pallone
Pascrell
Pastor
Paul
Payne
Pelosi
Poshard
Price (NC)
Rahall
Rangel
Rivers
Roemer
Rohrabacher
Rothman
Roybal-Allard
Royce
Rush
Sabo
Sanders
Sanford
Sawyer
Schumer
Scott
Serrano
Shays
Sherman
Skaggs
Skelton
Slaughter
Smith, Adam
Snyder
Souder
Spratt
Stabenow
Stark
Stokes
Stupak
Tierney
Torres
Upton
Velazquez
Vento
Visclosky
Waters
Watt (NC)
Waxman
Wexler
Weygand
Wise
Wynn
Yates

ANSWERED ''PRESENT''—2

Bono
Capps

NOT VOTING—25

Baker
Bateman
Berman
Bliley
Bunning
DeFazio
Dixon
Dunn
Gonzalez
Green
Greenwood
Hall (TX)
Kennelly
Maloney (NY)
Meehan
Meek (FL)
Metcalf
Miller (CA)
Parker
Paxon
Sandlin
Schaefer, Dan
Sensenbrenner
Smith (MI)
Thompson

□ 1750

The Clerk announced the following pairs:

On this vote:

Mr. Bunning for, with Mr. Green against.
Mr. Bliley for, with Mr. DeFazio against.

Mr. INGLIS of South Carolina and Mr. EHLERS changed their vote from ''yea'' to ''nay.''

Mr. TOWNS, Mr. EDWARDS and Ms. MCKINNEY changed their vote from ''nay'' to ''yea.''

So the conference report was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

ANNOUNCEMENT BY CHAIRMAN OF COMMITTEE ON RULES REGARDING CONSIDERATION OF AMENDMENTS TO H.R. 10, FINANCIAL SERVICES MODERNIZATION ACT OF 1998

Mr. SOLOMON. Mr. Speaker, the Committee on Rules is expected to meet during the week of May 4 to grant a rule which may restrict amendments to be offered to H.R. 10. H.R. 10 is the Financial Services Modernization Act.

Any Member who wishes to offer an amendment should submit 55 copies and a brief explanation of the amendment by Tuesday, May 5 at 5 p.m. to the Committee on Rules in room H–312 upstairs.

Amendments should be drafted to the text of the amendment in the nature of a substitute submitted by the chairman of the Committee on Banking and Financial Services and the Committee on Commerce and printed in the CONGRESSIONAL RECORD today, April 30.

This amendment in the nature of a substitute consists of the base text which was made in order by the Committee on Rules on March 30, which is contained in House report 105–474, except the credit union title, title V, which passed the House April 1 under suspension of the rules. That is removed from the bill.

Members should use the Office of Legislative Counsel to ensure that their amendments are properly drafted and they should check with the Office of the Parliamentarian to ensure that their amendments comply with the rules of the House.

REMOVAL OF NAME OF MEMBER AS COSPONSOR OF HOUSE RESOLUTION 375

Mr. GILMAN. Mr. Speaker, I ask unanimous consent that my name be removed as cosponsor of House Resolution 375.

The SPEAKER pro tempore (Mr. PEASE). Is there objection to the request of the gentleman from New York?

There was no objection.

PERMISSION FOR PERMANENT SELECT COMMITTEE ON INTELLIGENCE TO HAVE UNTIL MIDNIGHT, MAY 4, 1998, TO FILE REPORT ON H.R. 3694, INTELLIGENCE AUTHORIZATION ACT FOR FISCAL YEAR 1999

Mr. GOSS. Mr. Speaker, I ask unanimous consent that the Permanent Select Committee on Intelligence have until midnight, May 4, 1998, to file its report on the bill, H.R. 3694.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Florida?

There was no objection.

INTELLIGENCE AUTHORIZATION ACT OF FISCAL YEAR 1999

(Mr. GOSS asked and was given permission to address the House for 1 minute.)

Mr. GOSS. Mr. Speaker, as I indicated earlier today, I wish to announce to all Members of the House that the Permanent Select Committee on Intelligence ordered H.R. 3694, which is the ''Intelligence Authorization Act for Fiscal Year 1999,'' reported favorably to the House. That report will be filed on Monday, May 4, pursuant to the unanimous consent request just granted.

I would also like to announce that the classified annex and the classified schedule of authorizations accompanying H.R. 3694 will be available for review by Members at the offices of the Permanent Select Committee on Intelligence in room H–405 of the Capitol beginning after the bill is filed on Monday.

The committee office will be open during regular business hours for the convenience of any Member who wishes to review this material prior to its consideration by the House. I anticipate that H.R. 3694 will be considered on the floor next week, possibly Friday, May 8, or perhaps sooner.

I would recommend that Members wishing to review the classified annex contact the committee's chief of security to arrange a time and a date for that viewing. This will assure the availability of committee staff to assist Members who desire that assistance during their review of these classified materials.

Mr. Speaker, I urge Members to take some time to review these classified documents before the bill is brought to

the floor in order to better understand the recommendations of the committee. The classified annex to the committee's report contains the Permanent Select Committee on Intelligence's recommendations on the intelligence budget for fiscal year 1999 and related classified information that may not be publicly disclosed.

It is important that Members keep in mind the requirements of clause 13 of rule 43 of the House adopted at beginning of the 104th Congress. That rule, as Members will recall, only permits access to the classified information by those Members of the House who have signed the oath set out in Rule 43.

Obviously, the committee will assist any Member who wishes to sign such an oath, and there are other details of the procedure that Members can find out by calling the committee.

I very much encourage Members to take advantage of this, because obviously there are some things we cannot discuss publicly here and I want to make sure all Members are comfortable with all aspects of what we are doing in our committee.

JOURNAL

The SPEAKER pro tempore. Pursuant to clause 5 of rule I, the pending business is the question of agreeing to the Speaker's approval of the Journal of the last day's proceedings.

The question is on the Speaker's approval of the Journal.

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

LEGISLATIVE PROGRAM

(Mr. FAZIO of California asked and was given permission to address the House for 1 minute.)

Mr. FAZIO of California. Mr. Speaker, I take this time so that so I may yield to the majority whip to outline the schedule for next week.

Mr. DELAY. Mr. Speaker, will the gentleman yield?

Mr. FAZIO of California. I yield to the gentleman from Texas.

Mr. DELAY. Mr. Speaker, I thank the distinguished gentleman from California (Mr. FAZIO), chairman of the Democratic Caucus, for yielding.

Mr. Speaker, I am pleased to announce that we have concluded legislative business for the week and that the House will next meet on Monday, May 4, at 2 p.m. for pro forma session. There will be no legislative business and no votes that day.

On Tuesday, May 5, the House will meet at 12:30 p.m. for morning hour and at 2 p.m. for legislative business.

On Tuesday we will consider a number of bills under suspension of the rules, a list of which will be distributed to the Members' offices. But Members should know that we do not expect any recorded votes before 5 o'clock on May 5.

On Wednesday, May 6, and the balance of the week, the House will meet at 10 a.m. for legislative business.

On Tuesday evening we could resume H.R. 6, or we could pick it up again on Wednesday, but we do hope to continue consideration of H.R. 6, the Higher Education Amendments of 1998.

Also on Wednesday and throughout the balance of the week the House will consider the following legislation: H.R. 1872, the Communications Satellite Competition and Privatization Act of 1997; H.R. 10, the Financial Services Competition Act of 1997; and H.R. 3694, the Intelligence Authorization Act for Fiscal Year 1999.

Mr. Speaker, we hope to conclude legislative business for the week by 2 p.m. on Friday, May 8.

Mr. Speaker, I thank the gentleman for yielding me this time.

Mr. FAZIO of California. Mr. Speaker, reclaiming my time, I have a few questions I would like to pose to the majority whip. First of all, does the gentleman really anticipate any late nights next week? I am happy to yield for a response.

Mr. DELAY. Mr. Speaker, Wednesday and Thursday could be late nights. But we do not like late nights, so we are going to discourage them as much as we can.

Mr. FAZIO of California. Mr. Speaker, again reclaiming my time and then I will yield further, in reference to the Higher Education bill, can we anticipate that the Riggs amendment, which has been so hotly debated, will take place on Wednesday so Members who wish to participate and vote on that can be assured that it will not occur on Tuesday night?

Mr. DELAY. Mr. Speaker, I appreciate the gentleman again yielding, I just want to say that we are trying to work that out with the gentleman's side of the aisle. Certainly, we will come to some sort of agreement before we move on the Riggs amendment. We want to cooperate with everyone and make sure that everyone has an opportunity to debate that bill.

As soon as we know what the gentleman's side wants and what we agree to, then we will announce it to the membership.

Mr. FAZIO of California. Mr. Speaker, I think it does appear at end of the bill so it would be very likely to be the last debate prior to final passage, I would assume.

Mr. DELAY. I hope we can work it out.

Mr. FAZIO of California. Mr. Speaker, I thank the gentleman for that assurance. Let me also ask, given the fact that we have Mother's Day weekend coming, I know that the gentleman from Texas would be sensitive to the issue of Friday votes. Is it possible that votes on Friday may not occur, or is this just simply a reservation to assure that we would accomplish the main goals of the week?

Mr. DELAY. Mr. Speaker, I appreciate the gentleman yielding again and would say that if we have the kind of cooperation we got today from his side, we possibly may not have votes on Friday. But I think Members should anticipate that we could have votes on Friday. We are going to work as hard as we can to avoid that, but we cannot guarantee that that will not happen.

Right now we are telling Members that we will have votes on Friday up until about 2 p.m.

Mr. FAZIO of California. Mr. Speaker, I appreciate that. Let me ask one further question, Mr. Speaker, and I would be happy to yield to the gentleman for an answer.

Where are we on working out the details under which we will take up campaign finance reform on the floor? How close are we, and what kind of a rule are we going to be dealing with? Obviously, there is a great deal of interest on our side in this regard.

□ 1800

Mr. DELAY. We want to make sure that this is an open and honest process, an honest debate. So your side will be consulted, even before we go to rules.

The Committee on Rules chairman has been charged by the Speaker to write an open rule so that every Member, both Democrat and Republican, will have an opportunity to address the issues that are important to them. We want to make sure that the gentleman's side is as happy with the rule as we are, and that we have an open rule.

Mr. FAZIO of California. I appreciate that. And I see the gentleman from upstate New York (Mr. SOLOMON), my friend, shaking his head. He is committed, and we look forward to working that out with the majority.

ADJOURNMENT TO MONDAY, MAY 4, 1998

Mr. DELAY. Mr. Speaker, I ask unanimous consent that when the House adjourns today, it adjourn to meet at 2 p.m. on Monday next.

The SPEAKER pro tempore. Is there objection to the gentleman from Texas?

There was no objection.

HOUR OF MEETING ON TUESDAY, MAY 5, 1998

Mr. DELAY. Mr. Speaker, I ask unanimous consent that when the House adjourns on Monday, May 4, 1998, it adjourn to meet at 12:30 p.m. on Tuesday, May 5, for morning hour debates.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

DISPENSING WITH CALENDAR WEDNESDAY BUSINESS ON WEDNESDAY NEXT

Mr. DELAY. Mr. Speaker, I ask unanimous consent that the business in order under the Calendar Wednesday rule be dispensed with on Wednesday next.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

CERTIFICATION IN CONNECTION WITH EFFECTIVENESS OF AUSTRALIAN GROUP REGARDING EXPORT OF CHEMICAL AND BIOLOGICAL WEAPONS-RELATED MATERIALS AND TECHNOLOGY (H. DOC. NO. 105–246)

The SPEAKER pro tempore laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, without objection, referred to the Committee on International Relations and ordered to be printed:

To the Congress of the United States:

In accordance with the resolution of advice and consent to ratification of the Convention on the Prohibition of the Development, Production, Stockpiling and Use of Chemical Weapons and on Their Destruction, adopted by the Senate of the United States on April 24, 1997, I hereby certify in connection with Condition (7)(C)(i), Effectiveness of Australia Group, that;

Australia Group members continue to maintain an equally effective or more comprehensive control over the export of toxic chemicals and their precursors, dual-use processing equipment, human, animal and plant pathogens and toxins with potential biological weapons application, and dual-use biological equipment, as that afforded by the Australia Group as of April 25, 1997; and

The Australia Group remains a viable mechanism for limiting the spread of chemical and biological weapons-related materials and technology, and that the effectiveness of the Australia Group has not been undermined by changes in membership, lack of compliance with common export controls and nonproliferation measures, or the weakening of common controls and nonproliferation measures, in force as of April 25, 1997.

WILLIAM J. CLINTON.

THE WHITE HOUSE, *April 29, 1998.*

SPECIAL ORDERS

The SPEAKER pro tempore (Mr. PEASE). Under the Speaker's announced policy of January 7, 1997, and under a previous order of the House, the following Members will be recognized for 5 minutes each.

HIGHER EDUCATION ACT REAUTHORIZATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from North Carolina (Mr. PRICE) is recognized for 5 minutes.

Mr. PRICE of North Carolina. Mr. Speaker, it is important that the House move quickly next week to reauthorize the Higher Education Act. As an educator for nearly 20 years, I know the importance of ensuring that a college education is within reach for all of our people.

I represent a district that has a tremendous stake in the Higher Education Act. That was made clear in an all-day forum that I convened in Raleigh on September 22 of last year. We received recommendations from the presidents of our institutions of higher education, from a number of students and financial aid administrators and business leaders. I am pleased that the bill reported by the Committee on Education and the Workforce reflects many of these concerns.

For example, the committee saw fit to include the highly successful State Student Incentive Grant program in this year's reauthorization. This is the only student aid program that maintains the Federal partnership with the States and encourages them to do their part to help needy students attend college.

The cornerstone of the higher education is the Pell Grant program. But more funds are desperately needed to be authorized, and I am extremely pleased that the Higher Education Act included a dramatic increase to a maximum grant level of $4,500.

As an original cosponsor of the Campus-Based Child Care bill of the gentlewoman from Maryland (Mrs. MORELLA), I was pleased to see its inclusion in the Higher Education Act.

More and more young mothers are pursuing college degrees. For some, it is a matter of making the transition from welfare to work. The Campus-Based Child Care provision is one of the most forward-thinking aspects of this bill.

I am also pleased that adjustments were made that would allow historically black colleges and universities more flexibility in funding and expanding graduate programs. Title 3 funding must remain a high priority as we implement the Higher Education Act.

Mr. Speaker, this is not a perfect bill, and I particularly regret that this year's reauthorization does not more effectively target money to train teachers in the use of new technology. That is a need that I have heard repeatedly about in my district. I am hopeful that education leaders in the States will give this need high priority as they allocate the bill's block grant funds.

Mr. Speaker, the Higher Education Act is landmark legislation critical to the needs of students and their families and to our Nation's commitment to educational opportunity and excellence.

We face new challenges ranging from accommodating growing numbers of nontraditional and mid-career students, to training students for an increasingly sophisticated workplace, to orienting education to the international marketplace.

The Higher Education Act will be of great importance as we meet these challenges, and I urge my colleagues to pass it enthusiastically with a large bipartisan majority next week.

EXCHANGE OF SPECIAL ORDER TIME

Mr. DELAY. Mr. Speaker, I ask unanimous consent to trade my 5-minute Special Order time with the gentleman from Texas (Mr. SESSIONS).

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

RESPONSE TO ATTACK BY MINORITY LEADER ON SPEAKER GINGRICH

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. DELAY) is recognized for 5 minutes.

Mr. DELAY. Mr. Speaker, I rise today to respond to a partisan attack launched by the minority leader on the Speaker of the House this morning. Once again, instead of focusing on the issues at hand, the minority leader has sought to change the subject.

The Speaker has made two very important points regarding the White House and its continued ethics problems. First, the Speaker has stressed that no man is above the law. Second, he has pointed out that the American people deserve to know the truth about the activities in the White House.

The minority leader has decided to divert attention from those very basic points. It is the hope of the White House and of the minority that this diversion will keep attention away from the very real ethical problems of this administration. I tell you, Mr. Speaker, the truth will come out. It may be sooner, and it may be later, but, someday, the truth will come out.

I urge the President to preserve the dignity of the office that he holds by coming forward about the facts. The longer that these allegations fester, the more damage is done to the presidency.

Unfortunately, the White House has rejected that advice. Rather than being candid with the American people, the White House hides behind executive privilege. In fact, the Clinton/Gore administration has invoked executive privilege 12 times. They have used executive privilege almost as often as they have used the veto pen.

Throughout their administration, they have vetoed only 20 bills. They have employed executive privilege for campaign scandals, for travel office scandals, for memos regarding drug policy, for Filegate, and for other scandals.

That is a very troubling precedent, a precedent that should trouble the Democrat Party. But an eerie silence has emanated from the Democrat minority.

When it comes to the President's use of executive privilege, the Democrats hear no evil, see no evil, and speak no evil. I have yet to hear one member of the minority leadership admit that they are troubled by the White House scandals. Where is the outrage from the Democrats about these allegations?

The one time that the minority leader has spoken out on this issue has been to condemn the Speaker of the House, the one time. The Nation has been preoccupied by White House scandals all year, and the minority leader's only response has been to blame the Speaker. That fits in very nicely with the White House strategy of spin, the whole spin, and nothing but the spin.

Clearly, they are testing the proposition that you cannot fool all the people all the time. Mr. Speaker, you cannot fool all the people all the time. And the American people have grown very weary of this White House's efforts to distract them from the truth.

We are all damaged by the White House efforts to delay this investigation, to destroy the investigator, and to deny everything to the media.

The minority leader said in his speech today, and I quote, ''Ideally, we are able to put aside our partisan interests and consider 'the people's business,' if not with a blank slate, at least with an open mind.''

Can the leader really believe that he has approached these issues with an open mind when the only person he blames in the very White House scandals is the Speaker of the House?

I urge the minority leader to join us in finding out the truth. He should be calling for the truth. Let us put this partisanship aside and look soberly at the very serious allegations that have beset this White House. No man is above the law, and the American people deserve to know the truth.

ORDER OF BUSINESS

Mr. STUPAK. Mr. Speaker, I ask unanimous consent to proceed out of order with my 5-minute Special Order.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan?

There was no objection.

PARTIES BECOME LIGHTNING ROD OF PARTISANSHIP

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Michigan (Mr. STUPAK) is recognized for 5 minutes.

Mr. STUPAK. Mr. Speaker, I thank the gentleman for letting me proceed at this time, because I did want to address what the gentleman from Texas (Mr. DELAY) was speaking of, because, earlier today, I came down to the House floor and I spoke of the Speaker, the gentleman from Georgia (Mr. GINGRICH), and his remarks before GOPAC, and I hope to do it in a way that does not bring any disservice to the House or any personal malice toward anyone.

Look at what is going on here because of comments on both sides. We have all become a lightning rod of partisanship around here. It seems to me, about a week ago, it was the gentleman from Georgia (Mr. GINGRICH) who began the personal attacks on the President. While I am a Democrat, a member of on the minority party, I think every member of this country should be outraged. You have an ongoing investigation. So let us let the investigation proceed.

It seems to me the Speaker some time ago said we should all hold our breath and step backward and let this thing play out. But when we got before a GOPAC dinner, the cash cow of the Republican Party, we just could not seem to leave it go. The claim was that the President is obstructing justice.

We can get up here all night and say all kinds of things about the President and this administration, but let us put forth the evidence; and, by evidence, I mean credible evidence.

By stating or by starting attacks on the President in a partisan manner before a partisan group like GOPAC, I am afraid the Speaker has shown that he cannot lead the House in a fair and impartial review of any inquiry that may take place.

I do not know what the President's guilt or innocence is or whatever it may be in this matter, but what I do know is that, if we stick to the facts and let it properly proceed, and if we rely on, as our constitutional oath requires us to do, credible evidence, credibly submitted to a trier of fact, then maybe we can get to the bottom of this.

Unfortunately, it appears that the Speaker has already reviewed the alleged facts. If he has reviewed the alleged facts, he obviously has made a prejudgment, and he has made himself a judge and jury.

So then I must ask, where is this evidence? Where are these alleged facts? Bring them forth. If he has a report, if the report has been filed with the Speaker's office, bring them forth so all of us in the House have an opportunity to see it. Make it available to at least the Committee on the Judiciary who, by law, has a right to review any inquiry.

Mr. Speaker, I wish we would just stick to the facts of the case and not what GOPAC wants to hear but to the facts of the case. But, instead, the Speaker and, as even Roll Call, I mean it is supposed to be a nonpartisan paper, even Roll Call says, ''Shame in the Making.''

That is exactly what we have when we have investigations and Members coming up here and, if I can use the majority leader's words, put spin on what is going on. Let us not bring shame to the House, but let us have the responsibility to lead and not mislead the House or this country.

The Speaker of the House should be a statesman without prejudging any type of inquiry which may or may not even occur. Instead, I am afraid we have become a lightning rod.

I hate to remind the House, but just over a year ago we had to reprimand the Speaker and fine him approximately $300,000 for bringing shame and disrespect to this House. Five out of eight ethics charges he was found responsible for by our own Committee on Ethics. Do we really want to go down this shameful road once again?

I ask that we not bring shame and disrespect to the House by personal attacks. I would hope the Speaker would recuse himself from any participation in any House inquiry.

I have been there. I have done investigation of political people. But you have to do it in an objective manner and not necessarily before the press. You can, and we should, do an investigation, and let the investigation proceed.

But, I mean, even, where have we gone with this whole thing? Even the Committee on Government Reform and Oversight underneath the leadership of the majority party, we have a Privacy Act in this country that the Members of Congress are exempt from. Yet, when given tapes of a personal conversation of a witness who refused to appear, the Privacy Act suddenly did not apply, and the tapes were leaked to the news media, and the personal conversations of this individual were released to the news media.

Is that not abuse of office? Have we not used that office, at least that chairman did, to release tapes of private conversations? Maybe not in violation of the Privacy Act because he was a Member of Congress, but certainly in violation of the spirit and intent of the law. That is what we are doing here with these investigations certainly.

Then when the tapes were given to the oversight committee, they were warned in a letter not to release the tapes. There was sensitive private information. Yet, we still do that, and we hide behind the office of which we hold, a great honor given to us by the American people but, yet, we use it for our benefit.

I would hope that any investigations proceed in a professional manner and stick to the facts.

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New Jersey (Mr. SAXTON) is recognized for 5 minutes.

(Mr. SAXTON addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from California (Ms. MILLENDER-MCDONALD) is recognized for 5 minutes.

(Ms. MILLENDER-MCDONALD addressed the House. Her remarks will appear hereafter in the Extensions of Remarks.)

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. RIGGS) is recognized for 5 minutes.

(Mr. RIGGS addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Arkansas (Mr. SNYDER) is recognized for 5 minutes.

(Mr. SNYDER addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

CAMPAIGN FINANCE REFORM INVESTIGATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. SESSIONS) is recognized for 5 minutes.

Mr. SESSIONS. Mr. Speaker, I came here tonight to speak about what we had accomplished today over in the Cannon Building where we were talking to the American public about how we, the Republican majority, are going to talk about and have a discussion with the American public on drugs. But I am compelled now to change that topic and to speak on the comments that were just made by Members of the Democratic Party.

I want you to know I serve on the Committee on Government Reform and Oversight, and for the last 15 months we have seen a charade that is taking place where Members of the Democratic Party have not only ignored every opportunity to be bipartisan in their attempts to work with us in the majority on dealing with the abuses of the White House in campaign finance, but we have also seen that what they will do is not only not tell the truth but what they will do is to obstruct justice.

□ 1815

Just last week we had a vote whereby we were going to have four people who we were attempting to grant immunity to. These four people are individuals who are involved in the campaign finance scandal of foreign money influence upon the White House.

And what happened is that we very carefully laid out a case by which these four people, they are not high level and they are not involved in a big way, but to where we wanted to talk to these four people and to grant them full immunity from prosecution. We had worked directly with the Department of Justice, and they had indicated that they had no problem with us issuing this immunity.

Yet on a 19-to-nothing vote we were not able to grant these four people immunity because it requires a two-thirds vote of the committee. Not one Democrat wanted to issue immunity because they did not want these four people to tell the truth and to tell their story.

This White House, and I can tell my colleagues that this Democrat Congress and the Members of the Democrat Congress who are Members of the Committee on Government Reform and Oversight repeatedly have attempted to block every single request that we have made that is reasonable and normal.

And I tell my colleagues that back in 1974, when Richard Nixon was involved in not only illegalities but constitutional questions, it was the Republican Party that stood up with Senator Howard Baker and asked the tough questions. It was Senator Howard Baker who made sure that not only were the tough questions asked but that he made sure that this President did not escape telling the truth and the whole truth.

Mr. SUNUNU. Mr. Speaker, will the gentleman yield?

Mr. SESSIONS. I will be happy to yield.

(Mr. SUNUNU asked and was given permission to revise and extend his remarks and to include extraneous material.)

Mr. SUNUNU. I think it is interesting that the gentleman mentioned the circumstances in 1974, because the previous speaker made the point that somehow the call for the President to be forthcoming, the emphasis that no one is above the law, seemed to be unprecedented. Not only were the speaker's comments fair, I think they stand in stark contrast to the comments of the Speaker of the House in January of 1974, when the Speaker of this body called for the resignation of President Nixon months in advance of any bipartisan investigation.

So at that time there was not only a willingness to move forward without any thought of a bipartisan discussion of the issues but the Speaker of the House was calling for a resignation before that impartial investigation could even move forward.

I would finally like to note that in the gentleman's discussion of the obstruction that the committee has run into, not only were those four immunity requests, that had been approved by the Justice Department, voted down by all 19 Democrat members of the committee, there have been, to date, 92 individuals that have either taken the fifth amendment or fled the country or refused to talk to authorities that have obstructed the progress of the committee's investigation.

And, Mr. Speaker, I include for the RECORD a list of all 92 individuals that have obstructed the investigation in that way.

WITNESSES WHO HAVE FLED OR PLEAD THE 5TH

(Full Committee Hearing—December 9, 1997)

Mr. BURTON. Have you ever experienced so many unavailable witnesses in any matter in which you have prosecuted or on which you have been involved?

FBI Director FREEH. I spent about 16 years doing organized crime cases in New York City, and many people were frequently unavailable.

53 HOUSE & SENATE WITNESSES ASSERTING FIFTH AMENDMENT

John Huang, Gene Lum, Gin F. J. Chen, Mark Middleton, Nolanda Hill, Jane Huang, Duangnet Kronenberg, Maria L. Hsia, Webster Hubbell, Yogesh Ghandi, Steven Hwang, Gilbert Colon, Irene Wu, Mike Lin, Zie Pan Huang,* Michael Brown, Simon Chen, Kent La, Johnny Chung, David Wang,* Siuw Moi Lian,* Seow Fong Ooi, Bin Yueh Jeng, Hsiu Chu Lin, Jen Chin Hsueh, Chi Rung Wang, Jou Sheng, Judy Hsu, Jane Dewi Tahir, Maria Mapili, Jie Su Hsiao, Hsiu Luan Tseng, Mark Jimenez, Woody Hwang, Sioeng Fei Man, Terri Bradley, Man Ya Shih,* Keshi Zhan,* Yi Chu,* Joseph Landon,* Nora Lum, Larry Wong, Na-chi ''Nancy'' Lee, Hueutsan Huang,* Yue Chu,* Man Ho,* Manlin Foung,* Yumei Yang, Arapaho/Cheyenne Indians, Hsin Chen Shih, Shu Jen Wu,* Charles Intriago, and Jessica Elinitiarta.

21 WITNESSES HAVE LEFT THE COUNTRY

Charlie Trie (has returned to United States), Antonio Pan, Arief Wiriandinata, Subandi Tanuwidjaja, Susanto Tanuwidjaja, Yanti Ardi, Laureen Elnitiarta, Pauline Kanchanalak, John H.K. Lee, Ted Sioeng, Soraya Wiriadinata, Suryanti Tanuwidjaja, Nanny Nitiarta, Sandra Elnitiarta, Ming Chen, Agus Setiawan, Dewi Tirto, Felix Ma, Subandi Tanuwidjaja, Yopie Elnitiarta, and Sundari Elnitiarta.

18 FOREIGN WITNESSES HAVE REFUSED TO BE INTERVIEWED BY INVESTIGATIVE BODIES

Ng Lap Seng, Ken Hsui, Eugene Wu, Suma Ching Hai, Ambrose Hsuing, Bruce Cheung, Stephen Riady, John Muncy, Mochtar Riady, James Riady, Lay Kweek Wie, Wang Jun, Roy Tirtadji, James Lin, Stanley Ho, Daniel Wu, Li Kwai Fai, and Hogen Fukunaga.

*Granted Immunity after plead 5th Amendment.

Mr. SESSIONS. Reclaiming my time, Mr. Speaker, the facts speak for themselves. We are attempting to run a fair and open bipartisan investigation of the wrongdoings of the Clinton White House. It will require a minimum of one Democrat asking to seek to have the truth.

The bottom line is, in 1974, Senator Howard Baker stepped forth and insisted. We ask for that same resolve today.

CONGRATULATIONS TO ISRAEL ON ITS 50TH ANNIVERSARY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. SHERMAN) is recognized for 5 minutes.

Mr. SHERMAN. Mr. Speaker, we have heard some contentious discussion of our partisan divisions. I rise for a task that I think is far more joyful and one as to which this entire body is united, and that is I rise to congratulate the people of Israel on the 50th anniversary of their rebirth and independence.

Today represents the 50th anniversary of Israel, as determined by the Jewish lunar calendar. And it is with great joy that I point out that House Joint Resolution 102 was adopted by this House 2 days ago by a vote of 402 to nothing, demonstrating the united and bipartisan support that the State of Israel and the close U.S.-Israel relationship enjoyed in this House.

We should reflect that in August of 1897, a century ago, the first Zionist Congress affirmed its aspiration to form a Jewish homeland in the historic State of Israel. After the horrors of the Holocaust, in which one-third of the Jewish population of the world lost their lives, the Jewish people returned to their ancient homeland and established the State of Israel.

Since the Nation's founding, over a million Jews from throughout the world have sought refuge in Israel. Israel has, over the last 50 years, rebuilt a nation, maintained a pluralist democracy, the only one in the Middle East, and based that democracy on freedoms and the rule of law. It has developed a thriving economy and a society, transforming the desert into a land of milk and honey.

On this 50th anniversary we have a chance to reflect on the courage and leadership of President Harry Truman who, against the advice of experts in the State Department, et cetera, stood with the people of Israel and recognized their declaration of independence.

Over the last 50 years, governments of the United States, both Democrat and Republican, have supported the people and the State of Israel. Likewise, governments of Israel, Likud and Labor, have supported the people and the government of the United States. We have a friendship that transcends party; and whichever policies may rule the day in Jerusalem or here in the United States, that bond stands.

We should note that Jerusalem has been the eternal and indivisible capital of Israel, both 3,000 years ago and for the last 50 years. The United States Congress passed the Jerusalem Embassy Act calling for the American Embassy to Israel to be moved to Jerusalem in 1999. What better way for us to celebrate the rebirth of the State of Israel than for the State Department to announce today that they will abide by, rather than seek waivers from, the Jerusalem Embassy Act.

But because the State Department may decide to try to waive that act, I will be introducing, hopefully with substantial support, a bill that states to the Department of State that, before they open a new embassy in another formerly divided city, Berlin, they must open at least a temporary embassy, and, hopefully, a permanent embassy, in the indivisible and eternal capital of Israel: Jerusalem.

I rise today to congratulate the people of Israel on their 50th anniversary of the new State, and I rise today to say that when it comes to America's embassy to Israel: next year in Jerusalem.

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Indiana (Mr. BURTON) is recognized for 5 minutes.

(Mr. BURTON of Indiana addressed the House. His remarks will appear hereafter in the Extensions of Remarks.

MAIL FRAUD AND TELEMARKETING SCAMS TARGETING SENIOR CITIZENS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Hawaii (Mr. ABERCROMBIE) is recognized for 5 minutes.

Mr. ABERCROMBIE. Mr. Speaker, I rise today to call my colleagues' attention to a serious crime being perpetrated against some of our most vulnerable citizens: mail fraud and telemarketing scams targeting senior citizens. In my own district, one gentleman pleaded with me, ''The mail is still coming. I don't have the money to send.''

Some companies peddling questionable products or promoting unwinnable contests make a living out of targeting senior citizens. It is estimated that telemarketing fraud robs Americans of at least $40 billion a year.

The actual number may be much higher, as telemarketing fraud has always been a part of our Nation's underground economy. Not all losses have been clearly documented. Some consumers are too embarrassed to report that they have been defrauded or they do not recognize the extent of the fraud that has been perpetrated upon them.

Mr. Speaker, I held a meeting on this issue in my district recently; and I was appalled at the number of people in the audience who came up to me after a discussion led by members of the FBI, led by members of the Post Office, the Postal Inspector Section, after the recitation of statistics and perspective by myself, and yet asked me afterwards if I could give them my personal assistance in contacting some of the fraudulent companies to see if it was not possible for them to perhaps receive their prizes or be acknowledged for the funds that they had been sending.

□ 1830

Mr. Speaker, I can assure my colleagues that this is a heart-wrenching situation. It is taking place all over the country, and it prompts me to rise today to extend these remarks to my colleague and to the other Members.

Older Americans, Mr. Speaker, are the target of many fraudulent telemarketers because they are generally at home more often than younger persons, they may be more trusting. That is certainly the case with those that I spoke with recently in Honolulu, Mr. Speaker, and may look upon a smooth-talking telemarketer as a trusted friend rather than someone preying upon their life savings. These fraudulent activities are a disgrace, and we should do all we can to stop them.

On April 8, 1998, as I indicated, I sponsored a mail and telemarketing fraud briefing for senior citizens in my district in Honolulu, Hawaii. This education national briefing was designed to give vulnerable senior citizens a fighting chance against an industry designed to victimize them.

John Gillis, a supervisory special agent for the Federal Bureau of Investigation in Honolulu, and Byron Dare, a postal inspector for the United States Postal Service in Honolulu, presented testimony on their agencies' efforts to combat mail and telemarketing fraud and educated seniors on how to avoid becoming victims of such schemes.

Mr. Speaker, I most sincerely urge my colleague and other Members to take advantage of FBI offices in our districts, as well as postal service inspectors in our district, to hold similar briefings for senior citizens in our areas. Senior citizens need to be protected from these scam artists, and one of the best ways to do this is educate them on how fraudulent information is presented.

I am preparing legislation on this issue. I am already a cosponsor of the Protection against Scams on Seniors Act, H.R. 3134. This bill authorizes the Administration on Aging to conduct an outreach program to educate seniors on telemarketing fraud. I plan to continue my outreach efforts to reach Hawaii's elderly population from falling prey to these unscrupulous mail and telemarketers.

I also support the efforts of Federal agencies and private organizations who have been actively involved in this issue. The American Association of Retired Persons, the AARP, has created a profile of telemarketing and mail fraud victims. The profile shows the average victim is not only an older American, but relatively affluent, well-educated, well-informed, and socially active in his or her community.

AARP's research indicates that the critical difference between victims and nonvictims is their ability to recognize that telemarketing fraud is a crime. Mr. Speaker, I want to emphasize that. The key here, the critical difference between being a victim and a nonvictim is their ability to recognize that telemarketing fraud is a crime.

Many people find themselves the victim of fraud and do not recognize that it is, in fact, criminal activity, and there is something they can do about it. AARP has produced educational materials in English and Spanish. If seniors would contact the AARP in their area, they will be happy to provide them with materials, telephone numbers, et cetera, which will aid them.

The AARP has produced educational materials in English and Spanish that inform recipients of telemarketing calls about ways to distinguish between legitimate and fraudulent calls; how to respond safely to calls without becoming a victim; and how to report suspicious calls. I am making sure this material is available in all the senior centers in Honolulu.

In Hawaii, state laws on telemarketing require specific disclosures by the telemarketer regarding prize and gift promotions. Our state law also provides consumers with a right to sue for damages and obtain relief on his or her own initiative, aside from any state action. Maximum penalties for a violation of Hawaii's telemarketing laws are set at $10,000.

Uncovering these schemes, returning money owed to its victims, and educating seniors are worthwhile efforts I will continue to pursue. I am happy to have the support and knowledge of many organizations who also promote these goals. I will continue to educate senior citizens in my district of this $40 billion rip-off. I hope my fellow Members of Congress will do the same. With a concerted effort, we can protect our senior citizens and put mail and telemarketing con-artists out of business.

The SPEAKER pro tempore (Mr. PEASE). Under a previous order of the House, the gentleman from California (Mr. HORN) is recognized for 5 minutes.

(Mr. HORN addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Maine (Mr. ALLEN) is recognized for 5 minutes.

(Mr. ALLEN addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

BANKRUPTCY REFORM

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Pennsylvania (Mr. GEKAS) is recognized for 5 minutes.

Mr. GEKAS. Mr. Speaker, very soon now the Chamber will be witnessing the great debate possibly of this year, namely, that which will be conducted on proposals for bankruptcy reform. Everyone in the country knows that a strange thing is occurring out in the economic world. While all the figures and all the reports as to the economy seem to be favorable with an expanding economy, more jobs, inflation kept under wraps, interest rates being held constant, all these excellent factors are occurring, while at the same time, Mr. Speaker, an astounding number of bankruptcies have been filed.

In 1997 alone, 1,400,000 new bankruptcies were filed. That is a monumental increase from the year before and even a greater disparity from that which has occurred in the last several years. What does it mean? If indeed the economy is improving and yet we have these bankruptcies, something is wrong.

We have witnessed now efforts to meet that crisis head on. And the bankruptcy reform bill which we have created and which is making its way through the Committee on the Judiciary even now and will reach the floor, as I said, shortly for our full debate on the floor carries two vital principles with it, which principles are at this core of what we are attempting to do.

One is that we will make certain that every individual American who becomes so overwhelmed with debt that he and his family cannot survive if he has to meet those obligations that he has incurred, we want to accommodate that individual and make sure that the family will have a fresh start. That is one principle, the fresh start.

On the other hand, the other principle is that in those cases where an ability to repay some of the debt is demonstrated, we must make every effort to produce a plan and to accommodate that individual in a way that some of that debt can be repaid.

Those are the two principles: A fresh start for those who need it and an accommodation for repayment of some of the debt where the possibility of repayment is sound.

What has happened, though, is that we hear rumors and innuendos about what we are attempting to do. But I must tell my colleagues that the cost of individual bankruptcies to the American public is something that has to be laid on the record. We are not simply talking about the loss to the lenders or the creditors who will not be repaid when someone goes bankrupt. That in itself is a loss. But when we interpolate that as to what it means to the consumers, we will recognize that when someone does not pay his debts, and the supermarket with which we are so familiar has bad debt on its books and is not repaid, what happens? The prices for consumer goods have to increase, so the rest of us are picking up the cost by increased prices of what has happened in that bankruptcy.

Number 2, the interest rates that are so correlated with the lending and the credit establishment of our country are hurt when people file bankruptcy, especially in these record numbers. And so, we will see that those of us who require credit and want to seek a bona fide lender for a mortgage or an automobile will find that the interest rates are hurt by the fact that they were not able to retrieve bad debt in previous bankruptcies.

Moreover, we lose as taxpayers. We learned during the testimony that we have conducted in several hearings in the last month that when taxing authorities like States and municipalities are themselves named in a bankruptcy and do not have the ability to recover, then they have a shortfall in the revenues in their municipality, in their neighborhood, in the county courthouse, and in the State coffers, meaning that the rest of us have to make up the difference with increased tax payments and revenues. So we pay all the way around.

But what I want to emphasize in our plans for our reform measure is that we are going to do everything we can to help small businesses, to help the family, to make sure that support payments that are forthcoming from a breadwinner are not dischargeable in bankruptcy. That is, we want to make sure that the families that receiving support payments will continue to receive those support payments whether or not the individual goes bankrupt. And the entire country will be better off once we reform the bankruptcy system.

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from Texas (Ms. JACKSON-LEE) is recognized for 5 minutes.

(Ms. JACKSON-LEE of Texas addressed the House. Her remarks will appear hereafter in the Extensions of Remarks.)

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Arkansas (Mr. HUTCHINSON) is recognized for 5 minutes.

(Mr. HUTCHINSON addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

THE LOUDEST VOICE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Virginia (Mr. WOLF) is recognized for 5 minutes.

Mr. WOLF. Mr. Speaker, I want to begin by talking and taking a moment to talk about two groups that are not widely discussed on the floor. The first is Mother Jones, and the second is USA Engage.

Mother Jones, or ''MoJo,'' is a national magazine of investigative journalism focusing on political reporting. Ken Silverstein wrote an article in the June 1998 issue of Mother Jones detailing the creation of USA Engage. This group hired Washington lobbyist Anne Wexler to try to make sure nothing gets in the way of promoting international trade with countries around the world whose governments are renown for brutal fear-biased repression of their own people. The human rights records of those countries are made more dismal by widespread torture, terror, imprisonment, persecution and killing of those that do not walk the line.

According to MoJo, some of America's largest businesses have given their proxy to USA Engage to deal with these countries having a history of repressing their own people. I know these companies are run by good and decent people who are probably not aware of the range of activities in which the Wexler Group is intensely involved on behalf of USA Engage. I am sure that their stockholders and customers are not aware of them and would be shocked and angered if they were.

According to the magazine, Anne Wexler has assembled a daunting army for her assault on Washington that includes a former U.S. Trade Representative, former Members of Congress, a former close staffer of the President, the former law firm of the State Department official who heads up the committee charged with reviewing proposed sanctions, and others. And look at what they have accomplished: Instant access to Congress and the ear of the State Department officials charged with assessing human rights violations; pro-trade studies from pricey and prestigious think tanks; the matching-up and contact of religious groups and leaders interested in human rights around the world by business reps thought to have special influence or sway.

MoJo quotes human rights advocate Simon Billenness, talking about the important role economic sanctions played in ending South Africa's apartheid regime. ''If USA Engage had succeeded with these tactics during these apartheid years, Nelson Mandela might still be in prison.'' I recognize these companies can hire whomever they choose, but there are consequences.

Look at what they are doing. Look at the real issue. We are talking about companies that are committing the very worst atrocities on their own people simply by believing in God. In Sudan, starvation is the weapon of choice, spiced with high-altitude bombing, mass murder, and selling their own people into slavery. In Sudan, over the past decade, about 1.1 million people have been killed or allowed to starve, and I have been in the south and I have seen it.

In China, Catholic bishops and priests and Protestant lay ministers and Buddhist monks and nuns as well as many Muslims are jailed for years and years. And their jails are not patterned after those in this country. Starvation, torture, filth, and darkness are the steady diet. The fate of the prisoner is up to the whim of the guard. Brutal working conditions and brutal hours are the norm. Sometimes death is the only friend they can hope for.

Tibet is in danger of losing its religion, its culture, its language, even its identity. It has already lost thousands of Buddhist monasteries and too many monks and nuns. And I have been to Tibet and have seen this.

In Iraq, the Kurds have been used for target practice and guinea pigs for toxic killing. And MoJo talks about the track record of Burma and Nigeria. The victims of these outrages and more are Anne Wexler's targets. When they and her other well-connected friends are successful in changing a legislative clause here and writing the Dear Colleague letter, do they think about the Catholic bishop starting his third decade in a brutal Chinese prison? Do they think of the young boys on the slave block in southern Sudan?

I know these are harsh thoughts, but we are dealing with harsh dictators and regimes. What we do here matters. And the content of legislation has real impact around the world. Please think about this. Did these companies mean to give Anne Wexler this much power? If one is a government official working on these matters, does he think what his actions mean to those who have no one looking out for them? And if one is a Member of Congress, does he remember when Anne Wexler and company stops by that no one is speaking for those on the other end, those in Sudan, those in prison, those in slavery, those in Iraq, those Catholic bishops in prison, those evangelical pastors in prison in China, and the monks and Buddhist nuns in prison in Tibet?

Mother Jones or "MoJo" is a national magazine of investigative journalism focusing on political reporting. It is named after and in the spirit of the legendary Mary Harris (Mother) Jones who was one of the most effective organizers of her time. Before passing on at the ripe old age of 100, this spirited mother of four effectively led fights against child labor, and on behalf of coal miners and other labor groups during the early years of this century.

Perhaps the worst thing they have done with their access is to deliberately misstate the moderate nature of the Freedom from Religious Persecution bill. At its root it calls for withdrawal of non-humanitarian taxpayer subsidies to hardcore persecuting countries and gives the president total discretion to maintain the subsidies.

In the end, however, Members will read bill and understand its moderate character and people in the pews will hear that this bipartisan effort gives the persecuted people of the world a voice.

□ 1845

Anne Wexler is the only voice. But she should not be the loudest voice.

Perhaps the worst thing they have done with their access is to deliberately misstate the moderate nature of the Freedom from Religious Persecution bill. At its root, it calls for the withdrawal of all nonhumanitarian taxpayer subsidies to hard core persecuting countries and gives the President total discretion to maintain these subsidies.

ILLEGAL DRUGS

The SPEAKER pro tempore (Mr. PEASE). Under a previous order of the House, the gentleman from Florida (Mr. MICA) is recognized for 5 minutes.

Mr. MICA. Mr. Speaker, this is probably one of the biggest signs in the history of the House to be used in a special order, but I think it addresses one of the biggest problems that we as a Nation and we as a Congress face today. The theme of this sign that we have here today is Drugs Destroy Lives.

This particular sign is actually part of a billboard and a message that we developed in my central Florida area. We have 20 of these billboards up right now in central Florida. We have more going up, to let our young people know that indeed drugs destroy lives, to let our citizens know that drug abuse will affect their lives and destroy their lives.

We have a tremendous problem in not only my district but throughout the United States. That is why we are trying to create public awareness again among all of our population, particularly our young, to do something about that. That is why we in Congress today, and many Members from our side of the aisle and some from the other side of the aisle have joined together under the leadership of our Speaker to make drug abuse and illegal narcotics a number one priority of this Congress and of this Nation and our communities.

You may say, why? Let me just tell you a little bit of why I am here with this message and why we are here with this billboard and we are going to spread this message across our land.

Since 1992, and these are incredible statistics, drug use among teens has skyrocketed by 70 percent. I heard the Speaker of the House say today as we launched our major congressional initiative that in the 1980s under President Reagan and then under President Bush, drug abuse and misuse dropped and dropped and dropped because we had a public awareness, we had a Just Say No, we had a commitment and a leadership from Washington and from every level, a focus on doing away with the narcotics problem and illegal drugs in our society, and it worked.

But since 1992, 1993, and some of the actions of this administration, we have seen that trend turn around and now skyrocket with drug use among teens increasing by some 70 percent. The latest statistics show that half of the high school seniors think it is easy to obtain cocaine and LSD. These are the most recent statistics. Eighth grade use of drugs has increased 150 percent since 1992. Again a dramatic figure. Today the latest figures are that 25 percent of our high school seniors are current users of illegal drugs.

This is a scourge across our whole land. We have a tremendous problem. Some of it is a result, quite frankly, of policy of this administration. I do not want to get into all the details of what took place in the past, but one of President Clinton's first actions on taking office was to gut the Office of National Drug Control Policy, our Drug Czar's office. The statistics and the facts are these. He cut the staff from 146 individuals, staff positions, to 25.

In his first year, President Clinton cut $200 million from drug interdiction efforts in the Caribbean and another $200 million from alternative crop production and crop eradication. That means he took the bulk of money out of the programs that were the most cost-effective in stopping drugs at their source, in stopping drugs where they only cost a few cents, a few dollars.

I serve on a committee that overviews this national drug policy, and we have seen that the most effective dollars can be spent where drugs are produced and grown in their source countries. We know that all of the cocaine and the heroin and some of these other products are coming both through Colombia, the cocaine, 100 percent of it is coming from Peru, Bolivia and Colombia, so why not target the source?

We here in Congress are launching a program this week and today to stop drugs at their source. We are also launching a program that we think will help everyone by again bringing attention to this problem; not only bringing Federal resources such as we have done in central Florida, creating a high intensity drug traffic area, bringing every law enforcement mechanism together in central Florida and other communities, but across this whole land we are going to ask for accountability, responsibility, tough enforcement.

We have started in my local community with this theme. We have a high intensity drug traffic area from Daytona Beach all the way through Orlando and over to Tampa. We have organized State, local and Federal forces. We are going to today launch a real

war on drugs. We are sending this message that in fact drugs can destroy lives.

CHINA

The SPEAKER pro tempore. Under the Speaker's announced policy of January 7, 1997, the gentleman from California (Mr. ROHRABACHER) is recognized for 60 minutes as the designee of the majority leader.

Mr. ROHRABACHER. Mr. Speaker, I would like to commend the gentleman from Florida for his presentation. I just came back from Southeast Asia where heroin is being grown, actually it is opium and turned into heroin, especially in Burma and in Afghanistan, and I was informed by the DEA agents there that we know exactly where the fields are that produce about 90 percent of the heroin, and with leadership from the White House we could attack those fields without hurting anybody before they ever got beyond those countries.

But like the gentleman stated, since 1992 we have not had leadership from the White House in the area, in that type of interdiction, plus we have not had the moral leadership that Ronald Reagan provided during the 1980s which made the use of illegal drugs something that was socially unacceptable. It was just something that people did not find it acceptable to have that in their presence because it was something that was regarded as insulting and degrading and immoral.

Instead, that attitude has now unfortunately changed again without that type of rejection from the leadership in the White House. Unfortunately, we see the trends in heroin use by young people is up. It is just a terrible trend.

Mr. MICA. If the gentleman will yield, I want to thank him for his leadership on this issue, in trying to call to the attention of the American people this drug problem and other problems relating to our national security that he has so eloquently presented on the floor.

He also mentioned the heroin production out of Asia. I serve on the national security subcommittee. We have found now 50 percent of the heroin, and heroin was not even really coming in any quantities out of Colombia, is now coming out of Colombia, mostly because of the policy of this administration.

We asked that waivers be granted because Colombia was decertified as not cooperating. Time and time again over the past 2½ years we have asked for equipment, resources, materials to fight the war on drugs in that country and to stop the production of heroin. This is all new just in the course of this administration that heroin is being grown in incredible quantities, poppy fields.

That is coming into Florida, it is coming into California, the gentleman's State, it is coming into the Nation. We see the results. The results are, I have heroin deaths in central Florida that equal our largest metropolitan areas in the United States. Not only the poor children in Detroit and New York and Los Angeles, but in Orlando and other suburbs across this country, are dying in the streets, in our community, now reaching 20,000 deaths, more than any war.

I thank the gentleman again for his great leadership, and also for his taking time with a special order to bring this and other matters to the attention of the Congress and the American people.

Mr. ROHRABACHER. This does fit into my special order which is focused on China because one of the things this administration is totally ignoring is the Chinese relationship to the drug lords in Burma. China has become a major distributer of heroin as it takes the heroin from Burma by providing weapons to the Burmese dictatorship, then takes the heroin or the opium out of Burma and takes it down through Vietnam and Cambodia and then out to distribution points in the United States and elsewhere.

Tonight I would like to discuss China policy. But before I do, I would like to say that I understand why the American people probably are a little bit frustrated right now when they turn on their TV, as I have over these last few months, and heard more about the sex life of our President than any of us want to know.

Yes, there may be a situation where a person was told to lie on a legal deposition, which is somewhat of a serious matter. But I for one, however, have been disappointed with the zeal of our news media in digging ever deeper into the lurid details of this ongoing circus, not to shed light on legal issues but instead to sell newspapers and to boost ratings. Accomplishing this, boosting their ratings or selling newspapers, has meant appealing not to the public sense of justice or even offering a better understanding of the legal issues that underlie this spectacle. No, the exhaustive attention paid to the Monica Lewinsky-Paula Jones maneuverings has nothing to do with the public interest and has everything to do with appealing to the public's purient interest.

For those who claim there is nothing else to cover of such a magnitude, of something that could attract the attention of the people, I rise tonight to say nay. We are living in times where decisions are being made that will determine the fundamental safety and prosperity of our people for decades to come. In a way, our President should be grateful that the media has focused on the trivial yet nevertheless inexcusable decisions that he has made in his personal conduct, rather than on some of the horrendous decisions he has made that have mind-boggling implications for our future.

Tonight I would like to discuss for the record an issue that has yet to fully make itself present to the American people. It is not now part of the public consciousness but will, I predict, once the public is aware of what is going on, result in widespread rage and ultimately an equally widespread sense of betrayal by our people. Whether purposely or as a result of well intentioned but unforgivably wrong policies, our country has been put in serious jeopardy.

First let me say that in my first 10 years that I have been here in the House of Representatives, I have suffered great frustration over our country's China policy, both Republicans and Democrats in charge of the White House. When Clinton was elected in 1992, in fact, I expected at least I would be able to work with our new President from Arkansas on the issues concerning China. After all, candidate Clinton attacked President Bush for kowtowing to the Chinese despots, and when asked in an interview a few weeks before the election, candidate Clinton pledged that he would not support most-favored-nation status for China and that he was appalled by the human rights abuses of the Communist regime in Beijing.

But once elected and sworn in as President, Bill Clinton's tune changed. He was different from President Bush, all right. Instead of not being tough enough on the Communist Chinese regime, he decided not to be tough at all. Instead of revoking most-favored-nation status for Communist China as he pledged during his campaign, President Clinton waited till Congress was out of town on a break and then announced that his administration was decoupling Chinese trade issues from any discussion of human rights. In one single stroke, Bill Clinton earned an infamous place in history.

□ 1900

In the years since he has done nothing to rectify or correct this horrendous violation of our trust. This act was the worst setback for the cause of human rights at least since the time that I have served in Congress.

Not only did we step off the high ground in our relations with the Communist Chinese regime, but we have been wading in the muck with them ever since. The tough guys in Beijing now know darn well that anything this administration says or does about human rights is meant for internal consumption in the United States only. In other words, we are being played for suckers.

Every time a pronouncement is made by Bill Clinton's White House about Tibet or the savagery against religious people in China, the regime in Beijing laughs. I mean, Madeleine Albright is over there now, and it was reported that she said something really tough on human rights, and you know she was taken very seriously by, you know, the gangsters in Beijing.

Any talk of liberty or justice by the President of the United States or any member of this administration is seen as a joke by Third World despots and Chinese dictators. This has been a tremendous disservice to our country as

well as to the oppressed peoples of the world to whom the United States is their only real hope of ever living in freedom and in dignity.

So why is this situation? Well, first and foremost, the gangsters who run China cannot help but notice that, while leaders may make noises like Madeleine Albright has just done, little noises, they are still raking in the $50 billion annually from their trade surplus with the United States, and we are not doing anything to stop that. So they are going to listen to our noises while we are giving them a situation where they get $50 billion out of our pockets.

Give me a break. We still let them get away with charging 30 to 40 percent tariffs on our goods that are being exported to China, even while we let their products that flood into the United States come here with only 3 or 4 percent tariffs. How can we possibly treat our people, let our people be treated in such an unfair way and just not even go after it, not even try?

The trade relationship is so skewed that we let them get away with outrageous demands. For example, when we want to sell some of our products to China, like airplanes, for example, we must build airplane manufacturing parts over there in China. That means that after 10 years from now they will have technology for a modern aerospace industry in order to put our people out of work in order to sell our airplanes today, and we let them get away with those kind of demands, and we even finance the airplane deals.

We even use, as I say, taxpayer dollars to subsidize or guarantee the building of manufacturing operations in China and elsewhere in the Third World where dictators reign.

I can understand the sale that, you know, subsidizing or in some way trying to subsidize and help along a sale of a product that is just a transfer of a good made here so that they can afford the credit or something over there, but, by and large, that is not what is happening. What is happening is that Most Favored Nation status is really about not the selling of our products but what it is really about is the Federal Government taxing you and me. Then through the Export-Import Bank and other financial institutions supported by our tax dollars they use those dollars to facilitate the building of factories in China and other dictatorships that will be used not just to supply goods for the Chinese market but then it will be turned around and used to provide goods and manufacture goods that will be exported to the United States to put our people out of work who are the ones paying for the taxes that subsidized the deal in the first place.

This is the worst violation, the worst violation of trust that I have seen, and this body continually refuses to come to grips with it. Whenever there is a debate on this issue, the issue is skirted, and they talk about selling our goods over there when the real complaint is we are building factories over there that will put our people out of work. And the people on the other side, the Export-Import Bank and these other issues, continually refuse to come to grips with that answer.

Then we signed international agreements like the Global Warming Treaty which exempts China from the strict controls we put on ourselves and knowing full well that that will mean that more and more investment into machinery and technology, and plants will go into China, and they will build manufacturing units in China that will outpace our own production in the United States. In other words, we are laying the groundwork for a huge transfer of wealth from the United States to China and other Third World countries.

And what are the Communist Chinese bosses doing with this technology? Well, number one, they are not paying any attention to our words that we are concerned that they do not believe in human rights, but what they are doing with it is they are taking that and building a modern military force, a modern Army, Navy, Air Force and missile force to threaten anyone who gets in their way.

Has there been any liberalization in the meantime? Any change of thinking? Are there any nicer guys up there in Beijing? Well, to think well of Bill Clinton and the corporate power brokers who are groveling to these Chinese Communist thugs and downplaying their overflow, I might add, we must believe that this strategy of engagement will result in a modification of the behavior by Communist Chinese.

These are the same Communist Chinese who now hold their fellow countrymen in a grip of repression and terror. In fact, they are the world's largest and most grandiose human rights abusers.

This coddle-a-Nazi-and-he-will-become-a-liberal strategy is as wrongheaded an attitude as the American industrials and bankers had towards Hitler's Germany and Hirohito's Japan in the 1930s. It did not work with those thugs, and it is not going to work with these thugs. As we know, that did not foster peace then but led to war and unfathomable suffering and death in the 1940s.

If we do not use our heads and act in strength and insure that we have the strength, we could, with all the best of intentions, stumble into this same type of murderous conflagration as happened in the third and fourth decade of this century; and things will not get better, they will get worse.

Well, 10 years ago there was, you know, has it gotten better since we have really been bending over backwards for this last decade to try to work with these people, to engage the Chinese regime? Well, 10 years ago there was an active populist reform movement in China, and now there is none.

Although some internal debate is tolerated among the party elite who seek a means of laying out public steam without endangering the party's monopoly of power, by and large the good guys, meaning the non-Communist opposition, have either fled or been murdered or sentenced to prison. So instead of evolving into a freer society, China is going in the opposite direction.

Yes, it is more prosperous, but those buildings and those cars and that technology does not mean they are any less dictatorial or repressive or immoral.

When you blur the distinctions between right and wrong, between good and evil, which is what our administration and those people who want to deal with the Chinese on an equal basis do, do not be surprised if you find yourself going in the wrong direction.

Bill Clinton and the corporate elite who are pushing this Chinese policy on America are, if we trust their words, trying to gradually turn China from a militaristic dictatorship to a hard-driving yet benevolent player in the world economy. They claim to believe that China will evolve. Of course, they are making a lot of money, a lot of money in the process; and, as I pointed out, these people making a lot of money are doing so by being subsidized and protected by the American taxpayer.

Let me say that those businessmen who go into China without a government subsidy, without a guarantee, without political insurance provided by the American taxpayer, that is okay, good luck. Good luck, you were taking the risks, and I am not talking about you tonight because you will be paying for the consequences if you were wrong just as you will reap the rewards if China does become the vast market that drives the dreams of so many, and the China dream is what it is all about.

You know they said that China is the great market of the future, and it always will be. Well, China has its own national interests and its totalitarian leaders have their own unchallenged personal power that holds western concepts of democracy and the rules of law and equitable political and business relationships in contempt.

Tonight I feel compelled to express my skepticism about those who loudly advocate the evolutionary engagement theory of the 50 or so American business leaders who have sat in my office and told me about doing business on the mainland of China and how it is going to make these people more liberal and how they will get some values from us.

Not one has ever spoken to a Chinese official near or around his place of business in China about human rights, not one. Many of them have even admitted that they would permit Communist officials to arrest their own employees if that employee belonged to an unrecognized Christian church.

This is a pitiful reality. It is a disgrace that any American, it is a total

disgrace that any American would stand by as a Christian or a person of any religious faith was dragged out of their offices kicking and screaming by some Gestapo, whether it was a Communist, Nazi or Fascist or whatever type of Gestapo it was.

I guess it comes down to this. Just because you are free to do business in a dictatorship like China does not mean you are free from the responsibility of being an American and standing up for our ideals of freedom, and at the very least you are not expected to participate in activities that threaten the security of our country just because you are making money.

Tonight I wanted to discuss the inane policies of our government and the activities of some of our corporate citizens that are both deplorable and alarming. Tonight I want to discuss for the record for the first time the possibility that this administration and some powerful high-technology companies may well have put our country in grave danger, perhaps putting in harm's way millions of our citizens. If accurate, the information I have been examining describes one of the worst betrayals of America's security interests since the Rosenbergs.

I will go right to the heart of the issue. It appears that several high-tech corporations doing business with the Communist Chinese may have gone not only over the line of propriety but over the line of loyalty to the security interests of our country. These aerospace and technology companies, many have provided the Communist Chinese regime with the technology and know-how to perfect rockets and intercontinental missiles.

Because of this assistance from American citizens, the Chinese now have the capability of delivering nuclear weapons to the United States. This puts millions of Americans in danger of nuclear incineration should we ever again confront the Chinese Communists about their belligerent actions or aggressive behavior.

Making matters worse, the Clinton administration appears to have been a willing accomplice to this crime against our people; and the President himself may have been involved in actions aimed at preventing legal action by the Justice Department from being taken against the perpetrators of these outrageous impossible crimes.

What I am saying is as serious as anything that I have ever said in the 10 years that I have been a Member of Congress. As chairman of the House Space and Aeronautics Subcommittee, it is my responsibility to oversee NASA and America's space effort. Because of this, I have a certain degree of knowledge about missiles and rockets. This expertise allowed me to understand the horrific implications of the cooperation between American companies and the Chinese in the improvement of the Chinese aerospace launch systems which I first heard about several months ago.

The story probably began several years ago when I was asked to support an effort then being made by Hughes Electronics to assist in their sales of communication satellites to China. Some countries like China were insisting on launching purchased satellites, satellites that had been purchased from Hughes on their own rockets.

It made sense to me that setting up a telecommunication system for China was a good idea. Launching these satellites up there, putting the satellites up so they could have a telephone system and they make long distance calls and such, that was a good idea, would connect them to the rest of the world. It would link them to the world, and our folks would make a profit in doing it, so why not give them permission? It was a good idea.

Was it a good idea for our U.S. firms to launch satellites on foreign rockets? Well, yes, they could do so if they were willing to do it at their own risk.

I supported the request. But at no time did I or anyone else in Congress support the idea that any American company or any American citizen should be upgrading Chinese rockets to launch those satellites; and that, my friends, looks like what has happened. Americans and American companies using their skill and their technology, some of it developed by American tax dollars during the Cold War, being used to upgrade the capabilities of Chinese rockets and missiles.

The Chinese Communist regime who was unable to hit us with rockets and missiles 5 years ago, I am very sad to say, now has the capability of landing nuclear weapons transported by rockets landing those nuclear weapons in the United States, and we are the ones who perfected their rockets.

□ 1915

In a nutshell, until last year, the Chinese Long March Rocket had a shaky history of misfires, explosions and unreliability. It took three or four Long March Rocket launches to complete one successful mission. That is why it was a shock to learn a few months ago that the Long March now is more reliable. It has, it seems, been perfected.

This became evident when I heard that two satellites from Motorola's iridium project were launched into orbit, and it only took two Long March Rockets to do it. Two out of two successful shots. How could this be, I asked myself? And then I got a sinking feeling in my stomach that I knew the answer.

I will tell my colleagues how it could be. After the blow-up of a Long March Rocket, a team of American engineers working for an American firm sat down and rolled up their sleeves in what they treated as nothing more than an engineering project. They thought that what they were doing was just engineering. And when it was all over, the Red Chinese had the ability to reliably put into orbit commercial satellites. That alone was a betrayal of American aerospace workers who built competitive launch systems like the Delta Rocket. And by the way, the Delta Rocket just happens to be built in my congressional district. So for us to upgrade their rocket capability using our technology, that was a betrayal in and of itself of the economic responsibility we have to watch out for our own people.

But putting their fellow American aerospace workers out of jobs is not all these companies did by helping the Chinese upgrade their missiles. They put all of us in the crosshairs of a Communist Government, which, thanks to this assistance, now has the ability not just to put satellites into space, but to deliver nuclear weapons to a majority of American cities.

When this realization first hit me, it knocked the wind right out of my lungs. I could hardly breathe. And when I queried an executive from one of the corporations who were involved in upgrading this Chinese missile capability, he quickly stated that I should not worry, because he understood that his company was operating with a national security waiver signed by the President of the United States. He did not say that he had seen this waiver personally.

The engineering achievement this gentleman talked about was Rocket Stage Separation technology and Multiple Independent Reentry Vehicle technology. If my colleagues cannot understand it, the first one is the stage technology that permits the stages of the rockets to separate; the last one I talked about is called MIRV technology.

But before these technologies were given to the Chinese, the Long March would often blow up, and they would blow up when the stages tried to separate, and if it survived the stages' separation and made it into space, there was often a problem with the satellite dispenser. That is where the MIRV technology comes in.

So the American companies proceeded to provide stage separation technology as well as technology that enabled the rocket to spit out satellites, or nuclear warheads, whichever the Communist Chinese might want to use on any particular day.

About the same time, and perhaps as part of the same team, even perhaps as part of the same effort, two other aerospace firms were involved in a project to upgrade and perfect the Long March Rocket's flight control and guidance systems. Apparently an electrical flaw had caused a malfunction which blew up a Long March Rocket attempting to launch a satellite by Loral Space and Communications of Manhattan. Again, the American technological cavalry came to the rescue.

Engineers from Loral, assisted by engineers from Hughes Electronics, and at the direction of their superiors, charged forward to correct the problems in the Long March. It seems what

happened was a sterile, coldly calculated decision to fix these problems with no consideration of the national security implications to the United States.

One must hope that no consideration was given to our security, because if there was consideration given to our security, it means these company officials said to themselves, to hell with the safety of every man, woman and child in the United States; this is a lucrative contract and we are not going to lose it. Well, where the hell do they think they are going to go home to once the contract is over?

A few years ago it was unlikely that the Chinese Communists could threaten us with a nuclear strike. Confronting their misdeeds then could be accomplished with limited risk. Our leaders have tremendous leverage to prevent aggression and to keep the lid on volatile situations. Now, all of that has changed, much of it due perhaps to the assistance to the Chinese Communists by American citizens and American companies.

In a recent report by the U.S. National Air Force Intelligence Center, that report indicates that China now has a new three-stage intercontinental ballistic missile that can reach every State in our country, except southern Florida. The report states that these missiles carry only a single warhead. But the Communists are close to producing a new system with multiple independent reentry vehicles, MIRVs. The security of our country will never be the same.

The young people who are watching on their televisions or are here with us tonight, their lives will be far less secure than it ever would have been had we not permitted this to happen. The security that people expected that we would take into consideration was not part of the equation. Unfortunately, the young people of our country now will have to live under a cloud that they could be pulverized by nuclear weapons sent from mainland China on a rocket that American technology helped build for our adversaries.

In May 1997, the Pentagon produced a classified report on missile expertise transferred to China which concluded that the United States national security was probably damaged by the Loral-Hughes technology transfers I have just described. This was followed by an investigation into the deal by the U.S. Justice Department. Then, only a few weeks ago it was revealed by the press that a Federal grand jury was investigating Loral and Hughes for possible violations of law in this outrageous transfer of weapons know-how to the Communist Chinese.

Now comes the kicker of this story. President Clinton and his administration have been doing everything they can to quash the investigation of this possible violation of law, this betrayal of our country. According to press accounts, Justice Department officials claim that 2 months ago, their investigation was seriously undermined when President Clinton quietly approved the export to China of similar rocketry expertise by Loral. Our President cut the legs out right from under the law enforcement agencies trying to investigate this matter, a matter which is obviously of great importance to our national security.

This move reflects a horrifyingly cavalier attitude toward the safety of our people from the nuclear weapons capabilities of the Communist Chinese, or it could be even worse. Worse? Yes, worse than a cavalier attitude about the Chinese Communists being able to hit us with nuclear weapons. What is worse than that? An attitude that is not cavalier, but it was a conscious decision.

The CEO of Loral is Bernard Schwartz. This gentleman also has the distinction of being one of the largest single contributors to President Clinton's reelection campaign; and unlike other aerospace companies, would strive to have a balanced portfolio of campaign contributions. This company obviously had its man, and his name was Bill Clinton.

Mr. Schwartz was the largest individual contributor to the Democratic Party in 1997, and in 1996, together with Loral and Hughes Companies, contributed $2.5 million to the Democratic Party that we know about, almost triple their contributions that they gave to the Republican Party.

We are also aware of the likelihood that the Communist Chinese had contributions of their own that made their way into President Clinton's campaign coffers. The total dollar figure is unknown because, it is unknown because those who have that information are currently on the lam. They are hiding so they will not have to testify as to Chinese Communist money going into President Clinton's campaign. Many of them have left the country, and those who have come back are looking for immunity to testify before Congress, but they are now in the process of having their immunity denied by Democrat Members of this body who are part of the investigating committee. They will not grant them immunity, because they do not want that information coming out.

What, if any, have these Chinese Communist donations purchased? Direct evidence is sketchy, but we do know that since President Clinton was elected in November 1992, China has violated its nonproliferation commitments no less than 20 times according to the Congressional Research Service.

In response, the administration has only twice imposed sanctions in accordance with U.S. law, and in one of these cases, the sanctions were waived in one of these cases after only 1 year. In addition, China has repeatedly transferred or discussed transferring weapons of mass destruction to rogue nations such as Iran and Libya, after assuring our country that all such actions had ceased.

Today, it is Israel's 50th anniversary. Fifty years, Israel has been in conflict for 50 years. One of the greatest threats to Israel is what? Rockets that can hit their targets fired at them from extremist countries and terrorist countries like Iran. And yet, President Clinton seems to have undercut the investigations and greased the skids for providing the Communist Chinese technology that, even after the Chinese have repeatedly provided technology to people like the Iranians and others who are enemies not only of the United States, but enemies of Israel.

In giving the Iranians guidance system technology for rockets, this is quite a birthday present for Israel, and quite a birthday present for anybody in the Western world who sides with the United States and sides with the Western democracies.

And of course now, the administration claims, we are going to reach out again and accept the Chinese Communist word again that they will not do it anymore, they will not give any more information, and in exchange for that agreement not to give any more information, we are going to give them all the rest of our technological secrets. We are going to extend the cooperation with the Communist Chinese to a greater extent than it has ever been. That is a proposal right now going on that the President is preparing to offer when he goes to China next month. This is a travesty, it is a travesty.

In this atmosphere, President Clinton will go to China next month, and the papers suggest that he is going to offer the Communist Chinese to share with them our space technology if they just agree not to transfer it to others. This, of course, is nonsense on the face of it. We are going to share our technology with someone who has already given it to our enemies, somebody who themselves are a Communist dictatorship and one of the worst violators of human rights on this planet? People who are torturing Christians and other believers, we are going to give our space technology to them?

Well, I suggest that this is nonsense on the face of it, and that is not what this is all about. This proposal by the President, I believe, is trying to do something that he did before when he undercut the investigation into Loral and Hughes. What this is is trying to offer a mask, this new policy the administration is offering, is doing nothing more than trying to give a mask to deeds that have already been done, just as the move in granting Loral approval to transfer rocket technology undercut the investigation into the wrongdoing that they have already done.

So in other words, this grandiose plan that we have read about in the newspapers may well be nothing more than a cover for misdeeds that have already taken place because the President knows that this information is going to come out about American technology being used by Chinese Communists to build their rockets which

are aimed in our direction. The President knows how volatile that is, and the story has been coming out slowly but surely, and this speech tonight I think will even accelerate the information about this terrible betrayal of America's interests.

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What seems to have happened is that instead of civilizing the communist Chinese, our engagement with that government has corrupted our democracy. Instead of providing us wealth, it has undercut our domestic production and has transferred our technology to our adversaries. Instead of promoting peace, it has massively extended the raw destructive power of a regime that remains one of this world's worst human rights offenders and a country that threatens the peace and stability of the planet.

A recent confirmation of that expanded destructive power comes from General Haber, a commander of the U.S. Strategic Command. General Haber recently stated, and I quote, ''The Chinese do have the deployment of an intercontinental missile that can reach most of the United States, except for southern Florida.''

Because of this new threat from communist China, because it is so overwhelming, this speech is going to be only the first of many I will make on the subject. But let me add one point here.

Here we have a President and an administration that is willing to undercut investigations into these companies and he may well, for all we know, by his own attitude have fostered an idea among these companies that they could get away with this type of betrayal of America's interests. Perhaps they saw the President and his dealings with China and how he makes a joke out of human rights, and they thought why should they consider America's national security interests.

But this is the same group of people, the President of the United States and his administration, who because of what they have done, now that the communist Chinese have the ability to hit our country with nuclear weapons, this is the same President that has gone out of his way to prevent us from developing a defense system that would defend us against an attack, a missile attack. This is the same administration that has done everything they can to prevent the Republicans from developing a missile defense system for the United States of America and for our allies. The standard is incredible. It is overwhelming. It still almost takes the air out of my lungs when I think about this.

I mean, just where is the interest of the American people? Who is concerned about it? Who is protecting us? It certainly is not people who would permit the technology that was developed during the Cold War for our own weapons systems to be handed over to the communist Chinese even before they have had any liberalization of their system.

Once the American people realize what has happened, I predict a wave of outrage will sweep across our country, even to Florida, even though they are the only ones who have not been made vulnerable by this. Though the Floridians cannot be hit by land-based missiles, the folks down there understand that being an American is more important that the almighty dollar and they understand that being an American is something special and they would never betray the interests of their country.

It seems like some of our citizens, including some prominent individuals, may have forgotten that and may be operating at a much lower level of value than that.

Perhaps President Clinton really was converted to the theory and convinced that these gangsters who now control the mainland of China could be civilized by luring them into economic dependency and technological dependency. If we make them economically dependent and so technologically dependent by giving them technology and building their economy up, that that will make things better. Maybe he really believes that.

Maybe he believes that once that happens and they have prosperity, that their iron fist can be unclenched because we will have proven to them our sincere desire for peace and, therefore, the insecurity and the vulnerability that the Chinese have, that will be satisfied and they can disarm and they will longer be this monstrous totalitarian regime that they are.

Let us give the President the benefit of the doubt. Maybe that is what he believes. That is the most foolish thing that I have ever heard, but I have heard it expressed so many times that we are going to have to give people good motives. But whether they have good motives or not, let us look at what is happening here. These are the same type of assurances and feeling that Neville Chamberlain gave the people of England about the Nazi regime shortly before the bombings of London that caused World War II. World War II was brought on by people trying to prove their sincerity to Hitler. Let him take the Rhineland back. Let us prove to him that he can take these territories. Where there is any question at all, always give him the benefit of the doubt. And our businessmen did business with Hitler and Hirohito up until the day that World War II started.

Mr. Speaker, these things did not make Hitler and the dictators in Japan and Italy any less aggressive or less likely to cause war. These things actually are foolishness and nonsense, and trying to prove that we were not a threat did just the opposite to these bosses.

We must never forget that the real reason for the communist Chinese and their monstrously bad human rights record, and for their continued military buildup, and for the unrelenting repression in China of Christians and Muslims and Buddhists, and for the continued genocide that is going on in Tibet, the main reason this is happening is the fundamental nature of the communist regime, the vile nature of their own political system. It is meant to be a communist dictatorship. They have never stepped back one inch from the idea that they will control their society with an iron fist.

Just the other day we read about what? It came out in the paper, I guess it was today in fact, a rock and roll singer was arrested in Hong Kong. And why? The rock and roll figure was arrested and put into prison because he is a threat to that country's national security. A rock and roll singer. Yes.

And Christians, and Muslims, and Buddhists, and the Dalai Lama's followers and anyone else who would speak up against this system. Any artist who would dare to show their work without permission. Anyone who would say anything against the regime outside of the communist party structure.

The solution that we need to have is not to try to prove our sincerity to the communist Chinese. We need to work with the people of China to overthrow and eliminate this corrupt, this vile, this tyrannical system and kick out these people who oppress them. The younger people in China do not believe in this, just like the younger people in Russia did not. Our goal should not be trying to give legitimacy and trying to make them not feel threatened by giving them our technology. That will only result in America being placed in jeopardy. It will only result in our people living less prosperous lives and now our people living under a cloud, under a threat of nuclear attack when five years ago they were not.

The solution, of course, is ending their system and bringing them in and demanding, demanding, yes demanding that there be real changes for us to have any closer relationships with them.

Finally, let me just summarize what we have talked about tonight, what I have talked about tonight. Tonight, we have opened a discussion which I believe will continue and intensify in the weeks ahead. I have given details about a transfer of American technology by American companies to the communist Chinese. This transfer of American technology has perfected communist Chinese rocket systems which now enables these communist Chinese rockets to reach targets in the United States of America.

When Bill Clinton was elected President of the United States, the communist Chinese could not launch with a rocket from the mainland of China on a nuclear attack of the United States. They are now capable of that. The MIRV technology which our companies transferred to them also permits these same rockets not to carry a single warhead but to have several warheads. The same technology that spits out a satellite can be used to spit out nuclear warheads.

There was an investigation into this transfer of technology, an investigation by government officials who were convinced that America's national security had been put in jeopardy and that the law had been violated. President Clinton took actions that undermined and undercut that investigation.

At least one of the heads of the U.S. companies that were providing this technology to the communist Chinese is one of President Clinton's biggest campaign contributors and indeed the biggest campaign contributor to the Democratic Party in 1996. We do not know about the campaign contributions from the communist Chinese to President Clinton's campaign in the last presidential reelection campaign because the witnesses are on the lam, and the Democratic Party Members in the investigating committee are refusing to grant them immunity so that they can tell their story to the American people.

I do not like to come to the floor of the House to talk about something so horrendous as this. This has implications about the safety of every one of our families. I hope that everyone who is reading this in the CONGRESSIONAL RECORD and I hope that everyone who is seeing this on C–SPAN will make sure they contact their Member of Congress and make it clear that we should get to the bottom of this. And I assure my colleagues that this is one Member of Congress that will not stop until we get all of the information about this horrendous transfer of weapons and technology that has put us in jeopardy.

Speaker GINGRICH and others now are in the process of requesting the information, and if this administration does not cooperate there will be hearings on this subject.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. BLILEY of Virginia (at the request of Mr. ARMEY) for today after 3 p.m. on account of personal reasons.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

The following Members (at the request of Mr. STUPAK) to revise and extend their remarks and include extraneous material:

Mr. PRICE of North Carolina, today, for 5 minutes.

Mr. SHERMAN, today, for 5 minutes.

Ms. MILLENDER-MCDONALD, today, for 5 minutes.

Mr. SNYDER, today, for 5 minutes.

Mr. ALLEN, today, for 5 minutes.

Mr. ABERCROMBIE, today, for 5 minutes.

Mr. STUPAK, today, for 5 minutes.

Ms. JACKSON-LEE of Texas, today, for 5 minutes.

The following Members (at the request of Mr. SESSIONS) to revise and extend their remarks and include extraneous material:

Mr. DELAY, today, for 5 minutes.

Mr. BURTON of Indiana, today, for 5 minutes.

Mr. GEKAS, today, for 5 minutes.

Mr. HUTCHINSON, today, for 5 minutes.

Mr. WOLF, today, for 5 minutes.

Mr. MICA, today, for 5 minutes.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

The following Members (at the request of Mr. STUPAK) and to include extraneous matter:

Mr. KIND.
Mr. MENENDEZ.
Mr. DOYLE.
Mr. FRANK of Massachusetts.
Mr. VENTO.
Mrs. MEEK of Florida.
Mr. KLECZKA.
Mr. KLINK.
Ms. SANCHEZ.
Mr. SKELTON.
Mr. GEJDENSON.
Mr. COSTELLO.
Mr. DEUTSCH.
Mr. SHERMAN.
Mr. KUCINICH.
Ms. DELAURO.
Mr. SCHUMER.
Mrs. MALONEY of New York.
Mr. KILDEE.
Mr. FORD.
Mr. NEAL.
Mr. BERMAN.
Mr. ALLEN.
Mr. DINGELL.
Mr. PASCRELL.
Mr. CARDIN.
Mr. KANJORSKI.
Mr. GORDON.
Ms. CHRISTIAN-GREEN.
Mr. ACKERMAN.
Ms. CARSON.
Mr. HINOJOSA.

The following Members (at the request of Mr. SESSIONS) and to include extraneous matter:

Mr. BALLENGER.
Mr. BEREUTER.
Mr. PETERSON of Pennsylvania.
Mr. MANZULLO.
Mr. HORN.
Mr. WALSH.
Ms. GRANGER.

The following Members (at the request of Mr. Rohrabacher) and to include extraneous matter:

Mr. GINGRICH.
Mr. HORN.
Mr. BLUNT.
Mr. SMITH of Oregon.
Mr. LARGENT.
Mr. PACKARD.
Mr. PAPPAS.
Ms. HARMAN.
Ms. SANCHEZ.
Mr. FRANK of Massachusetts.

ENROLLED JOINT RESOLUTION SIGNED

Mr. THOMAS, from the Committee on House Oversight, reported that that committee had examined and found truly enrolled a joint resolution of the House of the following title, which was thereupon signed by the Speaker:

H.J. Res. 102. Joint resolution expressing the sense of the Congress on the occasion of the 50th anniversary of the founding of the modern State of Israel and reaffirming the bonds of friendship and cooperation between the United States and Israel.

ADJOURNMENT

Mr. ROHRABACHER. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 7 o'clock and 42 minutes p.m.), under its previous order, the House adjourned until Monday, May 4, 1998, at 2 p.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

8831. A letter from the Under Secretary for Acquisition and Technology, Department of Defense, transmitting a report on the Commercial Operations and Support Savings Initiative (COSSI), pursuant to Public Law 105—85; to the Committee on National Security.

8832. A letter from the Chairman, Federal Deposit Insurance Corporation, transmitting the semiannual report on the activities of the Affordable Housing Disposition Program covering the period from July 1, 1997 through December 31, 1997, pursuant to Public Law 102—233, section 616 (105 Stat. 1787); to the Committee on Banking and Financial Services.

8833. A letter from the Assistant Secretary for Legislative Affairs, Department of State, transmitting the Department's annual report on international terrorism entitled ''Patterns of Global Terrorism: 1997,'' pursuant to 22 U.S.C. 2656f; to the Committee on International Relations.

8834. A letter from the Assistant Secretary for Legislative Affairs, Department of State, transmitting certification that the Republic of Armenia, the Azerbaijani Republic, the Republic of Georgia, the Republic of Kazakhstan, the Kyrgyz Republic, the Republic of Moldova, the Russian Federation, Turkmenistan, Ukraine and the Republic of Uzbekistan are committed to the courses of action described in Section 1203(d) of the Cooperative Threat Reduction Act of 1993, Section 1412(d) of the Former Soviet Union Demilitarization Act of 1992, and Section 502 of the FREEDOM Support Act; to the Committee on International Relations.

8835. A letter from the Director, National Oceanic and Atmospheric Administration, transmitting a report detailing the previous 10-year period the catches and exports to the United States of highly migratory species from Nations fishing on Atlantic stocks of such species that are subject to management by the International Commission for the Conservation of Atlantic Tunas, pursuant to Public Law 94—70, 16 U.S.C. 971; to the Committee on Resources.

8836. A letter from the the Board of Trustees, Federal Hospital Insurance Trust Fund, transmitting the 1998 Annual Report of the Board of Trustees of the Federal Hospital Insurance Trust Fund, pursuant to 42 U.S.C. 401(c)(2), 1395i(b)(2), and 1395t(b)(2); (H. Doc. No. 105—245); to the Committee on Ways and Means and ordered to be printed.

8837. A letter from the the Board of Trustees, Federal Old-Age and Survivors Insurance and Disability Insurance Trust Funds, transmitting the 1998 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and the Federal Disability Insurance Trust Funds, pursuant to 42 U.S.C. 401(c)(2), 1395i(b)(2), and 1395t(b)(2); (H. Doc. No. 105—243); to the Committee on Ways and Means and ordered to be printed.

8838. A letter from the the Board of Trustees, Federal Supplementary Medical Insurance Trust Fund, transmitting the 1998 Annual Report of the Board of Trustees of the Federal Supplementary Medical Insurance Trust Fund, pursuant to 42 U.S.C. 401(c)(2), 1395i(b)(2), and 1395t(b)(2); (H. Doc. No. 105—244); jointly to the Committees on Ways and Means and Commerce, and ordered to be printed.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. LIVINGSTON: Committee of Conference. Conference report on H.R. 3579. A bill making emergency supplemental appropriations for the fiscal year ending September 30, 1998, and for other purposes (Rept. 105–504). Ordered to be printed.

Mr. SOLOMON: Committee on Rules. House Resolution 416. Resolution waiving points of order against the conference report on accompany the bill (H.R. 3579) making emergency supplemental appropriations for the fiscal year ending September 30, 1998, and for other purposes (Rept. 105–505). Referred to the House Calendar.

TIME LIMITATION OF REFERRED BILL

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

H.R. 1704. Referral to the Committees on Government Reform and Oversight and House Oversight extended for a period ending not later than May 15, 1998.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of Rule X and clause 4 of Rule XXII, public bills and resolutions were introduced and severally referred, as follows:

By Mr. WELDON of Pennsylvania (for himself, Mr. HOYER, Mr. ANDREWS, Mr. PAPPAS, Mrs. CAPPS, Mr. REYES, Mr. PITTS, Mr. ENGLISH of Pennsylvania, Mr. MCNULTY, Mr. FOX of Pennsylvania, and Mr. CASTLE):

H.R. 3764. A bill to establish a Commission to assess weapons of mass destruction domestic response capabilities; to the Committee on Transportation and Infrastructure.

By Mr. SMITH of Oregon:

H.R. 3765. A bill to gradually increase the fees paid by current holders of Forest Service special use permits that authorize the construction and occupancy of private recreation houses or cabins; to the Committee on Agriculture.

By Mr. CANADY of Florida:

H.R. 3766. A bill to streamline, modernize, and enhance the authority of the Secretary of Agriculture relating to plant protection and quarantine, and for other purposes; to the Committee on Agriculture, and in addition to the Committees on the Judiciary, Resources, and Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. BARRETT of Wisconsin (for himself and Mr. KLECZKA):

H.R. 3767. A bill to nullify a certain regulation regarding the operation of the Organ Procurement and Transplantation Network; to the Committee on Commerce.

By Mr. ALLEN (for himself and Mr. SNYDER):

H.R. 3768. A bill to increase the availability, affordability, and quality of school-based child care programs for children aged 0 through 6 years; to the Committee on Ways and Means, and in addition to the Committee on Education and the Workforce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. BAESLER (for himself and Ms. SLAUGHTER):

H.R. 3769. A bill to amend the Fair Labor Standards Act of 1938 to allow compensatory and punitive damages for violations of the anti-discrimination provision of such Act and to provide additional resources to the Secretary of Labor to do studies and outreach on pay disparities; to the Committee on Education and the Workforce.

By Mr. BROWN of California (for himself and Mr. LEWIS of California):

H.R. 3770. A bill to amend the Act of June 15, 1938, to extend the authority of the Secretary of Agriculture to purchase lands within the boundaries of certain National Forests in the State of California to include the Angeles National Forest and to expand the purposes for which such purchases may be made; to the Committee on Resources.

By Mr. DEUTSCH (for himself and Mr. FOLEY):

H.R. 3771. A bill to prohibit the Secretary of Agriculture from implementing a rule that would allow the importation of papayas that are the product of Brazil into the continental United States, Alaska, Puerto Rico, or the Virgin Islands of the United States until certain conditions are met, and for other purposes; to the Committee on Ways and Means, and in addition to the Committee on Agriculture, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. ENGLISH of Pennsylvania (for himself, Mr. HOUGHTON, and Mrs. THURMAN):

H.R. 3772. A bill to amend the Internal Revenue Code of 1986 to allow the work opportunity credit against the alternative minimum tax; to the Committee on Ways and Means.

By Mr. ENGLISH of Pennsylvania (for himself, Mr. COYNE, and Mr. HOUGHTON):

H.R. 3773. A bill to make permanent certain authority relating to self-employment assistance programs; to the Committee on Ways and Means.

By Mr. HAYWORTH (for himself, Mr. KILDEE, Mr. MCDERMOTT, Ms. FURSE, Mr. TOWNS, Mr. FALEOMAVAEGA, Mr. KENNEDY of Rhode Island, and Mr. BROWN of California):

H.R. 3774. A bill to amend the Internal Revenue Code of 1986 to provide that housing assistance provided under the Native American Housing Assistance and Self-Determination Act of 1996 shall be treated for purposes of the low-income housing credit in the same manner as comparable assistance; to the Committee on Ways and Means.

By Mr. HOBSON (for himself, Mr. YOUNG of Florida, Mr. MURTHA, Mr. MCDADE, Mr. DICKS, Mr. SKEEN, Mr. HEFNER, Mr. BONILLA, Mr. SABO, Mr. NETHERCUTT, Mr. DIXON, and Mr. VISCLOSKY):

H.R. 3775. A bill to amend title 10, United States Code, to require that military physicians possess unrestricted licenses, and to require the establishment of a system for monitoring completion by military physicians of applicable Continuing Medical Education requirements; to the Committee on National Security.

By Mr. HOEKSTRA (for himself, Mr. SESSIONS, Mr. CUNNINGHAM, Mr. PETRI, Mr. KOLBE, and Mr. SANFORD):

H.R. 3776. A bill to require the Federal government to disclose to Federal employees on each paycheck the government's share of taxes for old-age, survivors, and disability insurance and for hospital insurance of the employee, and the government's total payroll allocation for the employee; to the Committee on Government Reform and Oversight.

By Mr. HOEKSTRA (for himself, Mr. GINGRICH, Mr. SESSIONS, Mr. CUNNINGHAM, Mr. KOLBE, Mr. SANFORD, and Mr. COBURN):

H.R. 3777. A bill to amend the Internal Revenue Code of 1986 to require that each employer show on the W–2 form of each employee the employer's share of taxes for old-age, survivors, and disability insurance and for hospital insurance for the employee as well as the total amount of such taxes for such employee; to the Committee on Ways and Means.

By Ms. KAPTUR (for herself and Mr. MEEHAN):

H.R. 3778. A bill to amend the Public Health Service Act to revise the filing deadline for certain claims under the National Vaccine Injury Compensation Program; to the Committee on Commerce.

By Mr. LAZIO of New York (for himself and Mrs. KENNELLY of Connecticut):

H.R. 3779. A bill to amend title XIX of the Social Security Act to provide medical assistance for breast and cervical cancer-related treatment services to certain women screened and found to have breast or cervical cancer under a Federally funded screening program; to the Committee on Commerce.

By Mr. MCCRERY (for himself and Mr. CARDIN):

H.R. 3780. A bill to amend title XVIII of the Social Security Act to provide for a prospective payment system for services furnished by psychiatric hospitals under the Medicare Program; to the Committee on Ways and Means.

By Mr. MCDADE:

H.R. 3781. A bill to establish the Lackawanna Valley Heritage Area; to the Committee on Resources.

By Mr. MILLER of California (by request):

H.R. 3782. A bill to compensate certain Indian tribes for known errors in their tribal trust fund accounts, to establish a process for settling other disputes regarding tribal trust fund accounts, and for other purposes; to the Committee on Resources.

By Mr. OXLEY (for himself, Mr. GREENWOOD, Mr. MANTON, Mr. GILLMOR, Mr. DEAL of Georgia, Mr. WHITFIELD, Mr. NORWOOD, Mrs. CUBIN, Mr. BURR of North Carolina, and Mr. UPTON):

H.R. 3783. A bill to amend section 223 of the Communications Act of 1934 to require persons who are engaged in the business of selling or transferring, by means of the World Wide Web, material that is harmful to minors to restrict access to such material by minors, and for other purposes; to the Committee on Commerce.

By Mr. PALLONE:

H.R. 3784. A bill to provide health benefits for workers and their families; to the Committee on Education and the Workforce, and in addition to the Committees on Commerce, Ways and Means, Government Reform and Oversight, and National Security, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. ROYCE (for himself, Mr. ARMEY, Mr. PAXON, Mr. CAMPBELL, Mr. METCALF, Mr. HERGER, Mr. SESSIONS, Mr. NETHERCUTT, Mr. ROGAN, and Mr. SANFORD):

H.R. 3785. A bill to amend the Bretton Woods Agreements Act to direct the Secretary of the Treasury to instruct the United States Director of the International Monetary Fund to present to the Fund's Executive Board a proposal to amend the Fund's bylaws to eliminate the Fund's policy of providing de facto tax-free salaries to certain Fund employees; to the Committee on Banking and Financial Services.

By Mr. SHERMAN (for himself, Mrs. MALONEY of New York, and Ms. SLAUGHTER):

H.R. 3786. A bill to restrict the sale of cigarettes in packages of less than 15 cigarettes; to the Committee on Commerce.

By Mr. MCCOLLUM (for himself, Mr. HASTERT, Mr. PORTMAN, Mr. COBLE, Mr. BUYER, Mr. CHABOT, Mr. BARR of Georgia, Mr. HUTCHINSON, and Mr. GEKAS):

H.J. Res. 117. A joint resolution expressing the sense of Congress that marijuana is a dangerous and addictive drug and should not be legalized for medicinal use; to the Committee on the Judiciary, and in addition to the Committee on Commerce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Ms. HARMAN:

H. Con. Res. 268. Concurrent resolution honoring the international corps of volunteers, known as Machal, who served Israel in its War of Independence; to the Committee on International Relations.

By Ms. SANCHEZ:

H. Con. Res. 269. Concurrent resolution expressing the sense of the Congress regarding the heroism, sacrifice, and service of former South Vietnamese commandos in connection with United States armed forces during the Vietnam conflict; to the Committee on National Security.

By Mr. SOLOMON (for himself, Mr. ROHRABACHER, and Mr. COX of California):

H. Con. Res. 270. Concurrent resolution acknowledging the positive role of Taiwan in the current Asian financial crisis and affirming the support of the American people for peace and stability on the Taiwan Strait and security for Taiwan's democracy; to the Committee on International Relations.

By Mr. PITTS (for himself, Mr. TURNER, Mr. ROGAN, Mr. MCINTYRE, Mr. GINGRICH, Mr. ARMEY, Mr. DELAY, Mr. BOEHNER, Mr. GEPHARDT, and Mr. BONIOR):

H. Res. 417. A resolution regarding the importance of fathers in the raising and development of their children; to the Committee on Education and the Workforce.

By Mr. STUPAK (for himself, Mr. DINGELL, Mr. BARRETT of Wisconsin, Mr. BROWN of Ohio, Mr. JOHNSON of Wisconsin, Mr. STRICKLAND, Mr. OBERSTAR, Mr. KUCINICH, Ms. RIVERS, and Mr. QUINN):

H. Res. 418. A resolution expressing the sense of House of Representatives that the President and the Senate should take the necessary actions to prohibit the sale or diversion of Great Lakes water to foreign countries, businesses, corporations, and individuals; to the Committee on International Relations.

MEMORIALS

Under clause 4 of rule XXII, memorials were presented and referred as follows:

301. The SPEAKER presented a memorial of the House of Representatives of the State of Oklahoma, relative to House Concurrent Resolution No. 1066 memorializing Congress to enact federal laws and regulations to ensure that contract swine and poultry growers are given freedom to form cooperative associations and organizations, and that protection is given to those growers who join growers associations from the hardships caused by unfair, deceptive, and unethical bargaining and trade practices; to the Committee on Agriculture.

302. Also, a memorial of the Legislature of the State of Oklahoma, relative to Senate Concurrent Resolution No. 50 memorializing the United States Congress to prepare and submit to the several states an amendment to the United States Constitution providing that no court shall have the power to levy or increase taxes; to the Committee on the Judiciary.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions of the following titles were introduced and severally referred, as follows:

By Mrs. JOHNSON of Connecticut:

H.R. 3761. A bill to provide for the liquidation or reliquidation of certain customs entries of nuclear fuel assemblies; to the Committee on Ways and Means.

By Mrs. JOHNSON of Connecticut:

H.R. 3762. A bill to provide for the liquidation or reliquidation of a customs entry of nuclear fuel assemblies; to the Committee on Ways and Means.

By Mrs. KENNELLY of Connecticut:

H.R. 3763. A bill to provide for the liquidation or reliquidation of certain customs entries of nuclear fuel assemblies; to the Committee on Ways and Means.

By Mr. KING of New York:

H.R. 3787. A bill for the relief of Rear Admiral THOMAS T. Matteson, United States Maritime Service, of Kings Point, New York; to the Committee on the Judiciary.

ADDITIONAL SPONSORS

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

H.R. 22: Mr. COOK.

H.R. 165: Mr. SMITH of New Jersey and Mr. WATTS of Oklahoma.

H.R. 453: Ms. WOOLSEY and Mr. JACKSON.

H.R. 586: Mr. MEEKS of New York.

H.R. 611: Mr. JOHNSON of Wisconsin and Mr. HILLIARD.

H.R. 754: Ms. ROS-LEHTINEN and Mr. PASCRELL.

H.R. 790: Mr. TOWNS.

H.R. 815: Ms. DEGETTE, Mr. MOLLOHAN, and Mr. JEFFERSON.

H.R. 902: Ms. ROS-LEHTINEN.

H.R. 934: Mr. GOODE.

H.R. 979: Mr. ACKERMAN, Mr. BECERRA, and Mr. WALSH.

H.R. 1054: Mr. THOMAS and Mr. KENNEDY of Rhode Island.

H.R. 1126: Mr. WELDON of Pennsylvania, Mr. SANDERS, and Mr. ORTIZ.

H.R. 1215: Mr. SHERMAN and Mr. DIXON.

H.R. 1241: Mr. DIXON and Mr. SMITH of Oregon.

H.R. 1356: Ms. MILLENDER-MCDONALD and Ms. DANNER.

H.R. 1401: Mr. KLECZKA and Mrs. MEEK of Florida.

H.R. 1531: Mrs. MINK of Hawaii and Mr. DIXON.

H.R. 1573: Mr. LUTHER.

H.R. 1766: Mrs. CHENOWETH, Mr. DIAZ-BALART, Mr. HULSHOF, Mr. KOLBE, Mr. NEAL of Massachusetts, Mr. PETRI, Mr. REDMOND, Mr. ROGAN, Ms. ROS-LEHTINEN, Mr. BOB SCHAFFER, Mr. SHADEGG, Mr. SMITH of Oregon, Mr. STRICKLAND, Mr. SUNUNU, Ms. VELAZQUEZ, and Mr. WATKINS.

H.R. 1788: Mr. PASCRELL.

H.R. 1951: Mr. MINGE, Mr. STUPAK, Mr. CRAMER, Mr. CONDIT, and Mr. TAYLOR of Mississippi.

H.R. 2019: Mr. JOHN, Mr. WATTS of Oklahoma, and Mr. ENGLISH of Pennsylvania.

H.R. 2020: Mr. CAMPBELL, Mr. MCNULTY, Mr. PRICE of North Carolina, and Mr. BACHUS.

H.R. 2023: Mr. BAESLER.

H.R. 2090: Mr. WEXLER.

H.R. 2094: Mr. PAPPAS.

H.R. 2183: Mr. GRAHAM.

H.R. 2224: Mrs. LOWEY.

H.R. 2250: Mr. LARGENT and Mr. EVERETT.

H.R. 2263: Mr. FRELINGHUYSEN.

H.R. 2408: Mr. BAESLER.

H.R. 2409: Mr. JOHNSON of Wisconsin, Mr. FOLEY, and Mr. TORRES.

H.R. 2523: Mr. TOWNS.

H.R. 2526: Ms. LOFGREN, Mr. NADLER, and Mr. GORDON.

H.R. 2568: Mr. HOSTETTLER.

H.R. 2593: Mr. LINDER and Ms. GRANGER.

H.R. 2670: Mr. EHLERS.

H.R. 2701: Mr. HOLDEN, Mr. DOYLE, and Mr. MCGOVERN.

H.R. 2714: Ms. Furse.

H.R. 2752: Mr. GALLEGLY, Mr. MCKEON, Mr. DOOLITTLE, Mr. HERGER, MRS. BONO, Mr. COX of California, Mr. ROHRABACHER, Mr. ROGAN, and Mr. ROYCE.

H.R. 2801: Mr. MCGOVERN, Mr. CAMPBELL, and Ms. STABENOW.

H.R. 2819: Mr. FATTAH and Mr. BECERRA.

H.R. 2828: Mr. MCINTYRE.

H.R. 2849: Mr. DAVIS of Illinois, Mrs. CAPPS, Mr. ALLEN, Mr. MORAN of Kansas, Mr. COOK, Mr. FROST, Ms. WOOLSEY, Mr. LEWIS of Georgia, Mr. CLYBURN, Mr. BARTLETT of Maryland, Mr. THOMPSON, and Mr. ENGEL.

H.R. 2854: Mr. ALLEN and Mr. GORDON.

H.R. 2888: Mr. GOODE, Ms. STABENOW, Mrs. JOHNSON of Connecticut, and Mr. PAPPAS.

H.R. 2923: Mr. LEWIS of Georgia, Mr. MCNULTY, and Mr. BERMAN.

H.R. 2942: Mr. CANADY of Florida, Ms. EDDIE BERNICE JOHNSON of Texas, Mr. STUMP, Mr. KLUG, Mr. RAMSTAD, Mr. TRAFICANT, Mr. SESSIONS, Mr. NEY, Mr. TURNER, Mr. SISISKY, Mr. BURTON of Indiana, Mr. GIBBONS, Mr. SANFORD, Mr. UPTON, Mr. OXLEY, Mr. HILL, Mr. SMITH of Oregon, Mr. TAYLOR of North Carolina, Mr. HOEKSTRA, Mr. CUNNINGHAM, Mr. SKELTON, and Mr. COLLINS.

H.R. 2955: Mr. KNOLLENBERG and Mr. HILL.

H.R. 2973: Mrs. CLAYTON.

H.R. 3052: Mr. PASCRELL.

H.R. 3054: Mr. PAYNE and Mr. PASTOR.

H.R. 3055: Mr. FOLEY and Mr. SCARBOROUGH.

H.R. 3099: Ms. SLAUGHTER.

H.R. 3107: Mr. PICKETT.

H.R. 3140: Mr. CRAMER, Mr. JEFFERSON, Mr. HUNTER, Mr. BARR of Georgia, Mr. WATKINS, and Mr. CLEMENT.

H.R. 3156: Mr. CHAMBLISS.

H.R. 3181: Ms. ROYBAL-ALLARD.
H.R. 3205: Ms. SLAUGHTER.
H.R. 3217: Mr. SAM JOHNSON, Mr. COYNE, Mr. JEFFERSON, and Ms. CHRISTIAN-GREEN.
H.R. 3240: Mrs. CLAYTON.
H.R. 3279: Mr. METCALF and Mr. ACKERMAN.
H.R. 3281: Mr. HYDE and Mr. EVANS.
H.R. 3284: Mr. LEWIS of Georgia and Mr. DEFAZIO.
H.R. 3290: Ms. DUNN of Washington, Mr. BECERRA, Mr. HINCHEY, Ms. ROYBAL-ALLARD, Mr. BALLENGER, and Mr. SCOTT.
H.R. 3292: Mr. MILLER of California, Mr. TORRES, and Mr. LEVIN.
H.R. 3318: Mr. DAVIS of Illinois, Mr. BONIOR, Mr. SMITH of Oregon, Mr. PETERSON of Pennsylvania, and Mr. MANTON.
H.R. 3331: Mr. HUNTER, Mr. BILBRAY, and Mr. HERGER.
H.R. 3382: Mr. HASTINGS of Washington and Mr. STENHOLM.
H.R. 3396: Mr. DAVIS of Illinois, Mr. WICKER, Mr. PACKARD, Mr. BILBRAY, Mr. DICKS, Mr. STUMP, Mr. BONILLA, Mr. GILMAN, Mr. PITTS, Mr. LAHOOD, Mr. LIPINSKI, Mr. COBURN, and Mr. MORAN of Virginia.
H.R. 3400: Mr. FILNER.
H.R. 3435: Mr. CALVERT, Mr. CUNNINGHAM, Mr. DAVIS of Illinois, and Mr. COOK.
H.R. 3438: Mr. WELLER.
H.R. 3456: Mr. DOOLITTLE.
H.R. 3469: Mr. JEFFERSON.
H.R. 3494: Mr. NETHERCUTT.
H.R. 3497: Mr. JEFFERSON.
H.R. 3503: Mr. GOODE, Mrs. LOWEY, and Mr. BENTSEN.
H.R. 3506: Ms. GRANGER, Mr. RANGEL, Mr. FORD, Mr. GINGRICH, Mr. BOSWELL, Mr. PORTER, Mr. THOMAS, Mr. SHAYS, Mr. WELDON of Pennsylvania, Mr. CRANE, Mr. FOSSELLA, Mr. MANZULLO, Mr. WHITE, Mr. CARDIN, and Mr. REYES.
H.R. 3510: Ms. LEE.
H.R. 3514: Mr. ROMERO-BARCELO.
H.R. 3523: Mr. DOYLE, Mr. BAESLER, Mr. HASTINGS of Washington, Mr. TORRES, Mrs. MINK of Hawaii, Ms. HOOLEY of Oregon, and Mr. PETERSON of Pennsylvania.
H.R. 3534: Mr. KASICH, Mr. DUNCAN, Mr. HOEKSTRA, and Mr. BACHUS.
H.R. 3538: Mr. GONZALEZ.
H.R. 3551: Mr. GUTIERREZ, Mr. MARTINEZ, and Mr. GONZALEZ.
H.R. 3553: Mr. THOMPSON, Mr. DAVIS of Illinois, and Mr. MILLER of California.
H.R. 3555: Mr. CASTLE.
H.R. 3567: Mr. MENENDEZ, Mr. ADAM SMITH of Washington, Mr. MASCARA, and Mr. BALDACCI.
H.R. 3571: Mr. UNDERWOOD, Mr. MALONEY of Connecticut, and Ms. RIVERS.
H.R. 3584: Mr. GREEN and Mrs. THURMAN.
H.R. 3605: Mr. MCNULTY, Mr. FALEOMAVAEGA, Mr. MURTHA, Mr. KUCINICH, and Mr. BONIOR.
H.R. 3610: Mr. BURR of North Carolina and Mr. MENENDEZ.
H.R. 3613: Mr. GRAHAM.
H.R. 3636: Ms. RIVERS, Mr. METCALF, and Mr. DIXON.
H.R. 3641: Mr. NEAL of Massachusetts.
H.R. 3648: Mr. PAXON.
H.R. 3650: Mr. MCINTOSH, Mr. SESSIONS, and Mr. FROST.
H.R. 3651: Mr. MCNULTY, Mr. HASTINGS of Florida, Ms. SLAUGHTER, Mr. ADAM SMITH of Washington, Mr. MCDERMOTT, and Mr. MANTON.
H.R. 3667: Ms. CHRISTIAN-GREEN, Mr. WATKINS, and Mr. LEWIS of Georgia.
H.R. 3682: Mr. LOBIONDO and Mr. LATOURETTE.
H.R. 3696: Mr. ROGAN.
H.R. 3702: Mr. BONIOR.
H.R. 3734: Mr. BILBRAY, Mrs. ROUKEMA, and Mr. DAVIS of Virginia.
H.R. 3743: Mr. PALLONE, Mr. BURTON of Indiana, Mr. SAXTON, Mrs. TAUSCHER, and Mr. GUTIERREZ.
H.R. 3747: Ms. ESHOO and Mr. LOBIONDO.
H. Con. Res. 13: Mr. JENKINS.
H. Con. Res. 114: Mr. POSHARD.
H. Con. Res. 126: Mr. TALENT and Mr. HALL of Texas.
H. Con. Res. 211: Mr. PAPPAS.
H. Con. Res. 220: Mr. SAXTON.
H. Con. Res. 224: Ms. ROS-LEHTINEN, Mr. ETHERIDGE, and Mr. CALVERT.
H. Con. Res. 246: Mr. SABO, Mr. WYNN, and Mr. RUSH.
H. Con. Res. 252: Ms. WOOLSEY, Mr. LAZIO of New York, and Mr. ROTHMAN.
H. Con. Res. 264: Mr. ENSIGN, Mr. TURNER, Mr. MORAN of Virginia, and Mr. WELDON of Florida.
H. Res. 392: Mr. PAXON and Mr. DOOLITTLE.

DELETIONS OF SPONSORS FROM PUBLIC BILLS AND RESOLUTIONS

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

H.R. 3584: Mr. FROST.
H. Res. 375: Mr. GILMAN.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the clerk's desk and referred as follows:

60. The SPEAKER presented a petition of the Legislature of Rockland County, New York, relative to Resolution No. 73 petitioning the United States Congress to re-authorize the Intermodal Surface Transportation Efficiency Act; to the Committee on Transportation and Infrastructure.

61. Also, a petition of the Legislature of Rockland County, New York, relative to Resolution No. 71 petitioning the Congress of the United States and New York State to enact legislation to hold Health Maintenance Organizations and Health Care Organizations liable and responsible for their decisions regarding the provision or denial of health care services to patients or the provision or denial of payment for said services; jointly to the Committees on Commerce, Ways and Means, and Education and the Workforce.

DISCHARGE PETITIONS—ADDITIONS OR DELETIONS

The following Members' names were withdrawn from the following discharge petition:

Petition 3 by Mr. BAESLER on House Resolution 259: Virgil H. Goode and Collin C. Peterson.

AMENDMENTS

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

H.R. 6

OFFERED BY: MR. CAMPBELL OF CALIFORNIA

AMENDMENT NO. 76: At the end of the bill add the following new title:

TITLE XI—NONDISCRIMINATION PROVISION

SEC. 1101. SCIENCE AND ENGINEERING PROGRAM NONDISCRIMINATION.

(a) PROHIBITION.—No individual shall be excluded from, or have a diminished chance of acceptance to, any program authorized by part D of title III of the Higher Education Act of 1965, as added by section 303 of this Act, because of that applicant's race, color, religion, or national origin.

(b) RULE OF CONSTRUCTION.—Nothing in subsection (a) shall be construed to preclude or discourage any of the following factors from being taken into account in admitting students to participation in the program described in subsection (a): the applicants income; parental education and income; need to master a second language; and instances of discrimination actually experienced by that student.

H.R. 6

OFFERED BY: MRS. MEEK OF FLORIDA

AMENDMENT NO. 77: Page 349, after line 9, insert the following:

TITLE XI—EQUAL OPPORTUNITY FOR INDIVIDUALS WITH LEARNING DISABILITIES

SEC. 1101. DEMONSTRATION PROJECTS ENSURING EQUAL OPPORTUNITY FOR INDIVIDUALS WITH LEARNING DISABILITIES.

Subpart 2 of part A of title IV, as amended by section 405, is further amended by adding at the end the following:

"CHAPTER 6—DEMONSTRATION PROJECTS ENSURING EQUAL OPPORTUNITY FOR INDIVIDUALS WITH LEARNING DISABILITIES

"SEC. 412A. PROGRAM AUTHORITY.

"(a) IN GENERAL.—The Secretary may award grants to, and enter into contracts and cooperative agreements with, not more than 5 institutions of higher education that are described in section 412B for demonstration projects to develop, test, and disseminate, in accordance with section 412C, methods, techniques, and procedures for ensuring equal educational opportunity for individuals with learning disabilities in postsecondary education.

"(b) AWARD BASIS.—Grants, contracts, and cooperative agreements shall be awarded on a competitive basis.

"(c) AWARD PERIOD.—Grants, contracts, and cooperative agreements shall be awarded for a period of 3 years.

"SEC. 412B. ELIGIBLE ENTITIES.

"Entities eligible to apply for a grant, contract, or cooperative agreement under this chapter are institutions of higher education with demonstrated prior experience in meeting the postsecondary educational needs of individuals with learning disabilities.

"SEC. 412C. REQUIRED ACTIVITIES.

"A recipient of a grant, contract, or cooperative agreement under this chapter shall use the funds received under this chapter to carry out each of the following activities:

"(1) Developing or identifying innovative, effective, and efficient approaches, strategies, supports, modifications, adaptations, and accommodations that enable individuals with learning disabilities to fully participate in postsecondary education.

"(2) Synthesizing research and other information related to the provision of services to individuals with learning disabilities in postsecondary education.

"(3) Conducting training sessions for personnel from other institutions of higher education to enable them to meet the special needs of postsecondary students with learning disabilities.

"(4) Preparing and disseminating products based upon the activities described in paragraphs (1) through (3).

"(5) Coordinating findings and products from the activities described in paragraphs (1) through (4) with other similar products and findings through participation in conferences, groups, and professional networks involved in the dissemination of technical assistance and information on postsecondary education.

"SEC. 412D. PRIORITY.

''The Secretary shall ensure that, to the extent feasible, there is a national geographic distribution of grants, contracts, and cooperative agreements awarded under this chapter throughout the States, except that the Secretary may give priority, with respect to one of the grants to be awarded, to a historically Black college or university that satisfies the requirements of section 412B.

"SEC. 412E. AUTHORIZATION OF APPROPRIATIONS.

''There are authorized to be appropriated to carry out this chapter $10,000,000 for each of the fiscal years 1999 through 2001.''.

H.R. 10

OFFERED BY: MR. LEACH

(Amendment in the Nature of a Substitute to H.R. 10)

AMENDMENT NO. 3: Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE; PURPOSES; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the ''Financial Services Act of 1998''.

(b) PURPOSES.—The purposes of this Act are as follows:

(1) To enhance competition in the financial services industry, in order to foster innovation and efficiency.

(2) To ensure the continued safety and soundness of depository institutions.

(3) To provide necessary and appropriate protections for investors and ensure fair and honest markets in the delivery of financial services.

(4) To provide for appropriate functional regulation of insurance activities.

(5) To reduce and, to the maximum extent practicable, to eliminate the legal barriers preventing affiliation among depository institutions, securities firms, insurance companies, and other financial service providers and to provide a prudential framework for achieving that result.

(6) To enhance the availability of financial services to citizens of all economic circumstances and in all geographic areas.

(7) To enhance the competitiveness of United States financial service providers internationally.

(8) To ensure compliance by depository institutions with the provisions of the Community Reinvestment Act of 1977 and enhance the ability of depository institutions to meet the capital and credit needs of all citizens and communities, including underserved communities and populations.

(c) TABLE OF CONTENTS.—The table of contents for this Act is as follows:

Sec. 1. Short title; purposes; table of contents.

TITLE I—FACILITATING AFFILIATION AMONG SECURITIES FIRMS, INSURANCE COMPANIES, AND DEPOSITORY INSTITUTIONS

Subtitle A—Affiliations

Sec. 101. Glass-Steagall Act reformed.
Sec. 102. Activity restrictions applicable to bank holding companies which are not financial holding companies.
Sec. 103. Financial holding companies.
Sec. 104. Certain State laws preempted.
Sec. 105. Mutual bank holding companies authorized.
Sec. 106. Prohibition on deposit production offices.
Sec. 107. Clarification of branch closure requirements.
Sec. 108. Amendments relating to limited purpose banks.

Subtitle B—Streamlining Supervision of Financial Holding Companies

Sec. 111. Streamlining financial holding company supervision.
Sec. 112. Elimination of application requirement for financial holding companies.
Sec. 113. Authority of State insurance regulator and Securities and Exchange Commission.
Sec. 114. Prudential safeguards.
Sec. 115. Examination of investment companies.
Sec. 116. Limitation on rulemaking, prudential, supervisory, and enforcement authority of the Board.

Subtitle C—Subsidiaries of National Banks

Sec. 121. Permissible activities for subsidiaries of national banks.
Sec. 122. Misrepresentations regarding depository institution liability for obligations of affiliates.
Sec. 123. Repeal of stock loan limit in Federal reserve act.

Subtitle D—Wholesale Financial Holding Companies; Wholesale Financial Institutions

CHAPTER 1—WHOLESALE FINANCIAL HOLDING COMPANIES

Sec. 131. Wholesale financial holding companies established.
Sec. 132. Authorization to release reports.
Sec. 133. Conforming amendments.

CHAPTER 2—WHOLESALE FINANCIAL INSTITUTIONS

Sec. 136. Wholesale financial institutions.

Subtitle E—Streamlining Antitrust Review of Bank Acquisitions and Mergers

Sec. 141. Amendments to the Bank Holding Company Act of 1956.
Sec. 142. Amendments to the Federal Deposit Insurance Act to vest in the Attorney General sole responsibility for antitrust review of depository institution mergers.
Sec. 143. Information filed by depository institutions; interagency data sharing.
Sec. 144. Applicability of antitrust laws.
Sec. 145. Clarification of status of subsidiaries and affiliates.
Sec. 146. Effective date.

Subtitle F—Applying the Principles of National Treatment and Equality of Competitive Opportunity to Foreign Banks and Foreign Financial Institutions

Sec. 151. Applying the principles of national treatment and equality of competitive opportunity to foreign banks that are financial holding companies.
Sec. 152. Applying the principles of national treatment and equality of competitive opportunity to foreign banks and foreign financial institutions that are wholesale financial institutions.

Subtitle G—Federal Home Loan Bank System

Sec. 161. Federal home loan banks–
Sec. 162. Membership and collateral.
Sec. 163. The Office of Finance.
Sec. 164. Management of banks.
Sec. 165. Advances to nonmember borrowers.
Sec. 166. Powers and duties of banks.
Sec. 167. Mergers and consolidations of Federal home loan banks.
Sec. 168. Technical amendments.
Sec. 169. Definitions.
Sec. 170. Resolution funding corporation
Sec. 171. Capital structure of the Federal home loan banks.
Sec. 172. Investments.
Sec. 173. Federal Housing Finance Board.

Subtitle H—Direct Activities of Banks

Sec. 181. Authority of national banks to underwrite certain municipal bonds

Subtitle I—Effective Date of Title

Sec. 191. Effective date.

TITLE II—FUNCTIONAL REGULATION

Subtitle A—Brokers and Dealers

Sec. 201. Definition of broker.
Sec. 202. Definition of dealer.
Sec. 203. Registration for sales of private securities offerings.
Sec. 204. Sales practices and complaint procedures.
Sec. 205. Information sharing.
Sec. 206. Definition and treatment of banking products.
Sec. 207. Derivative instrument and qualified investor defined.
Sec. 208. Government securities defined.
Sec. 209. Effective date.

Subtitle B—Bank Investment Company Activities

Sec. 211. Custody of investment company assets by affiliated bank.
Sec. 212. Lending to an affiliated investment company.
Sec. 213. Independent directors.
Sec. 214. Additional SEC disclosure authority.
Sec. 215. Definition of broker under the Investment Company Act of 1940.
Sec. 216. Definition of dealer under the Investment Company Act of 1940.
Sec. 217. Removal of the exclusion from the definition of investment adviser for banks that advise investment companies.
Sec. 218. Definition of broker under the Investment Advisers Act of 1940.
Sec. 219. Definition of dealer under the Investment Advisers Act of 1940.
Sec. 220. Interagency consultation.
Sec. 221. Treatment of bank common trust funds.
Sec. 222. Investment advisers prohibited from having controlling interest in registered investment company.
Sec. 223. Conforming change in definition.
Sec. 224. Conforming amendment.
Sec. 225. Effective date.

Subtitle C—Securities and Exchange Commission Supervision of Investment Bank Holding Companies

Sec. 231. Supervision of investment bank holding companies by the Securities and Exchange Commission.

Subtitle D—Study

Sec. 241. Study of methods to inform investors and consumers of uninsured products.

TITLE III—INSURANCE

Subtitle A—State Regulation of Insurance

Sec. 301. State regulation of the business of insurance.
Sec. 302. Mandatory insurance licensing requirements.
Sec. 303. Functional regulation of insurance.
Sec. 304. Insurance underwriting in national banks.
Sec. 305. New bank agency activities only through acquisition of existing licensed agents.
Sec. 306. Title insurance activities of national banks and their affiliates.
Sec. 307. Expedited and equalized dispute resolution for financial regulators.
Sec. 308. Consumer protection regulations.
Sec. 45. Consumer protection regulations.
Sec. 309. Certain State affiliation laws preempted for insurance companies and affiliates.

Subtitle B—Redomestication of Mutual Insurers

Sec. 311. General application.

Sec. 312. Redomestication of mutual insurers.
Sec. 313. Effect on State laws restricting redomestication.
Sec. 314. Other provisions.
Sec. 315. Definitions.
Sec. 316. Effective date.
Subtitle C—National Association of Registered Agents and Brokers
Sec. 321. State flexibility in multistate licensing reforms.
Sec. 322. National Association of Registered Agents and Brokers.
Sec. 323. Purpose.
Sec. 324. Relationship to the Federal Government.
Sec. 325. Membership.
Sec. 326. Board of directors.
Sec. 327. Officers.
Sec. 328. Bylaws, rules, and disciplinary action.
Sec. 329. Assessments.
Sec. 330. Functions of the NAIC.
Sec. 331. Liability of the Association and the directors, officers, and employees of the Association.
Sec. 332. Elimination of NAIC oversight.
Sec. 333. Relationship to State law.
Sec. 334. Coordination with other regulators.
Sec. 335. Judicial review.
Sec. 336. Definitions.
TITLE IV—UNITARY SAVINGS AND LOAN HOLDING COMPANIES
Sec. 401. Termination of expanded powers for new unitary S&L holding companies.

TITLE I—FACILITATING AFFILIATION AMONG SECURITIES FIRMS, INSURANCE COMPANIES, AND DEPOSITORY INSTITUTIONS

Subtitle A—Affiliations

SEC. 101. GLASS-STEAGALL ACT REFORMED.

(a) SECTION 20 REPEALED.—Section 20 (12 U.S.C. 377) of the Banking Act of 1933 (commonly referred to as the ''Glass-Steagall Act'') is repealed.

(b) SECTION 32 REPEALED.—Section 32 (12 U.S.C. 78) of the Banking Act of 1933 is repealed.

SEC. 102. ACTIVITY RESTRICTIONS APPLICABLE TO BANK HOLDING COMPANIES WHICH ARE NOT FINANCIAL HOLDING COMPANIES.

(a) IN GENERAL.—Section 4(c)(8) of the Bank Holding Company Act of 1956 (12 U.S.C. 1843(c)(8)) is amended to read as follows:

''(8) shares of any company the activities of which had been determined by the Board by regulation under this paragraph as of the day before the date of the enactment of the Financial Services Act of 1998, to be so closely related to banking as to be a proper incident thereto (subject to such terms and conditions contained in such regulation, unless modified by the Board);''.

(b) CONFORMING CHANGES TO OTHER STATUTES.—

(1) AMENDMENT TO THE BANK HOLDING COMPANY ACT AMENDMENTS OF 1970.—Section 105 of the Bank Holding Company Act Amendments of 1970 (12 U.S.C. 1850) is amended by striking '', to engage directly or indirectly in a nonbanking activity pursuant to section 4 of such Act,''.

(2) AMENDMENT TO THE BANK SERVICE COMPANY ACT.—Section 4(f) of the Bank Service Company Act (12 U.S.C. 1864(f)) is amended by striking the period and adding at the end the following:

''as of the day before the date of enactment of the Financial Services Act of 1998.''.

SEC. 103. FINANCIAL HOLDING COMPANIES.

(a) IN GENERAL.—The Bank Holding Company Act of 1956 is amended by inserting after section 5 (12 U.S.C. 1844) the following new section:

''SEC. 6. FINANCIAL HOLDING COMPANIES.

''(a) FINANCIAL HOLDING COMPANY DEFINED.—For purposes of this section, the term 'financial holding company' means a bank holding company which meets the requirements of subsection (b).

''(b) ELIGIBILITY REQUIREMENTS FOR FINANCIAL HOLDING COMPANIES.—

''(1) IN GENERAL.—No bank holding company may engage in any activity or directly or indirectly acquire or retain shares of any company under this section unless the bank holding company meets the following requirements:

''(A) All of the subsidiary depository institutions of the bank holding company are well capitalized.

''(B) All of the subsidiary depository institutions of the bank holding company are well managed.

''(C) All of the subsidiary depository institutions of the bank holding company have achieved a rating of 'satisfactory record of meeting community credit needs', or better, at the most recent examination of each such institution under the Community Reinvestment Act of 1977.

''(D) All of the subsidiary insured depository institutions of the bank holding company (other than any such depository institution which does not, in the ordinary course of the business of the depository institution, offer consumer transaction accounts to the general public) offer and maintain low-cost basic banking accounts.

''(E) The company has filed with the Board a declaration that the company elects to be a financial holding company and certifying that the company meets the requirements of subparagraphs (A) through (D).

''(2) FOREIGN BANKS AND COMPANIES.—For purposes of paragraph (1), the Board shall establish and apply comparable capital standards to a foreign bank that operates a branch or agency or owns or controls a bank or commercial lending company in the United States, and any company that owns or controls such foreign bank, giving due regard to the principle of national treatment and equality of competitive opportunity.

''(3) LIMITED EXCLUSIONS FROM COMMUNITY NEEDS REQUIREMENTS FOR NEWLY ACQUIRED DEPOSITORY INSTITUTIONS.—

''(A) IN GENERAL.—If the requirements of subparagraph (B) are met, any depository institution acquired by a bank holding company during the 24-month period preceding the submission of a declaration under paragraph (1)(E) and any depository institution acquired after the submission of such declaration may be excluded for purposes of paragraph (1)(C) until the later of—

''(i) the end of the 24-month period beginning on the date the acquisition of the depository institution by such company is consummated; or

''(ii) the date of completion of the 1st examination of such depository institution under the Community Reinvestment Act of 1977 which is conducted after the date of the acquisition of the depository institution.

''(B) REQUIREMENTS.—The requirements of this subparagraph are met with respect to any bank holding company referred to in subparagraph (A) if—

''(i) the bank holding company has submitted an affirmative plan to the appropriate Federal banking agency to take such action as may be necessary in order for such institution to achieve a rating of 'satisfactory record of meeting community credit needs', or better, at the next examination of the institution under the Community Reinvestment Act of 1977; and

''(ii) the plan has been approved by such agency.

''(c) ENGAGING IN ACTIVITIES FINANCIAL IN NATURE.—

''(1) IN GENERAL.—Notwithstanding section 4(a), a financial holding company and a wholesale financial holding company may engage in any activity, and acquire and retain the shares of any company engaged in any activity, which the Board has determined (by regulation or order) to be financial in nature or incidental to such financial activities.

''(2) FACTORS TO BE CONSIDERED.—In determining whether an activity is financial in nature or incidental to financial activities, the Board shall take into account—

''(A) the purposes of this Act and the Financial Services Act of 1998;

''(B) changes or reasonably expected changes in the marketplace in which bank holding companies compete;

''(C) changes or reasonably expected changes in the technology for delivering financial services; and

''(D) whether such activity is necessary or appropriate to allow a bank holding company and the affiliates of a bank holding company to—

''(i) compete effectively with any company seeking to provide financial services in the United States;

''(ii) use any available or emerging technological means, including any application necessary to protect the security or efficacy of systems for the transmission of data or financial transactions, in providing financial services; and

''(iii) offer customers any available or emerging technological means for using financial services.

''(3) ACTIVITIES THAT ARE FINANCIAL IN NATURE.—The following activities shall be considered to be financial in nature:

''(A) Lending, exchanging, transferring, investing for others, or safeguarding money or securities.

''(B) Insuring, guaranteeing, or indemnifying against loss, harm, damage, illness, disability, or death, or providing and issuing annuities, and acting as principal, agent, or broker for purposes of the foregoing.

''(C) Providing financial, investment, or economic advisory services, including advising an investment company (as defined in section 3 of the Investment Company Act of 1940).

''(D) Issuing or selling instruments representing interests in pools of assets permissible for a bank to hold directly.

''(E) Underwriting, dealing in, or making a market in securities.

''(F) Engaging in any activity that the Board has determined, by order or regulation that is in effect on the date of enactment of the Financial Services Act of 1998, to be so closely related to banking or managing or controlling banks as to be a proper incident thereto (subject to the same terms and conditions contained in such order or regulation, unless modified by the Board).

''(G) Engaging, in the United States, in any activity that—

''(i) a bank holding company may engage in outside the United States; and

''(ii) the Board has determined, under regulations issued pursuant to section 4(c)(13) of this Act (as in effect on the day before the date of enactment of the Financial Services Act of 1998) to be usual in connection with the transaction of banking or other financial operations abroad.

''(H) Directly or indirectly acquiring or controlling, whether as principal, on behalf of 1 or more entities (including entities, other than a depository institution or subsidiary of a depository institution, that the bank holding company controls) or otherwise, shares, assets, or ownership interests (including without limitation debt or equity securities, partnership interests, trust certificates or other instruments representing

ownership) of a company or other entity, whether or not constituting control of such company or entity, engaged in any activity not authorized pursuant to this section if—

''(i) the shares, assets, or ownership interests are not acquired or held by a depository institution or subsidiary of a depository institution;

''(ii) such shares, assets, or ownership interests are acquired and held by a securities affiliate or an affiliate thereof as part of a bona fide underwriting or merchant banking activity, including investment activities engaged in for the purpose of appreciation and ultimate resale or disposition of the investment;

''(iii) such shares, assets, or ownership interests, are held only for such a period of time as will permit the sale or disposition thereof on a reasonable basis consistent with the nature of the activities described in clause (ii); and

''(iv) during the period such shares, assets, or ownership interests are held, the bank holding company does not actively participate in the day to day management or operation of such company or entity, except insofar as necessary to achieve the objectives of clause (ii).

''(I) Directly or indirectly acquiring or controlling, whether as principal, on behalf of 1 or more entities (including entities, other than a depository institution or subsidiary of a depository institution, that the bank holding company controls) or otherwise, shares, assets, or ownership interests (including without limitation debt or equity securities, partnership interests, trust certificates or other instruments representing ownership) of a company or other entity, whether or not constituting control of such company or entity, engaged in any activity not authorized pursuant to this section if—

''(i) the shares, assets, or ownership interests are not acquired or held by a depository institution or a subsidiary of a depository institution;

''(ii) such shares, assets, or ownership interests are acquired and held by an insurance company that is predominantly engaged in underwriting life, accident and health, or property and casualty insurance (other than credit-related insurance);

''(iii) such shares, assets, or ownership interests represent an investment made in the ordinary course of business of such insurance company in accordance with relevant State law governing such investments; and

''(iv) during the period such shares, assets, or ownership interests are held, the bank holding company does not directly or indirectly participate in the day-to-day management or operation of the company or entity except insofar as necessary to achieve the objectives of clauses (ii) and (iii).

''(4) ACTIONS REQUIRED.—The Board shall, by regulation or order, define, consistent with the purposes of this Act, the following activities as, and the extent to which such activities are, financial in nature or incidental to activities which are financial in nature:

''(A) Lending, exchanging, transferring, investing for others, or safeguarding financial assets other than money or securities.

''(B) Providing any device or other instrumentality for transferring money or other financial assets;

''(C) Arranging, effecting, or facilitating financial transactions for the account of third parties.

''(5) POST CONSUMMATION NOTIFICATION.—

''(A) IN GENERAL.—A financial holding company and a wholesale financial holding company that acquires any company, or commences any activity, pursuant to this subsection shall provide written notice to the Board describing the activity commenced or conducted by the company acquired no later than 30 calendar days after commencing the activity or consummating the acquisition.

''(B) APPROVAL NOT REQUIRED FOR CERTAIN FINANCIAL ACTIVITIES.—Except as provided in section 4(j) with regard to the acquisition of a savings association, a financial holding company and a wholesale financial holding company may commence any activity, or acquire any company, pursuant to paragraph (3) or any regulation prescribed or order issued under paragraph (4), without prior approval of the Board.

''(d) PROVISIONS APPLICABLE TO FINANCIAL HOLDING COMPANIES THAT FAIL TO MEET REQUIREMENTS.—

''(1) IN GENERAL.—If the Board finds that a financial holding company is not in compliance with the requirements of subparagraph (A), (B), or (C) of subsection (b)(1), the Board shall give notice of such finding to the company.

''(2) AGREEMENT TO CORRECT CONDITIONS REQUIRED.—Within 45 days of receipt by a financial holding company of a notice given under paragraph (1) (or such additional period as the Board may permit), the company shall execute an agreement acceptable to the Board to comply with the requirements applicable to a financial holding company.

''(3) BOARD MAY IMPOSE LIMITATIONS.—Until the conditions described in a notice to a financial holding company under paragraph (1) are corrected, the Board may impose such limitations on the conduct or activities of the company or any affiliate of the company as the Board determines to be appropriate under the circumstances.

''(4) FAILURE TO CORRECT.—If, after receiving a notice under paragraph (1), a financial holding company does not—

''(A) execute and implement an agreement in accordance with paragraph (2);

''(B) comply with any limitations imposed under paragraph (3);

''(C) in the case of a notice of failure to comply with subsection (b)(1)(A), restore each depository institution subsidiary to well capitalized status before the end of the 180-day period beginning on the date such notice is received by the company (or such other period permitted by the Board); or

''(D) in the case of a notice of failure to comply with subparagraph (B) or (C) of subsection (b)(1), restore compliance with any such subparagraph by the date the next examination of the depository institution subsidiary is completed or by the end of such other period as the Board determines to be appropriate,

the Board may require such company, under such terms and conditions as may be imposed by the Board and subject to such extension of time as may be granted in the Board's discretion, to divest control of any depository institution subsidiary or, at the election of the financial holding company, instead to cease to engage in any activity conducted by such company or its subsidiaries pursuant to this section.

''(5) CONSULTATION.—In taking any action under this subsection, the Board shall consult with all relevant Federal and State regulatory agencies.

''(e) SAFEGUARDS FOR BANK SUBSIDIARIES.—A financial holding company shall assure that—

''(1) the procedures of the holding company for identifying and managing financial and operational risks within the company, and the subsidiaries of such company, adequately protect the subsidiaries of such company which are insured depository institutions from such risks;

''(2) the holding company has reasonable policies and procedures to preserve the separate corporate identity and limited liability of such company and the subsidiaries of such company, for the protection of the company's subsidiary insured depository institutions; and

''(3) the holding company complies with this section.

''(f) NONFINANCIAL ACTIVITIES.—

''(1) IN GENERAL.—Notwithstanding section 4(a), a financial holding company may engage in activities which are not (or have not been determined to be) financial in nature or incidental to activities which are financial in nature, or acquire and retain ownership and control of the shares of a company engaged in such activities, if—

''(A) the aggregate annual gross revenues derived from all such activities and all such companies does not exceed the lesser of—

''(i) 5 percent of the consolidated annual gross revenues of the financial holding company; or

''(ii) $500,000,000;

''(B) the consolidated total assets of any company the shares of which are acquired by the financial holding company pursuant to this paragraph are less than $750,000,000 at the time the shares are acquired by the holding company; and

''(C) the holding company provides notice to the Board within 30 days of commencing the activity or acquiring the ownership or control.

''(2) INCLUSION OF GRANDFATHERED ACTIVITIES.—For purposes of determining the limits contained in paragraph (1)(A), the gross revenues derived from all activities conducted, and companies the shares of which are held, under subsection (g) shall be considered to be derived or held under this subsection.

''(3) FOREIGN BANKS.—In lieu of the limitation contained in paragraph (1)(A) in the case of a foreign bank or a company that owns or controls a foreign bank which engages in any activity or acquires or retains ownership or control of shares of any company pursuant to paragraph (1), the aggregate annual gross revenues derived from all such activities and all such companies in the United States shall not exceed the lesser of—

''(A) 5 percent of the consolidated annual gross revenues of the foreign bank or company in the United States derived from any branch, agency, commercial lending company, or depository institution controlled by the foreign bank or company and any subsidiary engaged in the United States in activities permissible under section 4 or 6; or

''(B) $500,000,000.

''(4) INDEXING REVENUE TEST.—After December 31, 1998, the Board shall annually adjust the dollar amount contained in paragraphs (1)(A) and (3) by the annual percentage increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers published by the Bureau of Labor Statistics.

''(5) NONAPPLICABILITY OF OTHER EXEMPTION.—Any foreign bank or company that owns or controls a foreign bank which engages in any activity or acquires or retains ownership or control of shares of any company pursuant to this subsection shall not be eligible for any exception described in section 2(h).

''(g) AUTHORITY TO RETAIN LIMITED NONFINANCIAL ACTIVITIES AND AFFILIATIONS.—

''(1) IN GENERAL.—Notwithstanding subsection (f)(1) and section 4(a), a company that is not a bank holding company or a foreign bank (as defined in section 1(b)(7) of the International Banking Act of 1978) and becomes a financial holding company after the date of the enactment of the Financial Services Act of 1998 may continue to engage in any activity and retain direct or indirect ownership or control of shares of a company engaged in any activity if—

''(A) the holding company lawfully was engaged in the activity or held the shares of such company on September 30, 1997;

''(B) the holding company is predominantly engaged in financial activities as defined in paragraph (2); and

''(C) the company engaged in such activity continues to engage only in the same activities that such company conducted on September 30, 1997, and other activities permissible under this Act.

''(2) PREDOMINANTLY FINANCIAL.—For purposes of this subsection, a company is predominantly engaged in financial activities if, as of the day before the company becomes a financial holding company, the annual gross revenues derived by the holding company and all subsidiaries of the holding company, on a consolidated basis, from engaging in activities that are financial in nature or are incidental to activities that are financial in nature under subsection (c) represent at least 85 percent of the consolidated annual gross revenues of the company.

''(3) NO EXPANSION OF GRANDFATHERED COMMERCIAL ACTIVITIES THROUGH MERGER OR CONSOLIDATION.—A financial holding company that engages in activities or holds shares pursuant to this subsection, or a subsidiary of such financial holding company, may not acquire, in any merger, consolidation, or other type of business combination, assets of any other company which is engaged in any activity which the Board has not determined to be financial in nature or incidental to activities that are financial in nature under subsection (c).

''(4) CONTINUING REVENUE LIMITATION ON GRANDFATHERED COMMERCIAL ACTIVITIES.—Notwithstanding any other provision of this subsection, a financial holding company may continue to engage in activities or hold shares in companies pursuant to this subsection only to the extent that the aggregate annual gross revenues derived from all such activities and all such companies does not exceed 15 percent of the consolidated annual gross revenues of the financial holding company.

''(5) CROSS MARKETING RESTRICTIONS APPLICABLE TO COMMERCIAL ACTIVITIES.—A depository institution controlled by a financial holding company shall not—

''(A) offer or market, directly or through any arrangement, any product or service of a company whose activities are conducted or whose shares are owned or controlled by the financial holding company pursuant to this subsection, subsection (f), or subparagraph (H) or (I) of subsection (c)(3); or

''(B) permit any of its products or services to be offered or marketed, directly or through any arrangement, by or through any company described in subparagraph (A).

''(6) TRANSACTIONS WITH NONFINANCIAL AFFILIATES.—An insured depository institution controlled by a financial holding company may not engage in a covered transaction (as defined by section 23A(b)(7) of the Federal Reserve Act) with any affiliate controlled by the company pursuant to this subsection, subsection (f), or subparagraph (H) or (I) of subsection (c)(3).

''(h) DEVELOPING ACTIVITIES.—A financial holding company and a wholesale financial holding company may engage directly or indirectly, or acquire shares of any company engaged, in any activity that the Board has not determined to be financial in nature or incidental to financial activities under subsection (c) if—

''(1) the holding company reasonably concludes that the activity is financial in nature or incidental to financial activities;

''(2) the gross revenues from all activities conducted under this subsection represent less than 5 percent of the consolidated gross revenues of the holding company;

''(3) the aggregate total assets of all companies the shares of which are held under this subsection do not exceed 5 percent of the holding company's consolidated total assets;

''(4) the total capital invested in activities conducted under this subsection represents less than 5 percent of the consolidated total capital of the holding company;

''(5) the Board has not determined that the activity is not financial in nature or incidental to financial activities under subsection (c); and

''(6) the holding company provides written notification to the Board describing the activity commenced or conducted by the company acquired no later than 10 business days after commencing the activity or consummating the acquisition.''.

SEC. 104. CERTAIN STATE LAWS PREEMPTED.

(a) AFFILIATIONS.—No State may by statute, regulation, order, interpretation, or otherwise, prevent or restrict an insured depository institution or a wholesale financial institution from being affiliated with an entity (including an entity engaged in insurance activities) as authorized by this Act or any other provision of Federal law.

(b) ACTIVITIES.

(1) Except as provided in paragraphs (2) and (3) and subject to section 18(c) of the Securities Act of 1933, no State may by statute, regulation, order, interpretation, or otherwise, prevent or restrict an insured depository institution or a wholesale financial institution from engaging, directly or indirectly or in conjunction with an affiliate, in any activity authorized under this Act or any other provision of Federal law.

(2) As stated by the United States Supreme Court in *Barnett Bank of Marion County, N.A.* v. *Nelson*, 116 S.Ct. 1103 (1996), no State may, by statute, regulation, order, interpretation, or otherwise, prevent or significantly interfere with the ability of an insured depository institution or wholesale financial institution to engage, directly or indirectly, or in conjunction with an affiliate, in any insurance sales or solicitation activity, except that—

(A) State statutes and regulations governing insurance sales and solicitations which are no more restrictive than provisions in the Illinois ''Act Authorizing and Regulating the Sale of Insurance by Financial Institutions, Public Act 90–41'' (215 ILCS 5/1400–1416), as in effect on October 1, 1997, shall not be deemed to prevent or significantly interfere with the ability of an insured depository institution or wholesale financial institution to engage, directly or indirectly, or in conjunction with an affiliate, in any insurance sales or solicitation activity; and

(B) subparagraph (A) shall not create any inference regarding State statutes, and regulations governing insurance sales and solicitations which are more restrictive than any provision in the Illinois ''Act Authorizing and Regulating the Sale of Insurance by Financial Institutions'', (Public Act 90–41; 215 ILCS 5/1400–1416), as in effect on October 1, 1997.

(3) State statutes, regulations, orders, and interpretations which are applicable to and are applied in the same manner with respect to insurance underwriting activities of an affiliate of an insured depository institution or a wholesale financial institution as they are applicable to and are applied to an insurance underwriter which is not affiliated with an insured depository institution or a wholesale financial institution shall not be preempted under paragraph (1).

SEC. 105. MUTUAL BANK HOLDING COMPANIES AUTHORIZED.

(a) IN GENERAL.—Section 3(g)(2) of the Bank Holding Company Act of 1956 (12 U.S.C. 1842(g)(2)) is amended to read as follows:

''(2) REGULATIONS.—A bank holding company organized as a mutual holding company shall be regulated on terms, and shall be subject to limitations, comparable to those applicable to any other bank holding company.''.

SEC. 106. PROHIBITION ON DEPOSIT PRODUCTION OFFICES.

(a) IN GENERAL.—Section 109(d) of the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994 (12 U.S.C. 1835a(d)) is amended—

(1) by inserting '', the Financial Services Act of 1998,'' after ''pursuant to this title''; and

(2) by inserting ''or such Act'' after ''made by this title''.

(b) TECHNICAL AND CONFORMING AMENDMENT.—Section 109(e)(4) of the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994 (12 U.S.C. 1835a(e)(4)) is amended by inserting ''and any branch of a bank controlled by an out-of-State bank holding company (as defined in section 2(o)(7) of the Bank Holding Company Act of 1956)'' before the period.

SEC. 107. CLARIFICATION OF BRANCH CLOSURE REQUIREMENTS.

Section 42(d)(4)(A) of the Federal Deposit Insurance Act (12 U.S.C. 1831r–1(d)(4)(A)) is amended by inserting ''and any bank controlled by an out-of-State bank holding company (as defined in section 2(o)(7) of the Bank Holding Company Act of 1956)'' before the period.

SEC. 108. AMENDMENTS RELATING TO LIMITED PURPOSE BANKS.

Section 4(f) of the Bank Holding Company Act of 1956 (12 U.S.C. 1843(f)) is amended—

(1) in paragraph (2)(A)(ii)—

(A) by striking ''and'' at the end of subclause (IX);

(B) by inserting ''and'' after the semicolon at the end of subclause (X); and

(C) by inserting after subclause (X) the following new subclause:

''(XI) assets that are derived from, or are incidental to, activities in which institutions described in section 2(c)(2)(F) are permitted to engage,'';

(2) in paragraph (2), by striking subparagraph (B) and inserting the following new subparagraphs:

''(B) any bank subsidiary of such company engages in any activity in which the bank was not lawfully engaged as of March 5, 1987, unless the bank is well managed and well capitalized;

''(C) any bank subsidiary of such company both—

''(i) accepts demand deposits or deposits that the depositor may withdraw by check or similar means for payment to third parties; and

''(ii) engages in the business of making commercial loans (and, for purposes of this clause, loans made in the ordinary course of a credit card operation shall not be treated as commercial loans); or

''(D) after the date of the enactment of the Competitive Equality Amendments of 1987, any bank subsidiary of such company permits any overdraft (including any intraday overdraft), or incurs any such overdraft in such bank's account at a Federal reserve bank, on behalf of an affiliate, other than an overdraft described in paragraph (3).''; and

(3) by striking paragraphs (3) and (4) and inserting the following new paragraphs:

''(3) PERMISSIBLE OVERDRAFTS DESCRIBED.—For purposes of paragraph (2)(D), an overdraft is described in this paragraph if—

''(A) such overdraft results from an inadvertent computer or accounting error that is beyond the control of both the bank and the affiliate; or

''(B) such overdraft—

''(i) is permitted or incurred on behalf of an affiliate which is monitored by, reports

to, and is recognized as a primary dealer by the Federal Reserve Bank of New York; and

''(ii) is fully secured, as required by the Board, by bonds, notes, or other obligations which are direct obligations of the United States or on which the principal and interest are fully guaranteed by the United States or by securities and obligations eligible for settlement on the Federal Reserve book entry system.

''(4) DIVESTITURE IN CASE OF LOSS OF EXEMPTION.—If any company described in paragraph (1) fails to qualify for the exemption provided under such paragraph by operation of paragraph (2), such exemption shall cease to apply to such company and such company shall divest control of each bank it controls before the end of the 180-day period beginning on the date that the company receives notice from the Board that the company has failed to continue to qualify for such exemption, unless before the end of such 180-day period, the company has—

''(A) corrected the condition or ceased the activity that caused the company to fail to continue to qualify for the exemption; and

''(B) implemented procedures that are reasonably adapted to avoid the reoccurrence of such condition or activity.''.

Subtitle B—Streamlining Supervision of Financial Holding Companies

SEC. 111. STREAMLINING FINANCIAL HOLDING COMPANY SUPERVISION.

Section 5(c) of the Bank Holding Company Act of 1956 (12 U.S.C. 1844(c)) is amended to read as follows:

''(c) REPORTS AND EXAMINATIONS.—

''(1) REPORTS.—

''(A) IN GENERAL.—The Board from time to time may require any bank holding company and any subsidiary of such company to submit reports under oath to keep the Board informed as to—

''(i) its financial condition, systems for monitoring and controlling financial and operating risks, and transactions with depository institution subsidiaries of the holding company; and

''(ii) compliance by the company or subsidiary with applicable provisions of this Act.

''(B) USE OF EXISTING REPORTS.—

''(i) IN GENERAL.—The Board shall, to the fullest extent possible, accept reports in fulfillment of the Board's reporting requirements under this paragraph that a bank holding company or any subsidiary of such company has provided or been required to provide to other Federal and State supervisors or to appropriate self-regulatory organizations.

''(ii) AVAILABILITY.—A bank holding company or a subsidiary of such company shall provide to the Board, at the request of the Board, a report referred to in clause (i).

''(iii) REQUIRED USE OF PUBLICLY REPORTED INFORMATION.—The Board shall, to the fullest extent possible, accept in fulfillment of any reporting or recordkeeping requirements under this Act information that is otherwise required to be reported publicly and externally audited financial statements.

''(iv) REPORTS FILED WITH OTHER AGENCIES.—In the event the Board requires a report from a functionally regulated nondepository institution subsidiary of a bank holding company of a kind that is not required by another Federal or State regulator or appropriate self-regulatory organization, the Board shall request that the appropriate regulator or self-regulatory organization obtain such report. If the report is not made available to the Board, and the report is necessary to assess a material risk to the bank holding company or its subsidiary depository institution or compliance with this Act, the Board may require such subsidiary to provide such a report to the Board.

''(C) DEFINITION.—For purposes of this subsection, the term 'functionally regulated nondepository institution' means—

''(i) a broker or dealer registered under the Securities Exchange Act of 1934;

''(ii) an investment adviser registered under the Investment Advisers Act of 1940, with respect to the investment advisory activities of such investment adviser and activities incidental to such investment advisory activities;

''(iii) an insurance company subject to supervision by a State insurance commission, agency, or similar authority; and

''(iv) an entity subject to regulation by the Commodity Futures Trading Commission, with respect to the commodities activities of such entity and activities incidental to such commodities activities.

''(2) EXAMINATIONS.—

''(A) EXAMINATION AUTHORITY.—

''(i) IN GENERAL.—The Board may make examinations of each bank holding company and each subsidiary of a bank holding company.

''(ii) FUNCTIONALLY REGULATED NONDEPOSITORY INSTITUTION SUBSIDIARIES.—Notwithstanding clause (i), the Board may make examinations of a functionally regulated nondepository institution subsidiary of a bank holding company only if—

''(I) the Board has reasonable cause to believe that such subsidiary is engaged in activities that pose a material risk to an affiliated depository institution, or

''(II) based on reports and other available information, the Board has reasonable cause to believe that a subsidiary is not in compliance with this Act or with provisions relating to transactions with an affiliated depository institution and the Board cannot make such determination through examination of the affiliated depository institution or bank holding company.

''(B) LIMITATIONS ON EXAMINATION AUTHORITY FOR BANK HOLDING COMPANIES AND SUBSIDIARIES.—Subject to subparagraph (A)(ii), the Board may make examinations under subparagraph (A)(i) of each bank holding company and each subsidiary of such holding company in order to—

''(i) inform the Board of the nature of the operations and financial condition of the holding company and such subsidiaries;

''(ii) inform the Board of—

''(I) the financial and operational risks within the holding company system that may pose a threat to the safety and soundness of any subsidiary depository institution of such holding company; and

''(II) the systems for monitoring and controlling such risks; and

''(iii) monitor compliance with the provisions of this Act and those governing transactions and relationships between any subsidiary depository institution and its affiliates.

''(C) RESTRICTED FOCUS OF EXAMINATIONS.—The Board shall, to the fullest extent possible, limit the focus and scope of any examination of a bank holding company to—

''(i) the bank holding company; and

''(ii) any subsidiary of the holding company that, because of—

''(I) the size, condition, or activities of the subsidiary;

''(II) the nature or size of transactions between such subsidiary and any depository institution which is also a subsidiary of such holding company; or

''(III) the centralization of functions within the holding company system,

could have a materially adverse effect on the safety and soundness of any depository institution affiliate of the holding company.

''(D) DEFERENCE TO BANK EXAMINATIONS.—The Board shall, to the fullest extent possible, use, for the purposes of this paragraph, the reports of examinations of depository institutions made by the appropriate Federal and State depository institution supervisory authority.

''(E) DEFERENCE TO OTHER EXAMINATIONS.—The Board shall, to the fullest extent possible, address the circumstances which might otherwise permit or require an examination by the Board by forgoing an examination and instead reviewing the reports of examination made of—

''(i) any registered broker or dealer or registered investment adviser by or on behalf of the Securities and Exchange Commission;

''(ii) any licensed insurance company by or on behalf of any state regulatory authority responsible for the supervision of insurance companies; and

''(iii) any other subsidiary that the Board finds to be comprehensively supervised by a Federal or State authority.

''(3) CAPITAL.—

''(A) IN GENERAL.—The Board shall not, by regulation, guideline, order or otherwise, prescribe or impose any capital or capital adequacy rules, guidelines, standards, or requirements on any subsidiary of a financial holding company that is not a depository institution and—

''(i) is in compliance with applicable capital requirements of another Federal regulatory authority (including the Securities and Exchange Commission) or State insurance authority; or

''(ii) is registered as an investment adviser under the Investment Advisers Act of 1940.

''(B) RULE OF CONSTRUCTION.—Subparagraph (A) shall not be construed as preventing the Board from imposing capital or capital adequacy rules, guidelines, standards, or requirements with respect to activities of a registered investment adviser other than investment advisory activities or activities incidental to investment advisory activities.

''(4) TRANSFER OF BOARD AUTHORITY TO APPROPRIATE FEDERAL BANKING AGENCY.—

''(A) IN GENERAL.—In the case of any bank holding company which is not significantly engaged in nonbanking activities, the Board, in consultation with the appropriate Federal banking agency, may designate the appropriate Federal banking agency of the lead insured depository institution subsidiary of such holding company as the appropriate Federal banking agency for the bank holding company.

''(B) AUTHORITY TRANSFERRED.—An agency designated by the Board under subparagraph (A) shall have the same authority as the Board under this Act to—

''(i) examine and require reports from the bank holding company and any affiliate of such company (other than a depository institution) under section 5;

''(ii) approve or disapprove applications or transactions under section 3;

''(iii) take actions and impose penalties under subsections (e) and (f) of section 5 and section 8; and

''(iv) take actions regarding the holding company, any affiliate of the holding company (other than a depository institution), or any institution-affiliated party of such company or affiliate under the Federal Deposit Insurance Act and any other statute which the Board may designate.

''(C) AGENCY ORDERS.—Section 9 (of this Act) and section 105 of the Bank Holding Company Act Amendments of 1970 shall apply to orders issued by an agency designated under subparagraph (A) in the same manner such sections apply to orders issued by the Board.

''(5) FUNCTIONAL REGULATION OF SECURITIES AND INSURANCE ACTIVITIES.—The Board shall defer to—

''(A) the Securities and Exchange Commission with regard to all interpretations of, and the enforcement of, applicable Federal securities laws relating to the activities, conduct, and operations of registered brokers, dealers, investment advisers, and investment companies; and

''(B) the relevant State insurance authorities with regard to all interpretations of, and the enforcement of, applicable State insurance laws relating to the activities, conduct, and operations of insurance companies and insurance agents.''.

SEC. 112. ELIMINATION OF APPLICATION REQUIREMENT FOR FINANCIAL HOLDING COMPANIES.

(a) PREVENTION OF DUPLICATIVE FILINGS.—Section 5(a) of the Bank Holding Company Act of 1956 (12 U.S.C. 1844(a)) is amended by adding the following new sentence at the end: ''A declaration filed in accordance with section 6(b)(1)(E) shall satisfy the requirements of this subsection with regard to the registration of a bank holding company but not any requirement to file an application to acquire a bank pursuant to section 3.''.

(b) DIVESTITURE PROCEDURES.—Section 5(e)(1) of the Bank Holding Company Act of 1956 (12 U.S.C. 1844(e)(1)) is amended—

(1) by striking ''Financial Institutions Supervisory Act of 1966, order'' and inserting ''Financial Institutions Supervisory Act of 1966, at the election of the bank holding company—

''(A) order''; and

(2) by striking ''shareholders of the bank holding company. Such distribution'' and inserting ''shareholders of the bank holding company; or

''(B) order the bank holding company, after due notice and opportunity for hearing, and after consultation with the bank's primary supervisor, which shall be the Comptroller of the Currency in the case of a national bank, and the Federal Deposit Insurance Corporation and the appropriate State supervisor in the case of an insured nonmember bank, to terminate (within 120 days or such longer period as the Board may direct) the ownership or control of any such bank by such company.

''The distribution referred to in subparagraph (A)''.

SEC. 113. AUTHORITY OF STATE INSURANCE REGULATOR AND SECURITIES AND EXCHANGE COMMISSION.

Section 5 of the Bank Holding Company Act of 1956 (12 U.S.C. 1844) is amended by adding at the end the following new subsection:

''(g) AUTHORITY OF STATE INSURANCE REGULATOR AND THE SECURITIES AND EXCHANGE COMMISSION.—

''(1) IN GENERAL.—Notwithstanding any other provision of law, any regulation, order, or other action of the Board which requires a bank holding company to provide funds or other assets to a subsidiary insured depository institution shall not be effective nor enforceable if—

''(A) such funds or assets are to be provided by—

''(i) a bank holding company that is an insurance company or is a broker or dealer registered under the Securities Exchange Act of 1934; or

''(ii) an affiliate of the depository institution which is an insurance company or a broker or dealer registered under such Act; and

''(B) the State insurance authority for the insurance company or the Securities and Exchange Commission for the registered broker or dealer, as the case may be, determines in writing sent to the holding company and the Board that the holding company shall not provide such funds or assets because such action would have a material adverse effect on the financial condition of the insurance company or the broker or dealer, as the case may be.

''(2) NOTICE TO STATE INSURANCE AUTHORITY OR SEC REQUIRED.—If the Board requires a bank holding company, or an affiliate of a bank holding company, which is an insurance company or a broker or dealer described in paragraph (1)(A) to provide funds or assets to an insured depository institution subsidiary of the holding company pursuant to any regulation, order, or other action of the Board referred to in paragraph (1), the Board shall promptly notify the State insurance authority for the insurance company or the Securities and Exchange Commission, as the case may be, of such requirement.

''(3) DIVESTITURE IN LIEU OF OTHER ACTION.—If the Board receives a notice described in paragraph (1)(B) from a State insurance authority or the Securities and Exchange Commission with regard to a bank holding company or affiliate referred to in such paragraph, the Board may order the bank holding company to divest the insured depository institution within 180 days of receiving notice or such longer period as the Board determines consistent with the safe and sound operation of the insured depository institution.

''(4) CONDITIONS BEFORE DIVESTITURE.—During the period beginning on the date an order to divest is issued by the Board under paragraph (3) to a bank holding company and ending on the date the divestiture is completed, the Board may impose any conditions or restrictions on the holding company's ownership or operation of the insured depository institution, including restricting or prohibiting transactions between the insured depository institution and any affiliate of the institution, as are appropriate under the circumstances.''.

SEC. 114. PRUDENTIAL SAFEGUARDS.

Section 5 of the Bank Holding Company Act of 1956 (12 U.S.C. 1844) is amended by inserting after subsection (g) (as added by section 113 of this subtitle) the following new subsection:

''(h) PRUDENTIAL SAFEGUARDS.—

''(1) IN GENERAL.—The Board may, by regulation or order, impose restrictions or requirements on relationships or transactions between a depository institution subsidiary of a bank holding company and any affiliate of such depository institution (other than a subsidiary of such institution) which the Board finds is consistent with the public interest, the purposes of this Act, the Financial Services Act of 1998, the Federal Reserve Act, and other Federal law applicable to depository institution subsidiaries of bank holding companies and the standards in paragraph (2).

''(2) STANDARDS.—The Board may exercise authority under paragraph (1) if the Board finds that such action will have any of the following effects:

''(A) Avoid any significant risk to the safety and soundness of depository institutions or any Federal deposit insurance fund.

''(B) Enhance the financial stability of bank holding companies.

''(C) Avoid conflicts of interest or other abuses.

''(D) Enhance the privacy of customers of depository institutions.

''(E) Promote the application of national treatment and equality of competitive opportunity between nonbank affiliates owned or controlled by domestic bank holding companies and nonbank affiliates owned or controlled by foreign banks operating in the United States.

''(3) REVIEW.—The Board shall regularly—

''(A) review all restrictions or requirements established pursuant to paragraph (1) to determine whether there is a continuing need for any such restriction or requirement to carry out the purposes of the Act, including any purpose described in paragraph (2); and

''(B) modify or eliminate any restriction or requirement the Board finds is no longer required for such purposes.''.

SEC. 115. EXAMINATION OF INVESTMENT COMPANIES.

(a) EXCLUSIVE COMMISSION AUTHORITY.—

(1) IN GENERAL.—The Commission shall be the sole Federal agency with authority to inspect and examine any registered investment company that is not a bank holding company.

(2) PROHIBITION ON BANKING AGENCIES.—A Federal banking agency may not inspect or examine any registered investment company that is not a bank holding company.

(b) EXAMINATION RESULTS AND OTHER INFORMATION.—The Commission shall provide to any Federal banking agency, upon request, the results of any examination, reports, records, or other information with respect to any registered investment company to the extent necessary for the agency to carry out its statutory responsibilities.

(c) DEFINITIONS.—For purposes of this section, the following definitions shall apply:

(1) BANK HOLDING COMPANY.—The term ''bank holding company'' has the meaning given to such term in section 2 of the Bank Holding Company Act of 1956.

(2) COMMISSION.—The term ''Commission'' means the Securities and Exchange Commission.

(3) FEDERAL BANKING AGENCY.—The term ''Federal banking agency'' has the meaning given to such term in section 3(z) of the Federal Deposit Insurance Act.

(4) REGISTERED INVESTMENT COMPANY.—The term ''registered investment company'' means an investment company which is registered with the Commission under the Investment Company Act of 1940.

SEC. 116. LIMITATION ON RULEMAKING, PRUDENTIAL, SUPERVISORY, AND ENFORCEMENT AUTHORITY OF THE BOARD.

The Bank Holding Company Act of 1956 (12 U.S.C. 1841 et seq.) is amended by inserting after section 10 the following new section:

''SEC. 10A. LIMITATION ON RULEMAKING, PRUDENTIAL, SUPERVISORY, AND ENFORCEMENT AUTHORITY OF THE BOARD.

''(a) LIMITATION ON DIRECT ACTION.—

''(1) IN GENERAL.—The Board may not prescribe regulations, issue or seek entry of orders, impose restraints, restrictions, guidelines, requirements, safeguards, or standards, or otherwise take any action under or pursuant to any provision of this Act or section 8 of the Federal Deposit Insurance Act against or with respect to a regulated subsidiary of a bank holding company unless the action is necessary to prevent or redress an unsafe or unsound practice or breach of fiduciary duty by such subsidiary that poses a material risk to—

''(A) the financial safety, soundness, or stability of an affiliated depository institution; or

''(B) the domestic or international payment system.

''(2) CRITERIA FOR BOARD ACTION.—The Board shall not take action otherwise permitted under paragraph (1) unless the Board finds that it is not reasonably possible to effectively protect against the material risk at issue through action directed at or against the affiliated depository institution or against depository institutions generally.

''(b) LIMITATION ON INDIRECT ACTION.—The Board may not prescribe regulations, issue or seek entry of orders, impose restraints, restrictions, guidelines, requirements, safeguards, or standards, or otherwise take any

action under or pursuant to any provision of this Act or section 8 of the Federal Deposit Insurance Act against or with respect to a financial holding company or a wholesale financial holding company where the purpose or effect of doing so would be to take action indirectly against or with respect to a regulated subsidiary that may not be taken directly against or with respect to such subsidiary in accordance with subsection (a).

''(c) ACTIONS SPECIFICALLY AUTHORIZED.—Notwithstanding subsection (a), the Board may take action under this Act or section 8 of the Federal Deposit Insurance Act to enforce compliance by a regulated subsidiary with Federal law that the Board has specific jurisdiction to enforce against such subsidiary.

''(d) REGULATED SUBSIDIARY DEFINED.—For purposes of this section, the term 'regulated subsidiary' means any company that is not a bank holding company and is—

''(1) a broker or dealer registered under the Securities Exchange Act of 1934;

''(2) an investment adviser registered under the Investment Advisers Act of 1940, with respect to the investment advisory activities of such investment adviser and activities incidental to such investment advisory activities;

''(3) an investment company registered under the Investment Company Act of 1940;

''(4) an insurance company or an insurance agency subject to supervision by a State insurance commission, agency, or similar authority; or

''(5) an entity subject to regulation by the Commodity Futures Trading Commission, with respect to the commodities activities of such entity and activities incidental to such commodities activities.''.

Subtitle C—Subsidiaries of National Banks

SEC. 121. PERMISSIBLE ACTIVITIES FOR SUBSIDIARIES OF NATIONAL BANKS.

(a) FINANCIAL SUBSIDIARIES OF NATIONAL BANKS.—Chapter one of title LXII of the Revised Statutes of United States (12 U.S.C. 21 et seq.) is amended—

(1) by redesignating section 5136A as section 5136C; and

(2) by inserting after section 5136 (12 U.S.C. 24) the following new section:

''SEC. 5136A. SUBSIDIARIES OF NATIONAL BANKS.

''(a) SUBSIDIARIES OF NATIONAL BANKS AUTHORIZED TO ENGAGE IN FINANCIAL ACTIVITIES.—

''(1) EXCLUSIVE AUTHORITY.—No provision of section 5136 or any other provision of this title LXII of the Revised Statutes shall be construed as authorizing a subsidiary of a national bank to engage in, or own any share of or any other interest in any company engaged in, any activity that—

''(A) is not permissible for a national bank to engage in directly; or

''(B) is conducted under terms or conditions other than those that would govern the conduct of such activity by a national bank,

unless a national bank is specifically authorized by the express terms of a Federal statute and not by implication or interpretation to acquire shares of or an interest in, or to control, such subsidiary, such as by paragraph (2) of this subsection and section 25A of the Federal Reserve Act.

''(2) SPECIFIC AUTHORIZATION TO CONDUCT AGENCY ACTIVITIES WHICH ARE FINANCIAL IN NATURE.—A national bank may control a company that engages in agency activities that have been determined to be financial in nature or incidental to such financial activities pursuant to and in accordance with section 6(c) of the Bank Holding Company Act of 1956 if—

''(A) the company engages in such activities solely as agent and not directly or indirectly as principal,

''(B) the national bank is well capitalized and well managed, and has achieved a rating of satisfactory or better at the most recent examination of the bank under the Community Reinvestment Act of 1977;

''(C) all depository institution affiliates of the national bank are well capitalized and well managed, and have achieved a rating of satisfactory or better at the most recent examination of each such depository institution under the Community Reinvestment Act of 1977; and

''(D) the bank has received the approval of the Comptroller of the Currency.

''(3) DEFINITIONS.—

''(A) COMPANY; CONTROL; SUBSIDIARY.—The terms 'company', 'control', and 'subsidiary' have the meanings given to such terms in section 2 of the Bank Holding Company Act of 1956.

''(B) WELL CAPITALIZED.—The term 'well capitalized' has the same meaning as in section 38 of the Federal Deposit Insurance Act and, for purposes of this section, the Comptroller shall have exclusive jurisdiction to determine whether a national bank is well capitalized.

''(C) WELL MANAGED.—The term 'well managed' means—

''(i) in the case of a bank that has been examined, unless otherwise determined in writing by the Comptroller—

''(I) the achievement of a composite rating of 1 or 2 under the Uniform Financial Institutions Rating System (or an equivalent rating under an equivalent rating system) in connection with the most recent examination or subsequent review of the bank; and

''(II) at least a rating of 2 for management, if that rating is given; or

''(ii) in the case of any national bank that has not been examined, the existence and use of managerial resources that the Comptroller determines are satisfactory.

''(b) LIMITED EXCLUSIONS FROM COMMUNITY NEEDS REQUIREMENTS FOR NEWLY ACQUIRED DEPOSITORY INSTITUTIONS.—Any depository institution which becomes affiliated with a national bank during the 24-month period preceding the submission of an application to acquire a subsidiary under subsection (a)(2), and any depository institution which becomes so affiliated after the approval of such application, may be excluded for purposes of subsection (a)(2)(B) during the 24-month period beginning on the date of such acquisition if—

''(1) the depository institution has submitted an affirmative plan to the appropriate Federal banking agency (as defined in section 3 of the Federal Deposit Insurance Act) to take such action as may be necessary in order for such institution to achieve a 'satisfactory record of meeting community credit needs', or better, at the next examination of the institution under the Community Reinvestment Act of 1977; and

''(2) the plan has been approved by the appropriate Federal banking agency.''.

(b) LIMITATION ON CERTAIN ACTIVITIES IN SUBSIDIARIES.—Section 21(a)(1) of the Banking Act of 1933 (12 U.S.C. 378(a)(1)) is amended—

(1) by inserting '', or to be a subsidiary of any person, firm, corporation, association, business trust, or similar organization engaged (unless such subsidiary (A) was engaged in such securities activities as of September 15, 1997, or (B) is a nondepository subsidiary of a foreign bank and is not also a subsidiary of a domestic depository institution),'' after ''to engage at the same time''; and

(2) by inserting ''or any subsidiary of such bank, company, or institution'' after ''or private bankers''.

(c) TECHNICAL AND CONFORMING AMENDMENTS.—

(1) ANTITYING.—Section 106(a) of the Bank Holding Company Act Amendments of 1970 is amended by adding at the end the following new sentence: ''For purposes of this section, a subsidiary of a national bank which engages in activities as an agent pursuant to section 5136A(a)(2) shall be deemed to be a subsidiary of a bank holding company, and not a subsidiary of a bank.''.

(2) SECTION 23B.—Section 23B(a) of the Federal Reserve Act (12 U.S.C. 371c–1(a)) is amended by adding at the end the following new paragraph:

''(4) SUBSIDIARY OF NATIONAL BANK.—For purposes of this section, a subsidiary of a national bank which engages in activities as an agent pursuant to section 5136A(a)(2) shall be deemed to be an affiliate of the national bank and not a subsidiary of the bank.''

(d) CLERICAL AMENDMENT.—The table of sections for chapter one of title LXII of the Revised Statutes of the United States is amended—

(1) by redesignating the item relating to section 5136A as section 5136C; and

(2) by inserting after the item relating to section 5136 the following new item:

''5136A. Financial subsidiaries of national banks.''.

SEC. 122. MISREPRESENTATIONS REGARDING DEPOSITORY INSTITUTION LIABILITY FOR OBLIGATIONS OF AFFILIATES.

(a) IN GENERAL.—Chapter 47 of title 18, United States Code, is amended by inserting after section 1007 the following new section:

''§ 1008. Misrepresentations regarding financial institution liability for obligations of affiliates

''(a) IN GENERAL.—No institution-affiliated party of an insured depository institution or institution-affiliated party of a subsidiary or affiliate of an insured depository institution shall fraudulently represent that the institution is or will be liable for any obligation of a subsidiary or other affiliate of the institution.

''(b) CRIMINAL PENALTY.—Whoever violates subsection (a) shall be fined under this title, imprisoned for not more than 1 year, or both.

''(c) INSTITUTION-AFFILIATED PARTY DEFINED.—For purposes of this section, the term 'institution-affiliated party' with respect to a subsidiary or affiliate has the same meaning as in section 3 except references to an insured depository institution shall be deemed to be references to a subsidiary or affiliate of an insured depository institution.

''(d) OTHER DEFINITIONS.—For purposes of this section, the terms 'affiliate', 'insured depository institution', and 'subsidiary' have same meanings as in section 3 of the Federal Deposit Insurance Act.''.

(b) CLERICAL AMENDMENT.—The table of sections for chapter 47 of title 18, United States Code, is amended by inserting after the item relating to section 1007 the following new item:

''1008. Misrepresentations regarding financial institution liability for obligations of affiliates.''.

SEC. 123. REPEAL OF STOCK LOAN LIMIT IN FEDERAL RESERVE ACT.

Section 11 of the Federal Reserve Act (12 U.S.C. 248) is amended by striking the paragraph designated as ''(m)'' and inserting ''(m) [Repealed]''.

Subtitle D—Wholesale Financial Holding Companies; Wholesale Financial Institutions

CHAPTER 1—WHOLESALE FINANCIAL HOLDING COMPANIES

SEC. 131. WHOLESALE FINANCIAL HOLDING COMPANIES ESTABLISHED.

(a) DEFINITION AND SUPERVISION.—Section 10 of the Bank Holding Company Act of 1956 (12 U.S.C. 1841 et seq.) is amended to read as follows:

"SEC. 10. WHOLESALE FINANCIAL HOLDING COMPANIES.

''(a) COMPANIES THAT CONTROL WHOLESALE FINANCIAL INSTITUTIONS.—

''(1) WHOLESALE FINANCIAL HOLDING COMPANY DEFINED.—The term 'wholesale financial holding company' means any company that—

''(A) is registered as a bank holding company;

''(B) is predominantly engaged in financial activities as defined in section 6(g)(2);

''(C) controls 1 or more wholesale financial institutions;

''(D) does not control—

''(i) a bank other than a wholesale financial institution;

''(ii) an insured bank other than an institution permitted under subparagraph (D), (F), or (G) of section 2(c)(2); or

''(iii) a savings association; and

''(E) is not a foreign bank (as defined in section 1(b)(7) of the International Banking Act of 1978).

''(2) SAVINGS ASSOCIATION TRANSITION PERIOD.—Notwithstanding paragraph (1)(C)(iii), the Board may permit a company that controls a savings association and that otherwise meets the requirements of paragraph (1) to become supervised under paragraph (1), if the company divests control of any such savings association within such period not to exceed 5 years after becoming supervised under paragraph (1) as permitted by the Board.

''(b) SUPERVISION BY THE BOARD.—

''(1) IN GENERAL.—The provisions of this section shall govern the reporting, examination, and capital requirements of wholesale financial holding companies.

''(2) REPORTS.—

''(A) IN GENERAL.—The Board from time to time may require any wholesale financial holding company and any subsidiary of such company to submit reports under oath to keep the Board informed as to—

''(i) the company's or subsidiary's activities, financial condition, policies, systems for monitoring and controlling financial and operational risks, and transactions with depository institution subsidiaries of the holding company; and

''(ii) the extent to which the company or subsidiary has complied with the provisions of this Act and regulations prescribed and orders issued under this Act.

''(B) USE OF EXISTING REPORTS.—

''(i) IN GENERAL.—The Board shall, to the fullest extent possible, accept reports in fulfillment of the Board's reporting requirements under this paragraph that the wholesale financial holding company or any subsidiary of such company has provided or been required to provide to other Federal and State supervisors or to appropriate self-regulatory organizations.

''(ii) AVAILABILITY.—A wholesale financial holding company or a subsidiary of such company shall provide to the Board, at the request of the Board, a report referred to in clause (i).

''(C) EXEMPTIONS FROM REPORTING REQUIREMENTS.—

''(i) IN GENERAL.—The Board may, by regulation or order, exempt any company or class of companies, under such terms and conditions and for such periods as the Board shall provide in such regulation or order, from the provisions of this paragraph and any regulation prescribed under this paragraph.

''(ii) CRITERIA FOR CONSIDERATION.—In making any determination under clause (i) with regard to any exemption under such clause, the Board shall consider, among such other factors as the Board may determine to be appropriate, the following factors:

''(I) Whether information of the type required under this paragraph is available from a supervisory agency (as defined in section 1101(7) of the Right to Financial Privacy Act of 1978) or a foreign regulatory authority of a similar type.

''(II) The primary business of the company.

''(III) The nature and extent of the domestic and foreign regulation of the activities of the company.

''(3) EXAMINATIONS.—

''(A) LIMITED USE OF EXAMINATION AUTHORITY.—The Board may make examinations of each wholesale financial holding company and each subsidiary of such company in order to—

''(i) inform the Board regarding the nature of the operations and financial condition of the wholesale financial holding company and its subsidiaries;

''(ii) inform the Board regarding—

''(I) the financial and operational risks within the wholesale financial holding company system that may affect any depository institution owned by such holding company; and

''(II) the systems of the holding company and its subsidiaries for monitoring and controlling those risks; and

''(iii) monitor compliance with the provisions of this Act and those governing transactions and relationships between any depository institution controlled by the wholesale financial holding company and any of the company's other subsidiaries.

''(B) RESTRICTED FOCUS OF EXAMINATIONS.—The Board shall, to the fullest extent possible, limit the focus and scope of any examination of a wholesale financial holding company under this paragraph to—

''(i) the holding company; and

''(ii) any subsidiary (other than an insured depository institution subsidiary) of the holding company that, because of the size, condition, or activities of the subsidiary, the nature or size of transactions between such subsidiary and any affiliated depository institution, or the centralization of functions within the holding company system, could have a materially adverse effect on the safety and soundness of any depository institution affiliate of the holding company.

''(C) DEFERENCE TO BANK EXAMINATIONS.—The Board shall, to the fullest extent possible, use the reports of examination of depository institutions made by the Comptroller of the Currency, the Federal Deposit Insurance Corporation, the Director of the Office of Thrift Supervision or the appropriate State depository institution supervisory authority for the purposes of this section.

''(D) DEFERENCE TO OTHER EXAMINATIONS.—The Board shall, to the fullest extent possible, address the circumstances which might otherwise permit or require an examination by the Board by forgoing an examination and by instead reviewing the reports of examination made of—

''(i) any registered broker or dealer or any registered investment adviser by or on behalf of the Commission; and

''(ii) any licensed insurance company by or on behalf of any State government insurance agency responsible for the supervision of the insurance company.

''(E) CONFIDENTIALITY OF REPORTED INFORMATION.—

''(i) IN GENERAL.—Notwithstanding any other provision of law, the Board shall not be compelled to disclose any nonpublic information required to be reported under this paragraph, or any information supplied to the Board by any domestic or foreign regulatory agency, that relates to the financial or operational condition of any wholesale financial holding company or any subsidiary of such company.

''(ii) COMPLIANCE WITH REQUESTS FOR INFORMATION.—No provision of this subparagraph shall be construed as authorizing the Board to withhold information from the Congress, or preventing the Board from complying with a request for information from any other Federal department or agency for purposes within the scope of such department's or agency's jurisdiction, or from complying with any order of a court of competent jurisdiction in an action brought by the United States or the Board.

''(iii) COORDINATION WITH OTHER LAW.—For purposes of section 552 of title 5, United States Code, this subparagraph shall be considered to be a statute described in subsection (b)(3)(B) of such section.

''(iv) DESIGNATION OF CONFIDENTIAL INFORMATION.—In prescribing regulations to carry out the requirements of this subsection, the Board shall designate information described in or obtained pursuant to this paragraph as confidential information.

''(F) COSTS.—The cost of any examination conducted by the Board under this section may be assessed against, and made payable by, the wholesale financial holding company.

''(4) CAPITAL ADEQUACY GUIDELINES.—

''(A) CAPITAL ADEQUACY PROVISIONS.—Subject to the requirements of, and solely in accordance with, the terms of this paragraph, the Board may adopt capital adequacy rules or guidelines for wholesale financial holding companies.

''(B) METHOD OF CALCULATION.—In developing rules or guidelines under this paragraph, the following provisions shall apply:

''(i) FOCUS ON DOUBLE LEVERAGE.—The Board shall focus on the use by wholesale financial holding companies of debt and other liabilities to fund capital investments in subsidiaries.

''(ii) NO UNWEIGHTED CAPITAL RATIO.—The Board shall not, by regulation, guideline, order, or otherwise, impose under this section a capital ratio that is not based on appropriate risk-weighting considerations.

''(iii) NO CAPITAL REQUIREMENT ON REGULATED ENTITIES.—The Board shall not, by regulation, guideline, order or otherwise, prescribe or impose any capital or capital adequacy rules, standards, guidelines, or requirements upon any subsidiary that—

''(I) is not a depository institution; and

''(II) is in compliance with applicable capital requirements of another Federal regulatory authority (including the Securities and Exchange Commission) or State insurance authority.

''(iv) LIMITATION.—The Board shall not, by regulation, guideline, order or otherwise, prescribe or impose any capital or capital adequacy rules, standards, guidelines, or requirements upon any subsidiary that is not a depository institution and that is registered as an investment adviser under the Investment Advisers Act of 1940, except that this clause shall not be construed as preventing the Board from imposing capital or capital adequacy rules, guidelines, standards, or requirements with respect to activities of a registered investment adviser other than investment advisory activities or activities incidental to investment advisory activities.

''(v) APPROPRIATE EXCLUSIONS.—The Board shall take full account of—

''(I) the capital requirements made applicable to any subsidiary that is not a depository institution by another Federal regulatory authority or State insurance authority; and

''(II) industry norms for capitalization of a company's unregulated subsidiaries and activities.

''(vi) INTERNAL RISK MANAGEMENT MODELS.—The Board may incorporate internal risk management models of wholesale financial holding companies into its capital adequacy guidelines or rules and may take account of the extent to which resources of a subsidiary depository institution may be

used to service the debt or other liabilities of the wholesale financial holding company.

''(c) NONFINANCIAL ACTIVITIES AND INVESTMENTS.—

''(1) AUTHORITY FOR LIMITED AMOUNTS OF NEW ACTIVITIES AND INVESTMENTS.—

''(A) IN GENERAL.—Notwithstanding section 4(a), a wholesale financial holding company may engage in activities which are not (or have not been determined to be) financial in nature or incidental to activities which are financial in nature, or acquire and retain ownership and control of the shares of a company engaged in such activities if—

''(i) the aggregate annual gross revenues derived from all such activities and of all such companies does not exceed 5 percent of the consolidated annual gross revenues of the wholesale financial holding company or, in the case of a foreign bank or any company that owns or controls a foreign bank, the aggregate annual gross revenues derived from any such activities in the United States does not exceed 5 percent of the consolidated annual gross revenues of the foreign bank or company in the United States derived from any branch, agency, commercial lending company, or depository institution controlled by the foreign bank or company and any subsidiary engaged in the United States in activities permissible under section 4 or 6 or this subsection;

''(ii) the consolidated total assets of any company the shares of which are acquired pursuant to this subsection are less than $750,000,000 at the time the shares are acquired by the wholesale financial holding company; and

''(iii) such company provides notice to the Board within 30 days of commencing the activity or acquiring the ownership or control.

''(B) INCLUSION OF GRANDFATHERED ACTIVITIES.—For purposes of determining compliance with the limits contained in subparagraph (A), the gross revenues derived from all activities conducted and companies the shares of which are held under paragraph (2) shall be considered to be derived or held under this paragraph.

''(C) REPORT.—No later than 5 years after the date of enactment of the Financial Services Act of 1998, the Board shall submit to the Congress a report regarding the activities conducted and companies held pursuant to this paragraph and the effect, if any, that affiliations permitted under this paragraph have had on affiliated depository institutions. The report shall include recommendations regarding the appropriateness of retaining, increasing, or decreasing the limits contained in those provisions.

''(2) GRANDFATHERED ACTIVITIES.—

''(A) IN GENERAL.—Notwithstanding paragraph (1)(A) and section 4(a), a company that becomes a wholesale financial holding company may continue to engage, directly or indirectly, in any activity and may retain ownership and control of shares of a company engaged in any activity if—

''(i) on the date of the enactment of the Financial Services Act of 1998, such wholesale financial holding company was lawfully engaged in that nonfinancial activity, held the shares of such company, or had entered into a contract to acquire shares of any company engaged in such activity; and

''(ii) the company engaged in such activity continues to engage only in the same activities that such company conducted on the date of the enactment of the Financial Services Act of 1998, and other activities permissible under this Act.

''(B) NO EXPANSION OF GRANDFATHERED COMMERCIAL ACTIVITIES THROUGH MERGER OR CONSOLIDATION.—A wholesale financial holding company that engages in activities or holds shares pursuant to this paragraph, or a subsidiary of such wholesale financial holding company, may not acquire, in any merger, consolidation, or other type of business combination, assets of any other company which is engaged in any activity which the Board has not determined to be financial in nature or incidental to activities that are financial in nature under section 6(c).

''(C) LIMITATION TO SINGLE EXEMPTION.—No company that engages in any activity or controls any shares under subsection (f) or (g) of section 6 may engage in any activity or own any shares pursuant to this paragraph or paragraph (1).

''(3) COMMODITIES.—

''(A) IN GENERAL.—Notwithstanding section 4(a), a wholesale financial holding company which was predominately engaged as of January 1, 1997, in financial activities in the United States (or any successor to any such company) may engage in, or directly or indirectly own or control shares of a company engaged in, activities related to the trading, sale, or investment in commodities and underlying physical properties that were not permissible for bank holding companies to conduct in the United States as of January 1, 1997, if such wholesale financial holding company, or any subsidiary of such holding company, was engaged directly, indirectly, or through any such company in any of such activities as of January 1, 1997, in the United States.

''(B) LIMITATION.—Notwithstanding paragraph (1)(A)(i), the attributed aggregate consolidated assets of a wholesale financial holding company held under the authority granted under this paragraph and not otherwise permitted to be held by all wholesale financial holding companies under this section may not exceed 5 percent of the total consolidated assets of the wholesale financial holding company, except that the Board may increase such percentage of total consolidated assets by such amounts and under such circumstances as the Board considers appropriate, consistent with the purposes of this Act.

''(4) CROSS MARKETING RESTRICTIONS.—A wholesale financial holding company shall not permit—

''(A) any company whose shares it owns or controls pursuant to paragraph (1), (2), or (3) to offer or market any product or service of an affiliated wholesale financial institution; or

''(B) any affiliated wholesale financial institution to offer or market any product or service of any company whose shares are owned or controlled by such wholesale financial holding company pursuant to such paragraphs.

''(d) QUALIFICATION OF FOREIGN BANK AS WHOLESALE FINANCIAL HOLDING COMPANY.—

''(1) IN GENERAL.—Any foreign bank, or any company that owns or controls a foreign bank, that—

''(A) operates a branch, agency, or commercial lending company in the United States, including a foreign bank or company that owns or controls a wholesale financial institution; and

''(B) owns, controls, or is affiliated with a security affiliate that engages in underwriting corporate equity securities,

may request a determination from the Board that such bank or company be treated as a wholesale financial holding company for purposes of subsection (c).

''(2) CONDITIONS FOR TREATMENT AS A WHOLESALE FINANCIAL HOLDING COMPANY.—A foreign bank and a company that owns or controls a foreign bank may not be treated as a wholesale financial holding company unless the bank and company meet and continue to meet the following criteria:

''(A) NO INSURED DEPOSITS.—No deposits held directly by a foreign bank or through an affiliate (other than an institution described in subparagraph (D) or (F) of section 2(c)(2)) are insured under the Federal Deposit Insurance Act.

''(B) CAPITAL STANDARDS.—The foreign bank meets risk-based capital standards comparable to the capital standards required for a wholesale financial institution, giving due regard to the principle of national treatment and equality of competitive opportunity.

''(C) TRANSACTION WITH AFFILIATES.—Transactions between a branch, agency, or commercial lending company subsidiary of the foreign bank in the United States, and any securities affiliate or company in which the foreign bank (or any company that owns or controls such foreign bank) has invested pursuant to subsection (d) comply with the provisions of sections 23A and 23B of the Federal Reserve Act in the same manner and to the same extent as such transactions would be required to comply with such sections if the bank were a member bank.

''(3) TREATMENT AS A WHOLESALE FINANCIAL INSTITUTION.—Any foreign bank which is, or is affiliated with a company which is, treated as a wholesale financial holding company under this subsection shall be treated as a wholesale financial institution for purposes of subsection (c)(4) of this section and subsections (c)(1)(C) and (c)(3) of section 9B of the Federal Reserve Act, and any such foreign bank or company shall be subject to paragraphs (3), (4), and (5) of section 9B(d) of the Federal Reserve Act, except that the Board may adopt such modifications, conditions, or exemptions as the Board deems appropriate, giving due regard to the principle of national treatment and equality of competitive opportunity.

''(4) NONAPPLICABILITY OF OTHER EXEMPTION.—Any foreign bank or company which is treated as a wholesale financial holding company under this subsection shall not be eligible for any exception described in section 2(h).

''(5) SUPERVISION OF FOREIGN BANK WHICH MAINTAINS NO BANKING PRESENCE OTHER THAN CONTROL OF A WHOLESALE FINANCIAL INSTITUTION.—A foreign bank that owns or controls a wholesale financial institution but does not operate a branch, agency, or commercial lending company in the United States (and any company that owns or controls such foreign bank) may request a determination from the Board that such bank or company be treated as a wholesale financial holding company for purposes of subsection (c), except that such bank or company shall be subject to the restrictions of paragraphs (2)(A), (3), and (4) of this subsection.

''(6) NO EFFECT ON OTHER PROVISIONS.—This section shall not be construed as limiting the authority of the Board under the International Banking Act of 1978 with respect to the regulation, supervision, or examination of foreign banks and their offices and affiliates in the United States.

''(7) APPLICABILITY OF COMMUNITY REINVESTMENT ACT OF 1977.—The branches in the United States of a foreign bank that is, or is affiliated with a company that is, treated as a wholesale financial holding company shall be subject to section 9B(b)(11) of the Federal Reserve Act as if the foreign bank were a wholesale financial institution under such section. The Board and the Comptroller of the Currency shall apply the provisions of sections 803(2), 804, and 807(1) of the Community Reinvestment Act of 1977 to branches of foreign banks which receive only such deposits as are permissible for receipt by a corporation organized under section 25A of the Federal Reserve Act, in the same manner and to the same extent such sections apply to such a corporation.''.

(b) UNINSURED STATE BANKS.—Section 9 of the Federal Reserve Act (U.S.C. 321 et seq.) is amended by adding at the end the following new paragraph:

''(24) ENFORCEMENT AUTHORITY OVER UNINSURED STATE MEMBER BANKS.—Section 3(u) of the Federal Deposit Insurance Act, subsections (j) and (k) of section 7 of such Act, and subsections (b) through (n), (s), (u), and (v) of section 8 of such Act shall apply to an uninsured State member bank in the same manner and to the same extent such provisions apply to an insured State member bank and any reference in any such provision to 'insured depository institution' shall be deemed to be a reference to 'uninsured State member bank' for purposes of this paragraph.''.

SEC. 132. AUTHORIZATION TO RELEASE REPORTS.

(a) FEDERAL RESERVE ACT.—The last sentence of the 8th undesignated paragraph of section 9 of the Federal Reserve Act (12 U.S.C. 326) is amended to read as follows: ''The Board of Governors of the Federal Reserve System, at its discretion, may furnish reports of examination or other confidential supervisory information concerning State member banks or any other entities examined under any other authority of the Board to any Federal or State authorities with supervisory or regulatory authority over the examined entity, to officers, directors, or receivers of the examined entity, and to any other person that the Board determines to be proper.''.

(b) COMMODITY FUTURES TRADING COMMISSION.—

(1) Section 1101(7) of the Right to Financial Privacy Act of 1978 (12 U.S.C. 3401(7)) is amended—

(A) by redesignating subparagraphs (G) and (H) as subparagraphs (H) and (I), respectively; and

(B) by inserting after subparagraph (F) the following new subparagraph:

''(G) the Commodity Futures Trading Commission; or'' and

(2) Section 1112(e) of the Right to Financial Privacy Act (12 U.S.C. 3412(e)) is amended by striking ''and the Securities and Exchange Commission'' and inserting '', the Securities and Exchange Commission, and the Commodity Futures Trading Commission''.

SEC. 133. CONFORMING AMENDMENTS.

(a) BANK HOLDING COMPANY ACT OF 1956.—

(1) DEFINITIONS.—Section 2 of the Bank Holding Company Act of 1956 (12 U.S.C. 1842) is amended by adding at the end the following new subsections:

''(p) WHOLESALE FINANCIAL INSTITUTION.—The term 'wholesale financial institution' means a wholesale financial institution subject to section 9B of the Federal Reserve Act.

''(q) COMMISSION.—The term 'Commission' means the Securities and Exchange Commission.

''(r) DEPOSITORY INSTITUTION.—The term 'depository institution'—

''(1) has the meaning given to such term in section 3 of the Federal Deposit Insurance Act; and

''(2) includes a wholesale financial institution.''.

(2) DEFINITION OF BANK INCLUDES WHOLESALE FINANCIAL INSTITUTION.—Section 2(c)(1) of the Bank Holding Company Act of 1956 (12 U.S.C. 1841(c)(1)) is amended by adding at the end the following new subparagraph:

''(C) A wholesale financial institution.''.

(3) INCORPORATED DEFINITIONS.—Section 2(n) of the Bank Holding Company Act of 1956 (12 U.S.C. 1841(n)) is amended by inserting '''insured bank','' after '''in danger of default',''.

(4) EXCEPTION TO DEPOSIT INSURANCE REQUIREMENT.—Section 3(e) of the Bank Holding Company Act of 1956 (12 U.S.C. 1842(e)) is amended by adding at the end the following: ''This subsection shall not apply to a wholesale financial institution.''

(b) FEDERAL DEPOSIT INSURANCE ACT.—Section 3(q)(2)(A) of the Federal Deposit Insurance Act (12 U.S.C. 1813(q)(2)(A)) is amended to read as follows:

''(A) any State member insured bank (except a District bank) and any wholesale financial institution as authorized pursuant to section 9B of the Federal Reserve Act;''.

CHAPTER 2—WHOLESALE FINANCIAL INSTITUTIONS

SEC. 136. WHOLESALE FINANCIAL INSTITUTIONS.

(a) NATIONAL WHOLESALE FINANCIAL INSTITUTIONS.—

(1) IN GENERAL.—Chapter one of title LXII of the Revised Statutes of the United States (12 U.S.C. 21 et seq.) is amended by inserting after section 5136A (as added by section 121(a) of this title) the following new section:

''SEC. 5136B. NATIONAL WHOLESALE FINANCIAL INSTITUTIONS.

''(a) AUTHORIZATION OF THE COMPTROLLER REQUIRED.—A national bank may apply to the Comptroller on such forms and in accordance with such regulations as the Comptroller may prescribe, for permission to operate as a national wholesale financial institution.

''(b) REGULATION.—A national wholesale financial institution may exercise, in accordance with such institution's articles of incorporation and regulations issued by the Comptroller, all the powers and privileges of a national bank formed in accordance with section 5133 of the Revised Statutes of the United States, subject to section 9B of the Federal Reserve Act and the limitations and restrictions contained therein.

''(c) COMMUNITY REINVESTMENT ACT OF 1977.—A national wholesale financial institution shall be subject to the Community Reinvestment Act of 1977.

''(d) EXAMINATION REPORTS.—The Comptroller of the Currency shall, to the fullest extent possible, use the report of examinations made by the Board of Governors of the Federal Reserve System of a wholesale financial institution.''.

(2) CLERICAL AMENDMENT.—The table of sections for chapter one of title LXII of the Revised Statutes of the United States is amended by inserting after the item relating to section 5136A (as added by section 121(d) of this title) the following new item:

''5136B. National wholesale financial institutions.''.

(b) STATE WHOLESALE FINANCIAL INSTITUTIONS.—The Federal Reserve Act (12 U.S.C. 221 et seq.) is amended by inserting after section 9A the following new section:

''SEC. 9B. WHOLESALE FINANCIAL INSTITUTIONS.

''(a) APPLICATION FOR MEMBERSHIP AS WHOLESALE FINANCIAL INSTITUTION.—

''(1) APPLICATION REQUIRED.—

''(A) IN GENERAL.—Any bank may apply to the Board of Governors of the Federal Reserve System to become a wholesale financial institution and, as a wholesale financial institution, to subscribe to the stock of the Federal reserve bank organized within the district where the applying bank is located.

''(B) TREATMENT AS MEMBER BANK.—Any application under subparagraph (A) shall be treated as an application under, and shall be subject to the provisions of, section 9.

''(2) INSURANCE TERMINATION.—No bank the deposits of which are insured under the Federal Deposit Insurance Act may become a wholesale financial institution unless it has met all requirements under that Act for voluntary termination of deposit insurance.

''(b) GENERAL REQUIREMENTS APPLICABLE TO WHOLESALE FINANCIAL INSTITUTIONS.—

''(1) FEDERAL RESERVE ACT.—Except as otherwise provided in this section, wholesale financial institutions shall be member banks and shall be subject to the provisions of this Act that apply to member banks to the same extent and in the same manner as State member insured banks, except that a wholesale financial institution may terminate membership under this Act only with the prior written approval of the Board and on terms and conditions that the Board determines are appropriate to carry out the purposes of this Act.

''(2) PROMPT CORRECTIVE ACTION.—A wholesale financial institution shall be deemed to be an insured depository institution for purposes of section 38 of the Federal Deposit Insurance Act except that—

''(A) the relevant capital levels and capital measures for each capital category shall be the levels specified by the Board for wholesale financial institutions; and

''(B) all references to the appropriate Federal banking agency or to the Corporation in that section shall be deemed to be references to the Board.

''(3) ENFORCEMENT AUTHORITY.—Subsections (j) and (k) of section 7, subsections (b) through (n), (s), and (v) of section 8, and section 19 of the Federal Deposit Insurance Act shall apply to a wholesale financial institution in the same manner and to the same extent as such provisions apply to State member insured banks and any reference in such sections to an insured depository institution shall be deemed to include a reference to a wholesale financial institution.

''(4) CERTAIN OTHER STATUTES APPLICABLE.—A wholesale financial institution shall be deemed to be a banking institution, and the Board shall be the appropriate Federal banking agency for such bank and all such bank's affiliates, for purposes of the International Lending Supervision Act.

''(5) BANK MERGER ACT.—A wholesale financial institution shall be subject to sections 18(c) and 44 of the Federal Deposit Insurance Act in the same manner and to the same extent the wholesale financial institution would be subject to such sections if the institution were a State member insured bank.

''(6) BRANCHING.—Notwithstanding any other provision of law, a wholesale financial institution may establish and operate a branch at any location on such terms and conditions as established by the Board and, in the case of a State-chartered wholesale financial institution, with the approval of the Board, and, in the case of a national bank wholesale financial institution, with the approval of the Comptroller of the Currency.

''(7) ACTIVITIES OF OUT-OF-STATE BRANCHES OF WHOLESALE FINANCIAL INSTITUTIONS.—

''(A) GENERAL.—A State-chartered wholesale financial institution shall be deemed a State bank and an insured State bank and a national wholesale financial institution shall be deemed a national bank for purposes of paragraphs (1), (2), and (3) of section 24(j) of the Federal Deposit Insurance Act.

''(B) DEFINITIONS.—The following definitions shall apply solely for purposes of applying paragraph (1):

''(i) HOME STATE.—The term 'home State' means—

''(I) with respect to a national wholesale financial institution, the State in which the main office of the institution is located; and

''(II) with respect to a State-chartered wholesale financial institution, the State by which the institution is chartered.

''(ii) HOST STATE.—The term 'host State' means a State, other than the home State of the wholesale financial institution, in which the institution maintains, or seeks to establish and maintain, a branch.

''(iii) OUT-OF-STATE BANK.—The term 'out-of-State bank' means, with respect to any

State, a wholesale financial institution whose home State is another State.

''(8) DISCRIMINATION REGARDING INTEREST RATES.—Section 27 of the Federal Deposit Insurance Act shall apply to State-chartered wholesale financial institutions in the same manner and to the same extent as such provisions apply to State member insured banks and any reference in such section to a State-chartered insured depository institution shall be deemed to include a reference to a State-chartered wholesale financial institution.

''(9) PREEMPTION OF STATE LAWS REQUIRING DEPOSIT INSURANCE FOR WHOLESALE FINANCIAL INSTITUTIONS.—The appropriate State banking authority may grant a charter to a wholesale financial institution notwithstanding any State constitution or statute requiring that the institution obtain insurance of its deposits and any such State constitution or statute is hereby preempted solely for purposes of this paragraph.

''(10) PARITY FOR WHOLESALE FINANCIAL INSTITUTIONS.—A State bank that is a wholesale financial institution under this section shall have all of the rights, powers, privileges, and immunities (including those derived from status as a federally chartered institution) of and as if it were a national bank, subject to such terms and conditions as established by the Board.

''(11) COMMUNITY REINVESTMENT ACT OF 1977.—A State wholesale financial institution shall be subject to the Community Reinvestment Act of 1977.

''(c) SPECIFIC REQUIREMENTS APPLICABLE TO WHOLESALE FINANCIAL INSTITUTIONS.—

''(1) LIMITATIONS ON DEPOSITS.—

''(A) MINIMUM AMOUNT.—

''(i) IN GENERAL.—No wholesale financial institution may receive initial deposits of $100,000 or less, other than on an incidental and occasional basis.

''(ii) LIMITATION ON DEPOSITS OF LESS THAN $100,000.—No wholesale financial institution may receive initial deposits of $100,000 or less if such deposits constitute more than 5 percent of the institution's total deposits.

''(B) NO DEPOSIT INSURANCE.—No deposits held by a wholesale financial institution shall be insured deposits under the Federal Deposit Insurance Act.

''(C) ADVERTISING AND DISCLOSURE.—The Board shall prescribe regulations pertaining to advertising and disclosure by wholesale financial institutions to ensure that each depositor is notified that deposits at the wholesale financial institution are not federally insured or otherwise guaranteed by the United States Government.

''(2) MINIMUM CAPITAL LEVELS APPLICABLE TO WHOLESALE FINANCIAL INSTITUTIONS.—The Board shall, by regulation, adopt capital requirements for wholesale financial institutions—

''(A) to account for the status of wholesale financial institutions as institutions that accept deposits that are not insured under the Federal Deposit Insurance Act; and

''(B) to provide for the safe and sound operation of the wholesale financial institution without undue risk to creditors or other persons, including Federal reserve banks, engaged in transactions with the bank.

''(3) ADDITIONAL REQUIREMENTS APPLICABLE TO WHOLESALE FINANCIAL INSTITUTIONS.—In addition to any requirement otherwise applicable to State member insured banks or applicable, under this section, to wholesale financial institutions, the Board may impose, by regulation or order, upon wholesale financial institutions—

''(A) limitations on transactions, direct or indirect, with affiliates to prevent—

''(i) the transfer of risk to the deposit insurance funds; or

''(ii) an affiliate from gaining access to, or the benefits of, credit from a Federal reserve bank, including overdrafts at a Federal reserve bank;

''(B) special clearing balance requirements; and

''(C) any additional requirements that the Board determines to be appropriate or necessary to—

''(i) promote the safety and soundness of the wholesale financial institution or any insured depository institution affiliate of the wholesale financial institution;

''(ii) prevent the transfer of risk to the deposit insurance funds; or

''(iii) protect creditors and other persons, including Federal reserve banks, engaged in transactions with the wholesale financial institution.

''(4) EXEMPTIONS FOR WHOLESALE FINANCIAL INSTITUTIONS.—The Board may, by regulation or order, exempt any wholesale financial institution from any provision applicable to a member bank that is not a wholesale financial institution, if the Board finds that such exemption is not inconsistent with—

''(A) the promotion of the safety and soundness of the wholesale financial institution or any insured depository institution affiliate of the wholesale financial institution;

''(B) the protection of the deposit insurance funds; and

''(C) the protection of creditors and other persons, including Federal reserve banks, engaged in transactions with the wholesale financial institution.

''(5) LIMITATION ON TRANSACTIONS BETWEEN A WHOLESALE FINANCIAL INSTITUTION AND AN INSURED BANK.—For purposes of section 23A(d)(1) of the Federal Reserve Act, a wholesale financial institution that is affiliated with an insured bank shall not be a bank.

''(6) NO EFFECT ON OTHER PROVISIONS.—This section shall not be construed as limiting the Board's authority over member banks under any other provision of law, or to create any obligation for any Federal reserve bank to make, increase, renew, or extend any advance or discount under this Act to any member bank or other depository institution.

''(d) CAPITAL AND MANAGERIAL REQUIREMENTS.—

''(1) IN GENERAL.—A wholesale financial institution shall be well capitalized and well managed.

''(2) NOTICE TO COMPANY.—The Board shall promptly provide notice to a company that controls a wholesale financial institution whenever such wholesale financial institution is not well capitalized or well managed.

''(3) AGREEMENT TO RESTORE INSTITUTION.—Within 45 days of receipt of a notice under paragraph (2) (or such additional period not to exceed 90 days as the Board may permit), the company shall execute an agreement acceptable to the Board to restore the wholesale financial institution to compliance with all of the requirements of paragraph (1).

''(4) LIMITATIONS UNTIL INSTITUTION RESTORED.—Until the wholesale financial institution is restored to compliance with all of the requirements of paragraph (1), the Board may impose such limitations on the conduct or activities of the company or any affiliate of the company as the Board determines to be appropriate under the circumstances.

''(5) FAILURE TO RESTORE.—If the company does not execute and implement an agreement in accordance with paragraph (3), comply with any limitation imposed under paragraph (4), restore the wholesale financial institution to well capitalized status within 180 days after receipt by the company of the notice described in paragraph (2), or restore the wholesale financial institution to well managed status within such period as the Board may permit, the company shall, under such terms and conditions as may be imposed by the Board and subject to such extension of time as may be granted in the Board's discretion, divest control of its subsidiary depository institutions.

''(6) WELL MANAGED DEFINED.—For purposes of this subsection, the term 'well managed' has the same meaning as in section 2 of the Bank Holding Company Act of 1956.

''(e) CONSERVATORSHIP AUTHORITY.—

''(1) IN GENERAL.—The Board may appoint a conservator to take possession and control of a wholesale financial institution to the same extent and in the same manner as the Comptroller of the Currency may appoint a conservator for a national bank under section 203 of the Bank Conservation Act, and the conservator shall exercise the same powers, functions, and duties, subject to the same limitations, as are provided under such Act for conservators of national banks.

''(2) BOARD AUTHORITY.—The Board shall have the same authority with respect to any conservator appointed under paragraph (1) and the wholesale financial institution for which such conservator has been appointed as the Comptroller of the Currency has under the Bank Conservation Act with respect to a conservator appointed under such Act and a national bank for which the conservator has been appointed.

''(f) EXCLUSIVE JURISDICTION.—Subsections (c) and (e) of section 43 of the Federal Deposit Insurance Act shall not apply to any wholesale financial institution.''.

(c) VOLUNTARY TERMINATION OF INSURED STATUS BY CERTAIN INSTITUTIONS.—

(1) SECTION 8 DESIGNATIONS.—Section 8(a) of the Federal Deposit Insurance Act (12 U.S.C. 1818(a)) is amended—

(A) by striking paragraph (1); and

(B) by redesignating paragraphs (2) through (10) as paragraphs (1) through (9), respectively.

(2) VOLUNTARY TERMINATION OF INSURED STATUS.—The Federal Deposit Insurance Act (12 U.S.C. 1811 et seq.) is amended by inserting after section 8 the following new section:

''SEC. 8A. VOLUNTARY TERMINATION OF STATUS AS INSURED DEPOSITORY INSTITUTION.

''(a) IN GENERAL.—Except as provided in subsection (b), an insured State bank or a national bank may voluntarily terminate such bank's status as an insured depository institution in accordance with regulations of the Corporation if—

''(1) the bank provides written notice of the bank's intent to terminate such insured status—

''(A) to the Corporation and the Board of Governors of the Federal Reserve System not less than 6 months before the effective date of such termination; and

''(B) to all depositors at such bank, not less than 6 months before the effective date of the termination of such status; and

''(2) either—

''(A) the deposit insurance fund of which such bank is a member equals or exceeds the fund's designated reserve ratio as of the date the bank provides a written notice under paragraph (1) and the Corporation determines that the fund will equal or exceed the applicable designated reserve ratio for the 2 semiannual assessment periods immediately following such date; or

''(B) the Corporation and the Board of Governors of the Federal Reserve System approved the termination of the bank's insured status and the bank pays an exit fee in accordance with subsection (e).

''(b) EXCEPTION.—Subsection (a) shall not apply with respect to—

''(1) an insured savings association; or

''(2) an insured branch that is required to be insured under subsection (a) or (b) of section 6 of the International Banking Act of 1978.

''(c) ELIGIBILITY FOR INSURANCE TERMINATED.—Any bank that voluntarily elects to terminate the bank's insured status under subsection (a) shall not be eligible for insurance on any deposits or any assistance authorized under this Act after the period specified in subsection (f)(1).

''(d) INSTITUTION MUST BECOME WHOLESALE FINANCIAL INSTITUTION OR TERMINATE DEPOSIT-TAKING ACTIVITIES.—Any depository institution which voluntarily terminates such institution's status as an insured depository institution under this section may not, upon termination of insurance, accept any deposits unless the institution is a wholesale financial institution subject to section 9B of the Federal Reserve Act.

''(e) EXIT FEES.—

''(1) IN GENERAL.—Any bank that voluntarily terminates such bank's status as an insured depository institution under this section shall pay an exit fee in an amount that the Corporation determines is sufficient to account for the institution's pro rata share of the amount (if any) which would be required to restore the relevant deposit insurance fund to the fund's designated reserve ratio as of the date the bank provides a written notice under subsection (a)(1).

''(2) PROCEDURES.—The Corporation shall prescribe, by regulation, procedures for assessing any exit fee under this subsection.

''(f) TEMPORARY INSURANCE OF DEPOSITS INSURED AS OF TERMINATION.—

''(1) TRANSITION PERIOD.—The insured deposits of each depositor in a State bank or a national bank on the effective date of the voluntary termination of the bank's insured status, less all subsequent withdrawals from any deposits of such depositor, shall continue to be insured for a period of not less than 6 months and not more than 2 years, as determined by the Corporation. During such period, no additions to any such deposits, and no new deposits in the depository institution made after the effective date of such termination shall be insured by the Corporation.

''(2) TEMPORARY ASSESSMENTS; OBLIGATIONS AND DUTIES.—During the period specified in paragraph (1) with respect to any bank, the bank shall continue to pay assessments under section 7 as if the bank were an insured depository institution. The bank shall, in all other respects, be subject to the authority of the Corporation and the duties and obligations of an insured depository institution under this Act during such period, and in the event that the bank is closed due to an inability to meet the demands of the bank's depositors during such period, the Corporation shall have the same powers and rights with respect to such bank as in the case of an insured depository institution.

''(g) ADVERTISEMENTS.—

''(1) IN GENERAL.—A bank that voluntarily terminates the bank's insured status under this section shall not advertise or hold itself out as having insured deposits, except that the bank may advertise the temporary insurance of deposits under subsection (f) if, in connection with any such advertisement, the advertisement also states with equal prominence that additions to deposits and new deposits made after the effective date of the termination are not insured.

''(2) CERTIFICATES OF DEPOSIT, OBLIGATIONS, AND SECURITIES.—Any certificate of deposit or other obligation or security issued by a State bank or a national bank after the effective date of the voluntary termination of the bank's insured status under this section shall be accompanied by a conspicuous, prominently displayed notice that such certificate of deposit or other obligation or security is not insured under this Act.

''(h) NOTICE REQUIREMENTS.—

''(1) NOTICE TO THE CORPORATION.—The notice required under subsection (a)(1)(A) shall be in such form as the Corporation may require.

''(2) NOTICE TO DEPOSITORS.—The notice required under subsection (a)(1)(B) shall be—

''(A) sent to each depositor's last address of record with the bank; and

''(B) in such manner and form as the Corporation finds to be necessary and appropriate for the protection of depositors.''.

(3) DEFINITION.—Section 19(b)(1)(A)(i) of the Federal Reserve Act (12 U.S.C. 461(b)(1)(A)(i)) is amended by inserting '', or any wholesale financial institution subject to section 9B of this Act'' after ''such Act''.

Subtitle E—Streamlining Antitrust Review of Bank Acquisitions and Mergers

SEC. 141. AMENDMENTS TO THE BANK HOLDING COMPANY ACT OF 1956.

(a) AMENDMENTS TO SECTION 3 TO REQUIRE FILING OF APPLICATION COPIES WITH ANTITRUST AGENCIES.—Section 3 of the Bank Holding Company Act of 1956 (12 U.S.C. 1842) is amended—

(1) in subsection (b) by inserting after paragraph (2) the following new paragraph:

''(3) REQUIREMENT TO FILE INFORMATION WITH ANTITRUST AGENCIES.—Any applicant seeking prior approval of the Board to engage in an acquisition transaction under this section must file simultaneously with the Attorney General and, if the transaction also involves an acquisition under section 4 or 6, the Federal Trade Commission copies of any documents regarding the proposed transaction required by the Board.''; and

(2) in subsection (c)—

(A) by striking paragraph (1); and

(B) by redesignating paragraphs (2) through (5) as paragraphs (1) through (4), respectively.

(b) AMENDMENTS TO SECTION 11 TO MODIFY JUSTICE DEPARTMENT NOTIFICATION AND POST-APPROVAL WAITING PERIOD FOR SECTION 3 TRANSACTIONS.—Section 11 of the Bank Holding Company Act of 1956 (12 U.S.C. 1849) is amended—

(1) in subsection (b)(1)—

(A) by striking '', if the Board has not received any adverse comment from the Attorney General of the United States relating to competitive factors,'';

(B) by striking ''as may be prescribed by the Board with the concurrence of the Attorney General, but in no event less than 15 calendar days after the date of approval.'' and inserting ''as may be prescribed by the appropriate antitrust agency.''; and

(C) by striking the 3d to last sentence and the penultimate sentence; and

(2) by striking subsections (c) and (e) and redesignating subsections (d) and (f) as subsections (c) and (d), respectively.

(c) DEFINITIONS.—Section 2(o) of the Bank Holding Company Act of 1956 (12 U.S.C. 1841(o)) is amended by adding at the end the following new paragraphs:

''(8) ANTITRUST AGENCIES.—The term 'antitrust agencies' means the Attorney General and the Federal Trade Commission.

''(9) APPROPRIATE ANTITRUST AGENCY.—With respect to a particular transaction, the term 'appropriate antitrust agency' means the antitrust agency engaged in reviewing the competitive effects of such transaction.''.

SEC. 142. AMENDMENTS TO THE FEDERAL DEPOSIT INSURANCE ACT TO VEST IN THE ATTORNEY GENERAL SOLE RESPONSIBILITY FOR ANTITRUST REVIEW OF DEPOSITORY INSTITUTION MERGERS.

Section 18(c) of the Federal Deposit Insurance Act (12 U.S.C. 1828) is amended—

(1) in paragraph (3)(C) by striking ''during a period at least as long as the period allowed for furnishing reports under paragraph (4) of this subsection'';

(2) by striking paragraph (4) and inserting the following new paragraph:

''(4) FACTORS TO BE CONSIDERED.—In determining whether to approve a transaction, the responsible agency shall in every case take into consideration the financial and managerial resources and future prospects of the existing and proposed institutions, and the convenience and needs of the community to be served.'';

(3) by striking paragraph (5) and inserting the following new paragraph:

''(5) NOTICE TO ATTORNEY GENERAL.—The responsible agency shall immediately notify the Attorney General of any approval by it pursuant to this subsection of a proposed merger transaction. If the responsible agency has found that it must act immediately in order to prevent the probable failure of one of the banks involved, the transaction may be consummated immediately upon approval by the agency. If the responsible agency has notified the other Federal banking agencies referred to in this section of the existence of an emergency requiring expeditious action and has required the submission of views and recommendations within 10 days, the transaction may not be consummated before the 5th calendar day after the date of approval of the responsible agency. In all other cases, the transaction may not be consummated before the 30th calendar day after the date of approval by the agency, or such shorter period of time as may be prescribed by the Attorney General.'';

(4) by striking paragraph (6) and redesignating paragraphs (7) through (11) as paragraphs (6) through (10), respectively;

(5) in subparagraph (A) of paragraph (6) (as so redesignated by paragraph (4) of this section)—

(A) by striking ''(5)'' and inserting ''(4)''; and

(B) by striking ''(6)'' and inserting ''(5)'';

(C) by striking ''In any such action, the court shall review de novo the issues presented.'';

(6) in paragraph (6) (as so redesignated by paragraph (4) of this section)—

(A) by striking subparagraphs (B) and (D); and

(B) by redesignating subparagraph (C) as subparagraph (B);

(7) in paragraph (8) (as so redesignated by paragraph (4) of this section)—

(A) by inserting ''and'' after the semicolon at the end of subparagraph (A):

(B) by striking subparagraph (B); and

(C) by redesignating subparagraph (C) as subparagraph (B); and

(8) by inserting after paragraph (10) (as so redesignated by paragraph (4) of this section) the following new paragraph:

''(11) REQUIREMENT TO FILE INFORMATION WITH ATTORNEY GENERAL.—Any applicant seeking prior written approval of the responsible Federal banking agency to engage in a merger transaction under this subsection shall file simultaneously with the Attorney General copies of any documents regarding the proposed transaction required by the Federal banking agency.''.

SEC. 143. INFORMATION FILED BY DEPOSITORY INSTITUTIONS; INTERAGENCY DATA SHARING.

(a) FORMAT OF NOTICE.—

(1) IN GENERAL.—Notice of any proposed transaction for which approval is required under section 3 of the Bank Holding Company Act of 1956 or section 18(c) of the Federal Deposit Insurance Act shall be in a format designated and required by the appropriate Federal banking agency (as defined in section 3 of the Federal Deposit Insurance

Act) and shall contain a section on the likely competitive effects of the proposed transaction.

(2) DESIGNATION BY AGENCY.—The appropriate Federal banking agency, with the concurrence of the antitrust agencies, shall designate and require the form and content of the competitive effects section.

(3) NOTICE OF SUSPENSION.—Upon notification by the appropriate antitrust agency that the competitive effects section of an application is incomplete, the appropriate Federal banking agency shall notify the applicant that the agency will suspend processing of the application until the appropriate antitrust agency notifies the agency that the application is complete.

(4) EMERGENCY ACTION.—This provision shall not affect the appropriate Federal banking agency's authority to act immediately—

(A) to prevent the probable failure of 1 of the banks involved; or

(B) to reduce or eliminate a post approval waiting period in case of an emergency requiring expeditious action.

(5) EXEMPTION FOR CERTAIN FILINGS.—With the concurrence of the antitrust agencies, the appropriate Federal banking agency may exempt classes of persons, acquisitions, or transactions that are not likely to violate the antitrust laws from the requirement that applicants file a competitive effects section.

(b) INTERAGENCY DATA SHARING REQUIREMENT.—

(1) IN GENERAL.—To the extent not prohibited by other law, the Federal banking agencies shall make available to the antitrust agencies any data in their possession that the antitrust agencies deem necessary for antitrust reviews of transactions requiring approval under section 3 of the Bank Holding Company Act of 1956 or section 18(c) of the Federal Deposit Insurance Act.

(2) CONTINUATION OF DATA COLLECTION AND ANALYSIS.—The Federal banking agencies shall continue to provide market analysis, deposit share information, and other relevant information for determining market competition as needed by the Attorney General in the same manner such agencies provided analysis and information under section 18(c) of the Federal Deposit Insurance Act and 3(c) of the Bank Holding Company Act of 1956 (as such sections were in effect on the day before the date of the enactment of this Act) and shall continue to collect information necessary or useful for such analysis.

(c) DEFINITIONS.—For purposes of this section, the following definitions shall apply:

(1) ANTITRUST AGENCIES.—The term ''antitrust agencies'' means the Attorney General and the Federal Trade Commission.

(2) APPROPRIATE ANTITRUST AGENCY.—With respect to a particular transaction, the term ''appropriate antitrust agency'' means the antitrust agency engaged in reviewing the competitive effects of such transaction.

SEC. 144. APPLICABILITY OF ANTITRUST LAWS.

No provision of this subtitle shall be construed as affecting—

(1) the applicability of antitrust laws (as defined in section 11(d) of the Bank Holding Company Act of 1956; as so redesignated pursuant to this subtitle); or

(2) the applicability, if any, of any State law which is similar to the antitrust laws.

SEC. 145. CLARIFICATION OF STATUS OF SUBSIDIARIES AND AFFILIATES.

(a) CLARIFICATION OF FEDERAL TRADE COMMISSION JURISDICTION.—Any person which directly or indirectly controls, is controlled directly or indirectly by, or is directly or indirectly under common control with, any bank or savings association (as such terms are defined in section 3 of the Federal Deposit Insurance Act) and is not itself a bank or savings association shall not be deemed to be a bank or savings association for purposes of the Federal Trade Commission Act or any other law enforced by the Federal Trade Commission.

(b) SAVINGS PROVISION.—No provision of this section shall be construed as restricting the authority of any Federal banking agency (as defined in section 3 of the Federal Deposit Insurance Act) under any Federal banking law, including section 8 of the Federal Deposit Insurance Act.

SEC. 146. EFFECTIVE DATE.

This subtitle shall take effect 6 months after the date of enactment of this Act.

Subtitle F—Applying the Principles of National Treatment and Equality of Competitive Opportunity to Foreign Banks and Foreign Financial Institutions

SEC. 151. APPLYING THE PRINCIPLES OF NATIONAL TREATMENT AND EQUALITY OF COMPETITIVE OPPORTUNITY TO FOREIGN BANKS THAT ARE FINANCIAL HOLDING COMPANIES.

Section 8(c) of the International Banking Act of 1978 (12 U.S.C. 3106(c)) is amended by adding at the end the following new paragraph:

''(3) TERMINATION OF GRANDFATHERED RIGHTS.—

''(A) IN GENERAL.—If any foreign bank or foreign company files a declaration under section 6(b)(1)(E) or which receives a determination under section 10(d)(1) of the Bank Holding Company Act of 1956, any authority conferred by this subsection on any foreign bank or company to engage in any activity which the Board has determined to be permissible for financial holding companies under section 6 of such Act shall terminate immediately.

''(B) RESTRICTIONS AND REQUIREMENTS AUTHORIZED.—If a foreign bank or company that engages, directly or through an affiliate pursuant to paragraph (1), in an activity which the Board has determined to be permissible for financial holding companies under section 6 of the Bank Holding Company Act of 1956 has not filed a declaration with the Board of its status as a financial holding company under such section or received a determination under section 10(d)(1) by the end of the 2-year period beginning on the date of enactment of the Financial Services Act of 1998, the Board, giving due regard to the principle of national treatment and equality of competitive opportunity, may impose such restrictions and requirements on the conduct of such activities by such foreign bank or company as are comparable to those imposed on a financial holding company organized under the laws of the United States, including a requirement to conduct such activities in compliance with any prudential safeguards established under section 5(h) of the Bank Holding Company Act of 1956.''.

SEC. 152. APPLYING THE PRINCIPLES OF NATIONAL TREATMENT AND EQUALITY OF COMPETITIVE OPPORTUNITY TO FOREIGN BANKS AND FOREIGN FINANCIAL INSTITUTIONS THAT ARE WHOLESALE FINANCIAL INSTITUTIONS.

Section 8A of the Federal Deposit Insurance Act (as added by section 136(c)(2) of this Act) is amended by adding at the end the following new subsection:

''(i) VOLUNTARY TERMINATION OF DEPOSIT INSURANCE.—The provisions on voluntary termination of insurance in this section shall apply to an insured branch of a foreign bank (including a Federal branch) in the same manner and to the same extent as they apply to an insured State bank or a national bank.''.

Subtitle G—Federal Home Loan Bank System

SEC. 161. FEDERAL HOME LOAN BANKS–

The 1st sentence of section 3 of the Federal Home Loan Bank Act (12 U.S.C. 1423) is amended—

(1) by striking ''the continental United States'' and all that follows through the ''eight''; and

(2) by inserting ''the States into not less than 1'' before ''nor''.

SEC. 162. MEMBERSHIP AND COLLATERAL.

(a) Subsection (f) of section 5 of the Home Owners' Loan Act (12 U.S.C. 1464) is amended to read as follows:

''(f) FEDERAL HOME LOAN BANK MEMBERSHIP.—A Federal savings association may become a member, of the Federal Home Loan Bank System, and shall qualify for such membership in the manner provided by the Federal Home Loan Bank Act, beginning January 1, 1999.''.

(b) Section 10(a)(5) of the Federal Home Loan Bank Act (12 U.S.C. 1430(a)(5)) is amended—

(1) in the 2d sentence, by striking ''and the Board''; and

(2) in the 3d sentence, by striking ''Board'' and inserting ''Bank''.

(c) Section 10(a) of the Federal Home Loan Bank Act (12 U.S.C. 1430(a)) is amended—

(1) in the 2d sentence, by striking ''All long-term advances'' and inserting ''Except as provided in the succeeding sentence, all long-term advances'';

(2) by inserting after the 2d sentence, the following sentence: ''Notwithstanding the preceding sentence, long-term advances may be made to members insured by the Federal Deposit Insurance Corporation which have less than $500,000,000 in total assets for the purpose of funding small businesses, agriculture, rural development, or low-income community development (as defined by the Board).''; and

(3) by redesignating paragraph (5) as paragraph (6) and inserting after paragraph (4) the following new paragraph:

''(5) In the case of any member insured by the Federal Deposit Insurance Corporation which has total assets of less than $500,000,000, secured loans for small business, agriculture, rural development, or low-income community development, or securities representing a whole interest in such secured loans.''.

(d) Section 4(a) of the Federal Home Loan Bank Act (12 U.S.C. 1424(a)) is amended by adding at the end the following new paragraph:

''(3) ELIGIBILITY REQUIREMENTS FOR COMMUNITY FINANCIAL INSTITUTIONS.—The requirements of paragraph (2) (other than subparagraph (B) of such paragraph) shall not apply to any insured depository institution which has total assets of less than $500,000,000.

(e) Section 10 of the Federal Home Loan Bank Act (12 U.S.C. 1430) is amended by striking the 1st of the 2 subsections designated as subsection (e) (relating to qualified thrift lender status).

SEC. 163. THE OFFICE OF FINANCE.

The Federal Home Loan Bank Act (12 U.S.C. 1421) is amended by inserting after section 4 the following new section:

''SEC. 5. THE OFFICE OF FINANCE.

''(a) OPERATION.—The Federal home loan banks shall operate jointly an office of finance (hereafter in this section referred to as the 'Office') to issue the notes, bonds, and debentures of the Federal home loan banks in accordance with this Act.

''(b) POWERS.—Subject to the other provisions of this Act and such safety and soundness regulations as the Finance Board may prescribe, the Office shall be authorized by the Federal home loan banks to act as the agent of such banks to issue Federal home

loan bank notes, bonds and debentures pursuant to section 11 of this Act on behalf of the banks.

''(c) CENTRAL BOARD OF DIRECTORS.—

''(1) ESTABLISHMENT.—The Federal home loan banks shall establish a central board of directors of the Office to administer the affairs of the Office in accordance with the provisions of this Act.

''(2) COMPOSITION OF BOARD.—Each Federal home loan bank shall annually select 1 individual who, as of the time of the election, is an officer or director of such bank to serve as a member of the central board of directors of the Office.

''(d) STATUS.—Except to the extent expressly provided in this Act, the Office shall be treated as a Federal home loan bank for purposes of any law.''.

SEC. 164. MANAGEMENT OF BANKS.

(a) Subsections (a) and (b) of section 7 of the Federal Home Loan Bank Act (12 U.S.C. 1427(a) and (b)) are amended to read as follows:

''(a) The management of each Federal home loan bank shall be vested in a board of 15 directors, 9 of whom shall be elected by the members in accordance with this section, 6 of whom shall be appointed by the Board referred to in section 2A, and all of whom shall be citizens of the United States and bona fide residents of the district in which such bank is located. At least 2 of the Federal home loan bank directors who are appointed by the Board shall be representatives chosen from organizations with more than a 2-year history of representing consumer or community interests on banking services, credit needs, housing, or financial consumer protections. No Federal home loan bank director who is appointed pursuant to this subsection may, during such bank director's term of office, serve as an officer of any Federal home loan bank or a director or officer of any member of a bank, or hold shares, or any other financial interest in, any member of a bank.

''(b) The elective directors shall be divided into three classes, designated as classes A, B, and C, as nearly equal in number as possible. Each directorship shall be filled by a person who is an officer or director of a member located in that bank's district. Each class shall represent members of similar asset size, and the Board shall, to the maximum extent possible, seek to achieve geographic diversity. The Finance Board shall establish the minimum and maximum asset size for each class. Any member shall be entitled to nominate and elect eligible persons for its class of directorship; such offices shall be filled from such nominees by a plurality of the votes which members of each class may cast for nominees in their corresponding class of directors in an election held for the purpose of filling such offices. Each member shall be permitted to cast one vote for each share of Federal home loan bank stock owned by that member. No person who is an officer or director of a member that fails to meet any applicable capital requirement is eligible to hold the office of Federal Home Loan Bank director. As used in this subsection, the term ''member'' means a member of a Federal home loan bank which was a member of such Bank as of a record date established by the Bank.''.

(b) Section 7 of the Federal Home Loan Bank Act (12 U.S.C. 1427) is amended—

(1) by striking subsections (c) and (h); and

(2) by redesignating subsections (d), (e), (f), (g), (i), (j), and (k) as subsections (c), (d), (e), (f), (g), (h), and (i), respectively.

(c) Subsection (c) of section 7 of the Federal Home Loan Bank Act (12 U.S.C. 1427(d)) (as so redesignated by subsection (b) of this section) is amended by striking the 1st and 2d sentences and inserting the following 2 new sentences: ''The term of each position of director shall be 3 years. No director serving for 3 consecutive terms, nor any other officer, director or that member or any affiliated depository institution, shall be eligible for another term earlier than 3 years after the expiration of the last expiring of said 3-year terms. 3 elected directors of different classes as specified by the Finance Board shall be elected by ballot annually.''.

(d) Subsection (d) of section 7 of the Federal Home Loan Bank Act (12 U.S.C. 1427(e)) (as so redesignated by subsection (b) of this section) is amended to read as follows:

''(d) TRANSITION PROVISION.—In the 1st election after the date of the enactment of the Financial Services Act of 1998, 3 directors shall be elected in each of the 3 classes of elective directorship. The Finance Board may, in the 1st election after such date of enactment, designate the terms of each elected director in each class, not to exceed 3 years, to assure that, in each subsequent election, 3 directors from different classes of elective directorships are elected each year.''.

(e) Subsection (g) of section 7 of the Federal Home Loan Bank Act (12 U.S.C. 1427(i)) (as so redesignated by subsection (b) of this section) is amended by striking ''subject to the approval of the board''.

SEC. 165. ADVANCES TO NONMEMBER BORROWERS.

Section 10b of the Federal Home Loan Bank Act (12 U.S.C. 1430b) is amended—

(1) in subsection (a), by striking ''(a) IN GENERAL.—'';

(2) by striking the 4th sentence of subsection (a), and inserting ''Notwithstanding the preceding sentence, if an advance is made for the purpose of facilitating mortgage lending that benefits individuals and families that meet the income requirements set forth in section 142(d) or 143(f) of the Internal Revenue Code of 1986, the advance may be collateralized as provided in section 10(a) of this Act.''; and

(3) by striking subsection (b).

SEC. 166. POWERS AND DUTIES OF BANKS.

(a) Subsection (a) of section 11 of the Federal Home Loan Bank Act (12 U.S.C. 1431(a)) is amended—

(1) by inserting ''through the Office of Finance'' after ''to issue'';

(2) by striking ''Board'' after ''upon such terms and conditions as the'' and inserting ''board of directors of the bank''.

(b) Subsection (b) of section 11 of the Federal Home Loan Bank Act (12 U.S.C. 1431(b)) is amended to read as follows:

''(b) ISSUANCE OF FEDERAL HOME LOAN BANK CONSOLIDATED BONDS.—

''(1) IN GENERAL.— The Office of Finance may issue consolidated Federal home loan bank bonds and other consolidated obligations on behalf of the banks.

''(2) JOINT AND SEVERAL OBLIGATION; TERMS AND CONDITIONS.—Consolidated obligations issued by the Office of Finance under paragraph (1) shall—

''(A) be the joint and several obligations of all the Federal home loan banks; and

''(B) shall be issued upon such terms and conditions as shall be established by the Office of Finance subject to such rules and regulations as the Finance Board may prescribe.''.

(c) Section 11(f) of the Federal Home Loan Bank Act (12 U.S.C. 1430(f) (as designated before the redesignation by subsection (e) of this section) is amended by striking both commas immediately following ''permit'' and inserting ''or''.

(d) Subsection (i) of section 11 of the Federal Home Loan Bank Act (12 U.S.C. 1431(i)) is amended by striking the 2d undesignated paragraph.

(e) Section 11 of the Federal Home Loan Bank Act (12 U.S.C. 1431) is amended—

(1) by striking subsection (c); and

(2) by redesignating subsections (d) through (k) as subsections (c) through (j), respectively.

SEC. 167. MERGERS AND CONSOLIDATIONS OF FEDERAL HOME LOAN BANKS.

Section 26 of the Federal Home Loan Bank Act (12 U.S.C. 1446) is amended by designating the current paragraph as ''(a)'' and adding the following new sections:

''(b) Nothing in this section shall preclude voluntary mergers, combinations or consolidation by or among the Federal home loan banks pursuant to such regulations as the Finance Board may prescribe.

''(c) NUMBER OF ELECTED DIRECTORS OF RESULTING BANK.— Subject to section 7 of this Act, any bank resulting from a merger, combination, or consolidation pursuant to this section may have a number of elected directors equal to or less than the total number of elected directors of all the banks which participated in such transaction (as determined immediately before such transaction).

''(d) NUMBER OF APPOINTED DIRECTORS OF RESULTING BANK.—The number of appointed directors of any bank resulting from a merger, combination, or consolidation pursuant to this section shall be a number that is three less than the number of elected directors.

''(e) ADJUSTMENT OF DISTRICT BOUNDARIES.—After consummation of any merger, combination, or consolidation of 2 or more Federal home loan banks, the Finance Board shall adjust the districts established in section 3 of this Act to reflect such merger, combination, or consolidation.''.

SEC. 168. TECHNICAL AMENDMENTS.

(a) REPEAL OF SECTIONS 22A AND 27.—The Federal Home Loan Bank Act (12 U.S.C. 1421 et seq.) is amended by striking sections 22A (12 U.S.C. 1442a) and 27 (12 U.S.C. 1447).

(b) SECTION 12.—

(1) Section 12(a) of the Federal Home Loan Bank Act (12 U.S.C. 1432(a)) is amended—

(A) by striking ''subject to the approval of the Board'' immediately following ''transaction of its business''; and

(B) by striking ''and, by its Board of directors, to prescribe, amend, and repeal by-laws, rules, and regulations governing the manner in which its affairs may be administered; and the powers granted to it by law may be exercised and enjoyed subject to the approval of the Board. The president of a Federal Home Loan Bank may also be a member of the Board of directors thereof, but no other officer, employee, attorney, or agent of such bank,'' and inserting ''and, by the board of directors of the bank, to prescribe, amend, and repeal by-laws governing the manner in which its affairs may be administered, consistent with applicable statute and regulation, as administered by the Finance Board. No officer, employee, attorney, or agent of a Federal home loan bank''.

(2) Section 12 of the Federal Home Loan Bank Act (12 U.S.C. 1432) is amended by inserting after subsection (b) the following new subsection:

''(c) PROHIBITION ON EXCESSIVE COMPENSATION.—

''(1) IN GENERAL.—The Finance Board shall prohibit the Federal home loan banks from providing compensation to any officer, director, or employee that is not reasonable and comparable with the compensation for employment in other similar businesses involving similar duties and responsibilities. However, the Finance Board may not prescribe or set a specific level or range of compensation for any officer, director, or employee.

''(2) REGULATIONS.—The Finance Board, by regulation, may provide for the requirements

of paragraph (1) to be phased-in over a period not to exceed 3 years.

''(3) EXCEPTION FOR EXISTING CONTRACTS.—Paragraph (1) shall not apply to any contract entered into before June 1, 1997.''.

(c) POWERS AND DUTIES OF FEDERAL HOUSING FINANCE BOARD.—

(1) Subsection (a)(1) of section 2B of the Federal Home Loan Bank Act (12 U.S.C. 1422b(a)(1)) is amended by striking the period at the end of the sentence and inserting ''; and to have the same powers, rights, and duties to enforce this Act with respect to the Federal home loan banks and the senior officers and directors of such banks as the Office of Federal Housing Enterprise Oversight has over the Federal housing enterprises and the senior officers and directors of such enterprises under the Federal Housing Enterprises Financial Safety and Soundness Act of 1992.''.

(2) Subsection (b) of section 2B of the Federal Home Loan Bank Act (12 U.S.C. 1422b(b)) is amended—

(A) by striking ''(1) BOARD STAFF.—'';

(B) by striking ''function to any employee, administrative unit'' and inserting ''function to any employee or administrative unit'';

(C) by striking the 2d sentence in paragraph (1); and

(D) by striking paragraph (2).

(3) Section 111 of Public Law 93–495 (12 U.S.C. 250) is amended by striking ''Federal Home Loan Bank Board'' and inserting ''Federal Housing Finance Board''.

(d) ELIGIBILITY TO SECURE ADVANCES.—

(1) SECTION 9.—Section 9 of the Federal Home Loan Bank Act (12 U.S.C. 1429) is amended—

(A) in the second sentence, by striking ''with the approval of the Board''; and

(B) in the third sentence, by striking '', subject to the approval of the Board,''.

(2) SECTION 10.—

(A) Subsection (a) of section 10 of the Federal Home Loan Bank Act (12 U.S.C. 1430(a)) is amended in paragraph (3), by striking ''Deposits'' and inserting ''Cash or deposits''.

(B) Subsection (c) of section 10 of the Federal Home Loan Bank Act (12 U.S.C. 1430(c)) is amended—

(i) in the 1st sentence by striking ''Board'' and inserting ''Federal home loan bank''; and

(ii) by striking the 2d sentence.

(C) Subsection (d) of section 10 of the Federal Home Loan Bank Act (12 U.S.C. 1430(d)) is amended—

(i) in the 1st sentence, by striking ''and the approval of the Board'';

(ii) in the last sentence, by striking ''Subject to the approval of the Board, any'' and inserting ''Any''.

(D) Section 10(j) of the Federal Home Loan Bank Act (12 U.S.C. 1430(j)) is amended—

(i) in the 1st sentence of paragraph (1) by striking ''to subsidize the interest rate on advances'' and inserting ''to provide subsidies, including subsidized interest rates on advances'';

(ii) in paragraphs (2), (3), (4), (5), (9), (11), and (12) by striking ''advances'' and ''subsidized advances'' each place such terms appear and inserting ''subsidies, including subsidized advances'';

(iii) in paragraph (1), by inserting ''(A)'' before the 1st sentence, and inserting the following at the end of the paragraph:

''(B) Subject to such regulations as the Finance Board may prescribe, the board of directors of each Federal home loan bank may approve or disapprove requests from members for Affordable Housing Program subsidies, and may not delegate such authority.'';

(iv) in paragraph (2), by striking subparagraph (B) and inserting the following new subparagraph:

''(B) finance the purchase, construction or rehabilitation of rental housing if, for a period of at least 15 years, either 20 percent or more of the units in such housing are occupied by and affordable for households whose income is 50 percent or less of area median income (as determined by the Secretary of Housing and Urban Development, and as adjusted for family size); or 40 percent or more of the units in such housing are occupied by and affordable for households whose income is 60 percent or less of area median income (as determined by the Secretary of Housing and Urban Development, and as adjusted for family size).'';

(v) in paragraph (5)—

(I) by striking the colon after ''Affordable Housing Program'';

(II) by striking subparagraphs (A) and (B); and

(III) by striking ''(C) In 1995, and subsequent years,'';

(vi) in paragraph (11)—

(I) by inserting '', pursuant to a nomination process that is as broad and as participatory as possible, and giving consideration to the size of the District and the diversity of low- and moderate-income housing needs and activities within the District,'' after ''Advisory Council of 7 to 15 persons'';

(II) by inserting ''a diverse range of'' before ''community and nonprofit organizations''; and

(III) by inserting after the 1st sentence, the following new sentence: ''Representatives of no one group shall constitute an undue proportion of the membership of the Advisory Council.''; and

(vii) in paragraph (13), by striking subparagraph (D) and inserting the following new subparagraph:

''(D) AFFORDABLE.—For purposes of paragraph (2)(B), the term ''affordable'' means that the rent with respect to a unit shall not exceed 30 percent of the income limitation under paragraph (2)(B) applicable to occupants of such unit.''.

(e) SECTION 16.—Subsection (a) of section 16 of the Federal Home Loan Bank Act (12 U.S.C. 1436) is amended in the 3d sentence by striking ''net earnings'' and inserting ''previously retained earnings or current net earnings''; by striking '', and then only with the approval of the Federal Housing Finance Board''; and by striking the 4th sentence.

(f) SECTION 18.—Subsection (b) of section 18 of the Federal Home Loan Bank Act (12 U.S.C. 1438) is amended by striking paragraph (4).

(g) SECTION 11.—Section 11 of the Federal Home Loan Bank Act (12 U.S.C. 1431) is amended by inserting after subsection (j) (as so redesignated by section 166(e) of this subtitle) the following subsection:

''(k) PROHIBITION ON OTHER ACTIVITIES.—

''(1) A Federal home loan bank may not engage in any activity other than the activities authorized under this Act and activities incidental to such authorized activities.

''(2) All activities specified in paragraph (1) are subject to Finance Board approval.''.

SEC. 169. DEFINITIONS.

Paragraph (3) of section 2 of the Federal Home Loan Bank Act (12 U.S.C. 1422(3)) is amended to read as follows:

''(3) The term ''State'' in addition to the states of the United States, includes the District of Columbia, Guam, Puerto Rico, the United States Virgin Islands, American Samoa, and the Commonwealth of the Northern Mariana Islands.''

SEC. 170. RESOLUTION FUNDING CORPORATION

(a) IN GENERAL.—Section 21B(f)(2)(C) of the Federal Home Loan Bank Act (12 U.S.C. 1441b(f)(2)(C)) is amended to read as follows:

''(C) PAYMENTS BY FEDERAL HOME LOAN BANKS.—To the extent the amounts available pursuant to subparagraphs (A) and (B) are insufficient to cover the amount of interest payments, each Federal home loan bank shall pay to the Funding Corporation each calendar year 20.75 percent of the net earnings of such bank (after deducting expenses relating to subsection (j) of section 10 and operating expenses).''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on January 1, 1999.

SEC. 171. CAPITAL STRUCTURE OF THE FEDERAL HOME LOAN BANKS.

(a) IN GENERAL.—Section 6 of the Federal Home Loan Bank Act (12 U.S.C. 1426) is amended to read as follows:

''SEC. 6. CAPITAL STRUCTURE OF FEDERAL HOME LOAN BANKS.

''(a) CAPITAL STRUCTURE PLAN.—On or before January 1, 1999, the board of directors of each Federal home loan bank shall submit for Finance Board approval a plan establishing and implementing a capital structure for such bank which—

''(1) the board of directors determines is the best suited for the condition and operation of the bank and the interests of the shareholders of the bank;

''(2) meets the requirements of subsection (b); and

''(3) meets the minimum capital standards and requirements established under subsection (c) and any regulations prescribed by the Finance Board pursuant to such subsection.

''(b) CONTENTS OF PLAN.—The capital structure plan of each Federal home loan bank shall meet the following requirements:

''(1) STOCK PURCHASE REQUIREMENTS.—

''(A) IN GENERAL.—Each capital structure plan of a Federal home loan bank shall require the shareholders of the bank to maintain an investment in the stock of the bank in amount not less than—

''(i) a minimum percentage of the total assets of the shareholder; and

''(ii) a minimum percentage of the outstanding advances from the bank to the shareholder.

''(B) MINIMUM PERCENTAGE LEVELS.—The minimum percentages established pursuant to subparagraph (A) shall be set at levels sufficient to meet the bank's minimum capital requirements established by the Finance Board under subsection (c).

''(C) MAXIMUM ASSET BASED CAPITAL REQUIREMENT.—The asset-based capital requirement applicable to any shareholder of a Federal home loan bank in any year shall not exceed the lesser of—

''(i) 0.6 percent of a shareholder's total assets at the close of the preceding year; or

''(ii) $300,000,000.

''(D) MAXIMUM ADVANCE-BASED REQUIREMENT.—The advance-based capital requirement applicable to any shareholder of a Federal home loan bank shall not exceed 6 percent of the total outstanding advances from the bank to the shareholder.

''(E) MINIMUM STOCK PURCHASE REQUIREMENT AUTHORIZED.—A capital structure plan may establish a minimum dollar amount of stock of a Federal home loan bank in which a shareholder shall be required to invest.

''(2) ADJUSTMENTS TO STOCK PURCHASE REQUIREMENTS.—The capital structure plan adopted by each Federal home loan bank shall impose a continuing obligation on the board of directors of the bank to review and adjust as necessary member stock purchase requirements in order to ensure that the bank remains in compliance with applicable minimum capital levels established by the Finance Board.

''(3) TRANSITION RULE FOR STOCK PURCHASE REQUIREMENTS.—

''(A) IN GENERAL.—A capital structure plan may allow shareholders who were members

of a Federal home loan bank on the date of the enactment of the Financial Services Act of 1998 to come into compliance with the asset-based stock purchase requirement established under paragraph (1) during a transition period established under the plan of not more than 3 years, if such requirement exceeds the asset-based stock purchase requirement in effect on such date of enactment.

''(B) INTERIM PURCHASE REQUIREMENTS.—A capital structure plan may establish interim asset-based stock purchase requirements applicable to members referred to in subparagraph (A) during a transition period established under subparagraph (A).

''(4) CLASSES OF STOCK.—

''(A) IN GENERAL.—Each capital structure plan shall afford each shareholder of a Federal home loan bank the option of meeting the shareholder's stock purchase requirements through the purchase of any combination of Class A or Class B stock.

''(B) CLASS A STOCK.—Class A stock shall be stock of a Federal home loan bank that shall be redeemed in cash and at par by the bank no later than 12 months following submission of a written notice by a shareholder of the shareholder's intention to divest all shares of stock in the bank.

''(C) CLASS B STOCK.—Class B stock shall be stock of a Federal home loan bank that shall be redeemed in cash and at par by the bank no later than 5 years following submission of a written notice by a shareholder of the shareholder's intention to divest all shares of stock in the bank.

''(D) RIGHTS REQUIREMENT.—The Class B stock of a Federal home loan bank may receive a dividend premium over that paid on Class A stock, and may have preferential voting rights in the election of Federal home loan bank directors.

''(E) LOWER STOCK PURCHASE REQUIREMENTS FOR CLASS B STOCK.—A capital structure plan may provide for lower stock purchase requirements with respect to those shareholder's that elect to purchase Class B stock in a manner that is consistent with meeting the bank's own minimum capital requirements as established by the Finance Board.

''(F) NO OTHER CLASSES OF STOCK PERMITTED.—No class of stock other than the Class A and Class B stock described in subparagraphs (B) and (C) may be issued by a Federal home loan bank.

''(5) LIMITED TRANSFERABILITY OF STOCK.—Each capital structure plan shall provide that any equity securities issued by the bank shall be available only to, held only by, and tradable only among shareholders of the bank.

''(c) CAPITAL STANDARDS.—

''(1) IN GENERAL.—The Finance Board shall prescribe, by regulation, uniform capital standards applicable to each Federal home loan bank which shall include—

''(A) a leverage limit in accordance with paragraph (2); and

''(B) a risk-based capital requirement in accordance with paragraph (3).

''(2) MINIMUM LEVERAGE LIMIT.—The leverage limit established by the Finance Board shall require each Federal home loan bank to maintain total capital in an amount not less than 5 percent of the total assets of the bank. In determining compliance with the minimum leverage ratio, the amount of retained earnings and the paid-in value of Class B stock, if any, shall be multiplied by 1.5 and such higher amount shall be deemed to be capital for purposes of meeting the 5 percent minimum leverage ratio.

''(3) RISK-BASED CAPITAL STANDARD.—The risk-based capital requirement shall be composed of the following components:

''(A) Capital sufficient to meet the credit risk to which a Federal home loan bank is subject, based on an amount which is not less than the amount of tier 1, risk-based capital required by regulations prescribed, or guidelines issued under section 38 of the Federal Deposit Insurance Act for a well capitalized insured depository institution.

''(B) Capital sufficient to meet the interest rate risk to which a Federal home loan bank is subject, based on an interest rate stress test applied by the Finance Board that rigorously tests for changes in interest rates, rate volatility, and changes in the shape of the yield curve.

''(d) REDEMPTION OF CAPITAL.—

''(1) IN GENERAL.—Any shareholder of a Federal home loan bank shall have the right to withdraw the shareholder's membership from a Federal home loan bank and to redeem the shareholder's stock in accordance with the redemption rights associated with the class of stock the shareholder holds, if—

''(A) such shareholder has filed a written notice of an intention to redeem all such shares; and

''(B) the shareholder has no outstanding advances from any Federal home loan bank at the time of such redemption.

''(2) PARTIAL REDEMPTION.—A shareholder who files notice of intention to redeem all shares of stock in a Federal home loan bank may redeem not more than 1/2 of all such shares, in cash and at par, 6 months before the date by which the bank is required to redeem such stock pursuant to subparagraph (B) or (C) of subsection (b)(4).

''(3) DIVESTITURE.—The board of directors of any Federal home loan bank may, after a hearing, order the divestiture by any shareholder of all ownership interests of such shareholder in the bank, if—

''(A) in the opinion of the board of directors, such shareholder has failed to comply with a provision of this Act or any regulation prescribed under this Act; or

''(B) the shareholder has been determined to be insolvent, or otherwise subject to the appointment of a conservator, receiver, or other legal custodian, by a State or Federal authority with regulatory and supervisory responsibility for such shareholder.

''(4) RETIREMENT OF EXCESS STOCK.—Any shareholder may—

''(A) retire shares of Class A stock or, at the option of the shareholder, shares of Class B stock, or any combination of Class A and Class B stock, that are excess to the minimum stock purchase requirements applicable to the shareholder; and

''(B) receive from the Federal home loan bank a prompt payment in cash equal to the par value of such stock.

''(5) IMPAIRMENT OF CAPITAL.—If the Finance Board or the board of directors of a Federal home loan bank determines that the paid-in capital of the bank is, or is likely to be, impaired as a result of losses in or depreciation of the assets of the bank, the Federal home loan bank shall withhold that portion of the amount due any shareholder with respect to any redemption or retirement of any class of stock which bears the same ratio to the total of such amount as the amount of the impaired capital bears to the total amount of capital allocable to such class of stock.

''(6) POLICIES.—Subject to the requirements of this section, the board of directors of each Federal home loan bank shall promptly establish policies, consistent with this Act, governing the capital stock of such bank and other provisions of this section.''.

SEC. 172. INVESTMENTS.

Subsection (j) of section 11 of the Federal Home Loan Bank Act (12 U.S.C. 1431) (as so redesignated by section 166(e) of this subtitle) is amended to read as follows:

''(j) INVESTMENTS.—Each bank shall reduce its investments to those necessary for liquidity purposes, for safe and sound operation of the banks, or for housing finance, as administered by the Finance Board.''.

SEC. 173. FEDERAL HOUSING FINANCE BOARD.

Section 2A(b)(1) of the Federal Home Loan Bank Act (12 U.S.C. 1422(b)(1)) is amended—

(1) by redesignating subparagraphs (A) and (B) as subparagraphs (B) and (C), respectively;

(2) by inserting before subparagraph (B) (as so redesignated by paragraph (1) of this section) the following new subparagraph:

''(A) The Secretary of the Treasury (or the Secretary of the Treasury's designee), who shall serve without additional compensation.''; and

(3) in subparagraph (C) (as so redesignated by paragraph (1) of this section) by striking ''Four'' and inserting ''3''.

Subtitle H—Direct Activities of Banks

SEC. 181. AUTHORITY OF NATIONAL BANKS TO UNDERWRITE CERTAIN MUNICIPAL BONDS

The paragraph designated the Seventh of section 5136 of the Revised Statutes of the United States (12 U.S.C. 24(7)) is amended by adding at the end the following new sentence: ''In addition to the provisions in this paragraph for dealing in, underwriting or purchasing securities, the limitations and restrictions contained in this paragraph as to dealing in, underwriting, and purchasing investment securities for the national bank's own account shall not apply to obligations (including limited obligation bonds, revenue bonds, and obligations that satisfy the requirements of section 142(b)(1) of the Internal Revenue Code of 1986) issued by or on behalf of any state or political subdivision of a state, including any municipal corporate instrumentality of 1 or more states, or any public agency or authority of any state or political subdivision of a state, if the national banking association is well capitalized (as defined in section 38 of the Federal Deposit Insurance Act).''.

Subtitle I—Effective Date of Title

SEC. 191. EFFECTIVE DATE.

Except with regard to any subtitle or other provision of this title for which a specific effective date is provided, this title and the amendments made by this title shall take effect at the end of the 270-day period beginning on the date of the enactment of this Act.

TITLE II—FUNCTIONAL REGULATION

Subtitle A—Brokers and Dealers

SEC. 201. DEFINITION OF BROKER.

Section 3(a)(4) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)(4)) is amended to read as follows:

''(4) BROKER.—

''(A) IN GENERAL.—The term 'broker' means any person engaged in the business of effecting transactions in securities for the account of others.

''(B) EXCEPTION FOR CERTAIN BANK ACTIVITIES.—A bank shall not be considered to be a broker because the bank engages in any of the following activities under the conditions described:

''(i) THIRD PARTY BROKERAGE ARRANGEMENTS.—The bank enters into a contractual or other arrangement with a broker or dealer registered under this title under which the broker or dealer offers brokerage services on or off the premises of the bank if—

''(I) such broker or dealer is clearly identified as the person performing the brokerage services;

''(II) the broker or dealer performs brokerage services in an area that is clearly marked and, to the extent practicable, physically separate from the routine deposit-taking activities of the bank;

''(III) any materials used by the bank to advertise or promote generally the availability of brokerage services under the contractual or other arrangement clearly indicate that the brokerage services are being provided by the broker or dealer and not by the bank;

''(IV) any materials used by the bank to advertise or promote generally the availability of brokerage services under the contractual or other arrangement are in compliance with the Federal securities laws before distribution;

''(V) bank employees (other than associated persons of a broker or dealer who are qualified pursuant to the rules of a self-regulatory organization) perform only clerical or ministerial functions in connection with brokerage transactions including scheduling appointments with the associated persons of a broker or dealer, except that bank employees may forward customer funds or securities and may describe in general terms the range of investment vehicles available from the bank and the broker or dealer under the contractual or other arrangement;

''(VI) bank employees do not directly receive incentive compensation for any brokerage transaction unless such employees are associated persons of a broker or dealer and are qualified pursuant to the rules of a self-regulatory organization, except that the bank employees may receive compensation for the referral of any customer if the compensation is a nominal one-time cash fee of a fixed dollar amount and the payment of the fee is not contingent on whether the referral results in a transaction;

''(VII) such services are provided by the broker or dealer on a basis in which all customers which receive any services are fully disclosed to the broker or dealer;

''(VIII) the bank does not carry a securities account of the customer except in a customary custodian or trustee capacity; and

''(IX) the bank, broker, or dealer informs each customer that the brokerage services are provided by the broker or dealer and not by the bank and that the securities are not deposits or other obligations of the bank, are not guaranteed by the bank, and are not insured by the Federal Deposit Insurance Corporation.

''(ii) TRUST ACTIVITIES.—The bank—

''(I) effects transactions in a trustee capacity and is primarily compensated based on an annual fee (payable on a monthly, quarterly, or other basis) or percentage of assets under management, or both; or

''(II) effects transactions in a fiduciary capacity in its trust department or other department that is regularly examined by bank examiners for compliance with fiduciary principles and standards and—

''(aa) is primarily compensated on the basis of either an annual fee (payable on a monthly, quarterly, or other basis), a percentage of assets under management, or both, and does not receive brokerage commissions or other similar remuneration based on effecting transactions in securities, other than the cost incurred by the bank in connection with executing securities transactions for fiduciary customers; and

''(bb) does not publicly solicit brokerage business, other than by advertising that it effects transactions in securities in conjunction with advertising its other trust activities.

''(iii) PERMISSIBLE SECURITIES TRANSACTIONS.—The bank effects transactions in—

''(I) commercial paper, bankers acceptances, or commercial bills;

''(II) exempted securities;

''(III) qualified Canadian government obligations as defined in section 5136 of the Revised Statutes, in conformity with section 15C of this title and the rules and regulations thereunder, or obligations of the North American Development Bank; or

''(IV) any standardized, credit enhanced debt security issued by a foreign government pursuant to the March 1989 plan of then Secretary of the Treasury Brady, used by such foreign government to retire outstanding commercial bank loans.

''(iv) CERTAIN STOCK PURCHASE PLANS.—

''(I) IN GENERAL.—The bank effects transactions, as part of its transfer agency activities, in—

''(aa) the securities of an issuer as part of any pension, retirement, profit-sharing, bonus, thrift, savings, incentive, or other similar benefit plan for the employees of that issuer or its subsidiaries, if the bank does not solicit transactions or provide investment advice with respect to the purchase or sale of securities in connection with the plan;

''(bb) the securities of an issuer as part of that issuer's dividend reinvestment plan, if the bank does not—

''(AA) solicit transactions or provide investment advice with respect to the purchase or sale of securities in connection with the plan;

''(BB) net shareholders' buy and sell orders, other than for programs for odd-lot holders or plans registered with the Commission; or

''(cc) the securities of an issuer as part of a plan or program for the purchase or sale of that issuer's shares, if—

''(AA) the bank does not solicit transactions or provide investment advice with respect to the purchase or sale of securities in connection with the plan or program;

''(BB) the bank does not net shareholders' buy and sell orders, other than for programs for odd-lot holders or plans registered with the Commission; and

''(CC) the bank's compensation for such plan or program consists of administration fees, or flat or capped per order processing fees, or both, plus the cost incurred by the bank in connection with executing securities transactions resulting from such plan or program.

''(II) PERMISSIBLE DELIVERY OF MATERIALS.—The exception to being considered a broker for a bank engaged in activities described in subclause (I) will not be affected by a bank's delivery of written or electronic plan materials to employees of the issuer, shareholders of the issuer, or members of affinity groups of the issuer, so long as such materials are—

''(aa) comparable in scope or nature to that permitted by the Commission as of the date of the enactment of the Financial Services Act of 1998; or

''(bb) otherwise permitted by the Commission.

''(v) SWEEP ACCOUNTS.—The bank effects transactions as part of a program for the investment or reinvestment of bank deposit funds into any no-load, open-end management investment company registered under the Investment Company Act of 1940 that holds itself out as a money market fund.

''(vi) AFFILIATE TRANSACTIONS.—The bank effects transactions for the account of any affiliate of the bank (as defined in section 2 of the Bank Holding Company Act of 1956) other than—

''(I) a registered broker or dealer; or

''(II) an affiliate that is engaged in merchant banking, as described in section 6(c)(3)(H) of the Bank Holding company Act of 1956.

''(vii) PRIVATE SECURITIES OFFERINGS.—The bank—

''(I) effects sales as part of a primary offering of securities not involving a public offering, pursuant to section 3(b), 4(2), or 4(6) of the Securities Act of 1933 or the rules and regulations issued thereunder;

''(II) at any time after one year after the date of enactment of the Financial Services Act of 1998, is not affiliated with a broker or dealer that has been registered for more than one year; and

''(III) effects transactions exclusively with qualified investors.

''(viii) SAFEKEEPING AND CUSTODY ACTIVITIES.—

''(I) IN GENERAL.—The bank, as part of customary banking activities—

''(aa) provides safekeeping or custody services with respect to securities, including the exercise of warrants and other rights on behalf of customers;

''(bb) facilitates the transfer of funds or securities, as a custodian or a clearing agency, in connection with the clearance and settlement of its customers' transactions in securities;

''(cc) effects securities lending or borrowing transactions with or on behalf of customers as part of services provided to customers pursuant to division (aa) or (bb) or invests cash collateral pledged in connection with such transactions; or

''(dd) holds securities pledged by a customer to another person or securities subject to purchase or resale agreements involving a customer, or facilitates the pledging or transfer of such securities by book entry or as otherwise provided under applicable law.

''(II) EXCEPTION FOR CARRYING BROKER ACTIVITIES.—The exception to being considered a broker for a bank engaged in activities described in subclause (I) shall not apply if the bank, in connection with such activities, acts in the United States as a carrying broker (as such term, and different formulations thereof, are used in section 15(c)(3) and the rules and regulations thereunder) for any broker or dealer, unless such carrying broker activities are engaged in with respect to government securities (as defined in paragraph (42) of this subsection).

''(ix) BANKING PRODUCTS.—The bank effects transactions in traditional banking products, as defined in section 206(a) of the Financial Services Act of 1998.

''(x) DE MINIMIS EXCEPTION.—The bank effects, other than in transactions referred to in clauses (i) through (ix), not more than 500 transactions in securities in any calendar year, and such transactions are not effected by an employee of the bank who is also an employee of a broker or dealer.

''(C) BROKER DEALER EXECUTION.—The exception to being considered a broker for a bank engaged in activities described in clauses (ii), (iv), and (viii) of subparagraph (B) shall not apply if the activities described in such provisions result in the trade in the United States of any security that is a publicly traded security in the United States, unless—

''(i) the bank directs such trade to a registered or broker dealer for execution;

''(ii) the trade is a cross trade or other substantially similar trade of a security that—

''(I) is made by the bank or between the bank and an affiliated fiduciary; and

''(II) is not in contravention of fiduciary principles established under applicable Federal or State law; or

''(iii) the trade is conducted in some other manner permitted under rules, regulations, or orders as the Commission may prescribe or issue.

''(D) NO EFFECT OF BANK EXEMPTIONS ON OTHER COMMISSION AUTHORITY.—The exception to being considered a broker for a bank engaged in activities described in subparagraphs (B) and (C) shall not affect the commission's authority under any other provision of this Act or any other securities law.

''(E) FIDUCIARY CAPACITY.—For purposes of subparagraph (B)(ii), the term 'fiduciary capacity' means—

''(i) in the capacity as trustee, executor, administrator, registrar of stocks and bonds, transfer agent, guardian, assignee, receiver, or custodian under a uniform gift to minor act, or as an investment adviser if the bank receives a fee for its investment advice;

''(ii) in any capacity in which the bank possesses investment discretion on behalf of another; or

''(iii) in any other similar capacity.

''(F) EXCEPTION FOR ENTITIES SUBJECT TO SECTION 15(e).—The term 'broker' does not include a bank that—

''(i) was, immediately prior to the enactment of the Financial Services Act of 1998, subject to section 15(e); and

''(ii) is subject to such restrictions and requirements as the Commission considers appropriate.''.

SEC. 202. DEFINITION OF DEALER.

Section 3(a)(5) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)(5)) is amended to read as follows:

''(5) DEALER.—

''(A) IN GENERAL.—The term 'dealer' means any person engaged in the business of buying and selling securities for such person's own account through a broker or otherwise.

''(B) EXCEPTION FOR PERSON NOT ENGAGED IN THE BUSINESS OF DEALING.—The term 'dealer' does not include a person that buys or sells securities for such person's own account, either individually or in a fiduciary capacity, but not as a part of a regular business.

''(C) EXCEPTION FOR CERTAIN BANK ACTIVITIES.—A bank shall not be considered to be a dealer because the bank engages in any of the following activities under the conditions described:

''(i) PERMISSIBLE SECURITIES TRANSACTIONS.—The bank buys or sells—

''(I) commercial paper, bankers acceptances, or commercial bills;

''(II) exempted securities;

''(III) qualified Canadian government obligations as defined in section 5136 of the Revised Statutes of the United States, in conformity with section 15C of this title and the rules and regulations thereunder, or obligations of the North American Development Bank; or

''(IV) any standardized, credit enhanced debt security issued by a foreign government pursuant to the March 1989 plan of then Secretary of the Treasury Brady, used by such foreign government to retire outstanding commercial bank loans.

''(ii) INVESTMENT, TRUSTEE, AND FIDUCIARY TRANSACTIONS.—The bank buys or sells securities for investment purposes—

''(I) for the bank; or

''(II) for accounts for which the bank acts as a trustee or fiduciary.

''(iii) ASSET-BACKED TRANSACTIONS.—The bank engages in the issuance or sale to qualified investors, through a grantor trust or otherwise, of securities backed by or representing an interest in notes, drafts, acceptances, loans, leases, receivables, other obligations, or pools of any such obligations predominantly originated by the bank, or a syndicate of banks of which the bank is a member, or an affiliate of any such bank other than a broker or dealer.

''(iv) BANKING PRODUCTS.—The bank buys or sells traditional banking products, as defined in section 206(a) of the Financial Services Act of 1998.

''(v) DERIVATIVE INSTRUMENTS.—The bank issues, buys, or sells any derivative instrument to which the bank is a party—

''(I) to or from a corporation, limited liability company, or partnership that owns and invests on a discretionary basis, not less than $10,000,000 in investments, or to or from a qualified investor, except that if the instrument provides for the delivery of one or more securities (other than a derivative instrument or government security), the transaction shall be effected with or through a registered broker or dealer; or

''(II) to or from other persons, except that if the derivative instrument provides for the delivery of one or more securities (other than a derivative instrument or government security), or is a security (other than a government security), the transaction shall be effected with or through a registered broker or dealer; or

''(III) to or from any person if the instrument is neither a security nor provides for the delivery of one or more securities (other than a derivative instrument).''.

SEC. 203. REGISTRATION FOR SALES OF PRIVATE SECURITIES OFFERINGS.

Section 15A of the Securities Exchange Act of 1934 (15 U.S.C. 78*o*–3) is amended by inserting after subsection (i) the following new subsection:

''(j) REGISTRATION FOR SALES OF PRIVATE SECURITIES OFFERINGS.—A registered securities association shall create a limited qualification category for any associated person of a member who effects sales as part of a primary offering of securities not involving a public offering, pursuant to section 3(b), 4(2), or 4(6) of the Securities Act of 1933 and the rules and regulations thereunder, and shall deem qualified in such limited qualification category, without testing, any bank employee who, in the six month period preceding the date of enactment of this Act, engaged in effecting such sales.''.

SEC. 204. SALES PRACTICES AND COMPLAINT PROCEDURES.

Section 18 of the Federal Deposit Insurance Act is amended by adding at the end the following new subsection:

''(s) SALES PRACTICES AND COMPLAINT PROCEDURES WITH RESPECT TO BANK SECURITIES ACTIVITIES.—

''(1) REGULATIONS REQUIRED.—Each Federal banking agency shall prescribe and publish in final form, not later than 6 months after the date of enactment of the Financial Services Act of 1998, regulations which apply to retail transactions, solicitations, advertising, or offers of any security by any insured depository institution or any affiliate thereof other than a registered broker or dealer or an individual acting on behalf of such a broker or dealer who is an associated person of such broker or dealer. Such regulations shall include—

''(A) requirements that sales practices comply with just and equitable principles of trade that are substantially similar to the Rules of Fair Practice of the National Association of Securities Dealers; and

''(B) requirements prohibiting (i) conditioning an extension of credit on the purchase or sale of a security; and (ii) any conduct leading a customer to believe that an extension of credit is conditioned upon the purchase or sale of a security.

''(2) PROCEDURES REQUIRED.—The appropriate Federal banking agencies shall jointly establish procedures and facilities for receiving and expeditiously processing complaints against any bank or employee of a bank arising in connection with the purchase or sale of a security by a customer, including a complaint alleging a violation of the regulations prescribed under paragraph (1), but excluding a complaint involving an individual acting on behalf of such a broker or dealer who is an associated person of such broker or dealer. The use of any such procedures and facilities by such a customer shall be at the election of the customer. Such procedures shall include provisions to refer a complaint alleging fraud to the Securities and Exchange Commission and appropriate State securities commissions.

''(3) REQUIRED ACTIONS.—The actions required by the Federal banking agencies under paragraph (2) shall include the following:

''(A) establishing a group, unit, or bureau within each such agency to receive such complaints;

''(B) developing and establishing procedures for investigating, and permitting customers to investigate, such complaints;

''(C) developing and establishing procedures for informing customers of the rights they may have in connection with such complaints;

''(D) developing and establishing procedures that allow customers a period of at least 6 years to make complaints and that do not require customers to pay the costs of the proceeding; and

''(E) developing and establishing procedures for resolving such complaints, including procedures for the recovery of losses to the extent appropriate.

''(4) CONSULTATION AND JOINT REGULATIONS.—The Federal banking agencies shall consult with each other and prescribe joint regulations pursuant to paragraphs (1) and (2), after consultation with the Securities and Exchange Commission.

''(5) PROCEDURES IN ADDITION TO OTHER REMEDIES.—The procedures and remedies provided under this subsection shall be in addition to, and not in lieu of, any other remedies available under law.

''(6) DEFINITION.—As used in this subsection—

''(A) the term 'security' has the meaning provided in section 3(a)(10) of the Securities Exchange Act of 1934;

''(B) the term 'registered broker or dealer' has the meaning provided in section 3(a)(48) of such Act; and

''(C) the term 'associated person' has the meaning provided in section 3(a)(18) of such Act.''.

SEC. 205. INFORMATION SHARING.

Section 18 of the Federal Deposit Insurance Act is amended by adding at the end the following new subsection:

''(t) RECORDKEEPING REQUIREMENTS.—

''(1) REQUIREMENTS.—Each appropriate Federal banking agency, after consultation with and consideration of the views of the Commission, shall establish recordkeeping requirements for banks relying on exceptions contained in paragraphs (4) and (5) of section 3(a) of the Securities Exchange Act of 1934. Such recordkeeping requirements shall be sufficient to demonstrate compliance with the terms of such exceptions and be designed to facilitate compliance with such exceptions. Each appropriate Federal banking agency shall make any such information available to the Commission upon request.

''(2) DEFINITIONS.—As used in this subsection the term 'Commission' means the Securities and Exchange Commission.''.

SEC. 206. DEFINITION AND TREATMENT OF BANKING PRODUCTS.

(a) DEFINITION OF TRADITIONAL BANKING PRODUCT.—

(1) IN GENERAL.—For purposes of paragraphs (4) and (5) of section 3(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)(4), (5)), the term 'traditional banking product' means—

(A) a deposit account, savings account, certificate of deposit, or other deposit instrument issued by a bank;

(B) a banker's acceptance;

(C) a letter of credit issued or loan made by a bank;

(D) a debit account at a bank arising from a credit card or similar arrangement;

(E) a participation in a loan which the bank or an affiliate of the bank (other than a broker or dealer) funds, participates in, or owns that is sold—

(i) to qualified investors; or

(ii) to other persons that—

''(I) have the opportunity to review and assess any material information, including information regarding the borrower's creditworthiness; and

''(II) based on such factors as financial sophistication, net worth, and knowledge and experience in financial matters, have the capability to evaluate the information available, as determined under generally applicable banking standards or guidelines; or

(F) any derivative instrument, whether or not individually negotiated, involving or relating to—

(i) foreign currencies, except options on foreign currencies that trade on a national securities exchange;

(ii) interest rates, except interest rate derivative instruments (I) that are based on a security; or (II) that provide for the delivery of one or more securities; or

(iii) commodities, other rates, indices, or other assets, except derivative instruments that are securities or that provide for the delivery of one or more securities.

(2) CLASSIFICATION LIMITED.—Classification of a particular product as a traditional banking product pursuant to this subsection shall not be construed as finding or implying that such product is oris not a security for any purpose under the securities laws, or is or is not an account, agreement, contract, or transaction for any purpose under the Commodity Exchange Act.

(3) DEFINITIONS.—For purposes of this subsection—

(A) the term ''bank'' has the meaning provided in section 3(a)(6) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)(6);

(B) the term ''qualified investor'' has the meaning provided in section 3(a)(55) of such Act; and

(C) the term ''Federal banking agency'' has the meaning provided in section 3(z) of the Federal Deposit Insurance Act (12 U.S.C. 1813(z)).

(b) TREATMENT OF NEW BANKING PRODUCTS FOR PURPOSES OF BROKER/DEALER REQUIREMENTS.—Section 15 of the Securities Exchange Act of 1934 (15 U.S.C. 78o) is amended by adding at the end the following new subsection:

''(i) RULEMAKING TO EXTEND REQUIREMENTS TO NEW BANKING PRODUCTS.—

''(1) LIMITATION.—The Commission shall not—

''(A) require a bank to register as a broker or dealer under this section because the bank engages in any transaction in, or buys or sells, a new banking product; or

''(B) bring an action against a bank for a failure to comply with a requirement described in subparagraph (A);

unless the Commission has imposed such requirement by rule or regulation issued in accordance with this section.

''(2) CRITERIA FOR RULEMAKING.—The Commission shall not impose a requirement under paragraph (1) of this subsection with respect to any new banking product unless the Commission determines that—

''(A) the new banking product is a security; and

''(B) imposing such requirement is necessary or appropriate in the public interest and for the protection of investors, consistent with the requirements of section 3(f).

''(3) NEW BANKING PRODUCT.—For purposes of this subsection, the term 'new banking product' means a product that—

''(A) was not subjected to regulation by the Commission as a security prior to the date of enactment of this subsection; and

''(B) is not a traditional banking product, as such term is defined in section 206(a) of the Financial Services Act of 1998.

''(4) CONSULTATION.—In promulgating rules under this subsection, the Commission shall consult with and consider the views of the appropriate regulatory agencies concerning the proposed rule and the impact on the banking industry.''.

SEC. 207. DERIVATIVE INSTRUMENT AND QUALIFIED INVESTOR DEFINED.

Section 3(a) of the Securities Exchange Act of 1934 is amended by adding at the end the following new paragraphs:

''(54) DERIVATIVE INSTRUMENT.—

''(A) DEFINITION.—The term 'derivative instrument' means any individually negotiated contract, agreement, warrant, note, or option that is based, in whole or in part, on the value of, any interest in, or any quantitative measure or the occurrence of any event relating to, one or more commodities, securities, currencies, interest or other rates, indices, or other assets, but does not include a traditional banking product, as defined in section 206(a) of the Financial Services Act of 1998.

''(B) CLASSIFICATION LIMITED.— Classification of a particular contract as a derivative instrument pursuant to this paragraph shall not be construed as finding or implying that such instrument is or is not a security for any purpose under the securities laws, or is or is not an account, agreement, contract, or transaction for any purpose under the Commodity Exchange Act.

''(55) QUALIFIED INVESTOR.—

''(A) DEFINITION.—For purposes of this title and section 206(a)(1)(E) of the Financial Services Act of 1998, the term 'qualified investor' means—

''(i) any investment company registered with the Commission under section 8 of the Investment Company Act of 1940;

''(ii) any issuer eligible for an exclusion from the definition of investment company pursuant to section 3(c)(7) of the Investment Company Act of 1940;

''(iii) any bank (as defined in paragraph (6) of this subsection), savings and loan association (as defined in section 3(b) of the Federal Deposit Insurance Act), broker, dealer, insurance company (as defined in section 2(a)(13) of the Securities Act of 1933), or business development company (as defined in section 2(a)(48) of the Investment Company Act of 1940);

''(iv) any small business investment company licensed by the United States Small Business Administration under section 301(c) or (d) of the Small Business Investment Act of 1958;

''(v) any State sponsored employee benefit plan, or any other employee benefit plan, within the meaning of the Employee Retirement Income Security Act of 1974, other than an individual retirement account, if the investment decisions are made by a plan fiduciary, as defined in section 3(21) of that Act, which is either a bank, savings and loan association, insurance company, or registered investment adviser;

''(vi) any trust whose purchases of securities are directed by a person described in clauses (i) through (v) of this subparagraph;

''(vii) any market intermediary exempt under section 3(c)(2) of the Investment Company Act of 1940;

''(viii) any associated person of a broker or dealer other than a natural person; or

''(ix) any foreign bank (as defined in section 1(b)(7) of the International Banking Act of 1978).

''(B) ADDITIONAL QUALIFICATIONS DEFINED.—For purposes of paragraphs (4)(B)(vii) and (5)(C)(iii) of this subsection, and section 206(a)(1)(E) of the Financial Services Act of 1998, the term 'qualified investor' also means—

''(i) any corporation, company, or partnership that owns and invests on a discretionary basis, not less than $10,000,000 in investments;

''(ii) any natural person who owns and invests on a discretionary basis, not less than $10,000,000 in investments;

''(iii) any government or political subdivision, agency, or instrumentality of a government who owns and invests on a discretionary basis not less than $50,000,000 in investments; or

''(iv) any multinational or supranational entity or any agency or instrumentality thereof.

''(C) ADDITIONAL AUTHORITY.—The Commission may, by rule or order, define a 'qualified investor' as any other person, other than a natural person, taking into consideration such factors as the person's financial sophistication, net worth, and knowledge and experience in financial matters.''.

SEC. 208. GOVERNMENT SECURITIES DEFINED.

Section 3(a)(42) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)(42)) is amended—

(1) by striking ''or'' at the end of subparagraph (C);

(2) by striking the period at the end of subparagraph (D) and inserting ''; or''; and

(3) by adding at the end the following new subparagraph:

''(E) for purposes of section 15C as applied to a bank, a qualified Canadian government obligation as defined in section 5136 of the Revised Statutes.''.

SEC. 209. EFFECTIVE DATE.

This subtitle shall take effect at the end of the 270-day period beginning on the date of the enactment of this Act.

Subtitle B—Bank Investment Company Activities

SEC. 211. CUSTODY OF INVESTMENT COMPANY ASSETS BY AFFILIATED BANK.

(a) MANAGEMENT COMPANIES.—Section 17(f) of the Investment Company Act of 1940 (15 U.S.C. 80a–17(f)) is amended—

(1) by redesignating paragraphs (1), (2), and (3) as subparagraphs (A), (B), and (C), respectively;

(2) by striking ''(f) Every registered'' and inserting the following:

''(f) CUSTODY OF SECURITIES.—

''(1) Every registered'';

(3) by redesignating the 2d, 3d, 4th, and 5th sentences of such subsection as paragraphs (2) through (5), respectively, and indenting the left margin of such paragraphs appropriately; and

(4) by adding at the end the following new paragraph:

''(6) The Commission may adopt rules and regulations, and issue orders, consistent with the protection of investors, prescribing the conditions under which a bank, or an affiliated person of a bank, either of which is an affiliated person, promoter, organizer, or sponsor of, or principal underwriter for, a registered management company may serve as custodian of that registered management company.''.

(b) UNIT INVESTMENT TRUSTS.—Section 26 of the Investment Company Act of 1940 (15 U.S.C. 80a–26) is amended—

(1) by redesignating subsections (b) through (e) as subsections (c) through (f), respectively; and

(2) by inserting after subsection (a) the following new subsection:

''(b) The Commission may adopt rules and regulations, and issue orders, consistent with the protection of investors, prescribing the conditions under which a bank, or an affiliated person of a bank, either of which is an affiliated person of a principal underwriter for, or depositor of, a registered unit

investment trust, may serve as trustee or custodian under subsection (a)(1).''.

(c) FIDUCIARY DUTY OF CUSTODIAN.—Section 36(a) of the Investment Company Act of 1940 (15 U.S.C. 80a–35(a)) is amended—

(1) in paragraph (1), by striking ''or'' at the end;

(2) in paragraph (2), by striking the period at the end and inserting ''; or''; and

(3) by inserting after paragraph (2) the following:

''(3) as custodian.''.

SEC. 212. LENDING TO AN AFFILIATED INVESTMENT COMPANY.

Section 17(a) of the Investment Company Act of 1940 (15 U.S.C. 80a–17(a)) is amended—

(1) by striking ''or'' at the end of paragraph (2);

(2) by striking the period at the end of paragraph (3) and inserting ''; or''; and

(3) by adding at the end the following new paragraph:

''(4) to loan money or other property to such registered company, or to any company controlled by such registered company, in contravention of such rules, regulations, or orders as the Commission may prescribe or issue consistent with the protection of investors.''.

SEC. 213. INDEPENDENT DIRECTORS.

(a) IN GENERAL.—Section 2(a)(19)(A) of the Investment Company Act of 1940 (15 U.S.C. 80a–2(a)(19)(A)) is amended—

(1) by striking clause (v) and inserting the following new clause:

''(v) any person or any affiliated person of a person (other than a registered investment company) that, at any time during the 6-month period preceding the date of the determination of whether that person or affiliated person is an interested person, has executed any portfolio transactions for, engaged in any principal transactions with, or distributed shares for—

''(I) the investment company,

''(II) any other investment company having the same investment adviser as such investment company or holding itself out to investors as a related company for purposes of investment or investor services, or

''(III) any account over which the investment company's investment adviser has brokerage placement discretion,'';

(2) by redesignating clause (vi) as clause (vii); and

(3) by inserting after clause (v) the following new clause:

''(vi) any person or any affiliated person of a person (other than a registered investment company) that, at any time during the 6-month period preceding the date of the determination of whether that person or affiliated person is an interested person, has loaned money or other property to—

''(I) the investment company,

''(II) any other investment company having the same investment adviser as such investment company or holding itself out to investors as a related company for purposes of investment or investor services, or

''(III) any account for which the investment company's investment adviser has borrowing authority,''.

(b) CONFORMING AMENDMENT.—Section 2(a)(19)(B) of the Investment Company Act of 1940 (15 U.S.C. 80a–2(a)(19)(B)) is amended—

(1) by striking clause (v) and inserting the following new clause:

''(v) any person or any affiliated person of a person (other than a registered investment company) that, at any time during the 6-month period preceding the date of the determination of whether that person or affiliated person is an interested person, has executed any portfolio transactions for, engaged in any principal transactions with, or distributed shares for—

''(I) any investment company for which the investment adviser or principal underwriter serves as such,

''(II) any investment company holding itself out to investors, for purposes of investment or investor services, as a company related to any investment company for which the investment adviser or principal underwriter serves as such, or

''(III) any account over which the investment adviser has brokerage placement discretion,'';

(2) by redesignating clause (vi) as clause (vii); and

(3) by inserting after clause (v) the following new clause:

''(vi) any person or any affiliated person of a person (other than a registered investment company) that, at any time during the 6-month period preceding the date of the determination of whether that person or affiliated person is an interested person, has loaned money or other property to—

''(I) any investment company for which the investment adviser or principal underwriter serves as such,

''(II) any investment company holding itself out to investors, for purposes of investment or investor services, as a company related to any investment company for which the investment adviser or principal underwriter serves as such, or

''(III) any account for which the investment adviser has borrowing authority,''.

(c) AFFILIATION OF DIRECTORS.—Section 10(c) of the Investment Company Act of 1940 (15 U.S.C. 80a–10(c)) is amended by striking ''bank, except'' and inserting ''bank (together with its affiliates and subsidiaries) or any one bank holding company (together with its affiliates and subsidiaries) (as such terms are defined in section 2 of the Bank Holding Company Act of 1956), except''.

(d) EFFECTIVE DATE.—The amendments made by this section shall take effect at the end of the 1-year period beginning on the date of enactment of this subtitle.

SEC. 214. ADDITIONAL SEC DISCLOSURE AUTHORITY.

Section 35(a) of the Investment Company Act of 1940 (15 U.S.C. 80a–34(a)) is amended to read as follows:

''(a) MISREPRESENTATION OF GUARANTEES.—

''(1) IN GENERAL.—It shall be unlawful for any person, issuing or selling any security of which a registered investment company is the issuer, to represent or imply in any manner whatsoever that such security or company—

''(A) has been guaranteed, sponsored, recommended, or approved by the United States, or any agency, instrumentality or officer of the United States;

''(B) has been insured by the Federal Deposit Insurance Corporation; or

''(C) is guaranteed by or is otherwise an obligation of any bank or insured depository institution.

''(2) DISCLOSURES.—Any person issuing or selling the securities of a registered investment company that is advised by, or sold through, a bank shall prominently disclose that an investment in the company is not insured by the Federal Deposit Insurance Corporation or any other government agency. The Commission may adopt rules and regulations, and issue orders, consistent with the protection of investors, prescribing the manner in which the disclosure under this paragraph shall be provided.

''(3) DEFINITIONS.—The terms 'insured depository institution' and 'appropriate Federal banking agency' have the meaning given to such terms in section 3 of the Federal Deposit Insurance Act.''.

SEC. 215. DEFINITION OF BROKER UNDER THE INVESTMENT COMPANY ACT OF 1940.

Section 2(a)(6) of the Investment Company Act of 1940 (15 U.S.C. 80a–2(a)(6)) is amended to read as follows:

''(6) The term 'broker' has the same meaning as in the Securities Exchange Act of 1934, except that such term does not include any person solely by reason of the fact that such person is an underwriter for one or more investment companies.''.

SEC. 216. DEFINITION OF DEALER UNDER THE INVESTMENT COMPANY ACT OF 1940.

Section 2(a)(11) of the Investment Company Act of 1940 (15 U.S.C. 80a–2(a)(11)) is amended to read as follows:

''(11) The term 'dealer' has the same meaning as in the Securities Exchange Act of 1934, but does not include an insurance company or investment company.''.

SEC. 217. REMOVAL OF THE EXCLUSION FROM THE DEFINITION OF INVESTMENT ADVISER FOR BANKS THAT ADVISE INVESTMENT COMPANIES.

(a) INVESTMENT ADVISER.—Section 202(a)(11) of the Investment Advisers Act of 1940 (15 U.S.C. 80b–2(a)(11)) is amended in subparagraph (A), by striking ''investment company'' and inserting ''investment company, except that the term 'investment adviser' includes any bank or bank holding company to the extent that such bank or bank holding company serves or acts as an investment adviser to a registered investment company, but if, in the case of a bank, such services or actions are performed through a separately identifiable department or division, the department or division, and not the bank itself, shall be deemed to be the investment adviser''.

(b) SEPARATELY IDENTIFIABLE DEPARTMENT OR DIVISION.—Section 202(a) of the Investment Advisers Act of 1940 (15 U.S.C. 80b–2(a)) is amended by adding at the end the following:

''(26) The term 'separately identifiable department or division' of a bank means a unit—

''(A) that is under the direct supervision of an officer or officers designated by the board of directors of the bank as responsible for the day-to-day conduct of the bank's investment adviser activities for one or more investment companies, including the supervision of all bank employees engaged in the performance of such activities; and

''(B) for which all of the records relating to its investment adviser activities are separately maintained in or extractable from such unit's own facilities or the facilities of the bank, and such records are so maintained or otherwise accessible as to permit independent examination and enforcement by the Commission of this Act or the Investment Company Act of 1940 and rules and regulations promulgated under this Act or the Investment Company Act of 1940.''.

SEC. 218. DEFINITION OF BROKER UNDER THE INVESTMENT ADVISERS ACT OF 1940.

Section 202(a)(3) of the Investment Advisers Act of 1940 (15 U.S.C. 80b–2(a)(3)) is amended to read as follows:

''(3) The term 'broker' has the same meaning as in the Securities Exchange Act of 1934.''.

SEC. 219. DEFINITION OF DEALER UNDER THE INVESTMENT ADVISERS ACT OF 1940.

Section 202(a)(7) of the Investment Advisers Act of 1940 (15 U.S.C. 80b–2(a)(7)) is amended to read as follows:

''(7) The term 'dealer' has the same meaning as in the Securities Exchange Act of 1934, but does not include an insurance company or investment company.''.

SEC. 220. INTERAGENCY CONSULTATION.

The Investment Advisers Act of 1940 (15 U.S.C. 80b–1 et seq.) is amended by inserting after section 210 the following new section:

"SEC. 210A. CONSULTATION.

''(a) EXAMINATION RESULTS AND OTHER INFORMATION.—

''(1) The appropriate Federal banking agency shall provide the Commission upon request the results of any examination, reports, records, or other information to which such agency may have access with respect to the investment advisory activities—

''(A) of any—

''(i) bank holding company,

''(ii) bank, or

''(iii) separately identifiable department or division of a bank,

that is registered under section 203 of this title; and

''(B) in the case of a bank holding company or bank that has a subsidiary or a separately identifiable department or division registered under that section, of such bank or bank holding company.

''(2) The Commission shall provide to the appropriate Federal banking agency upon request the results of any examination, reports, records, or other information with respect to the investment advisory activities of any bank holding company, bank, or separately identifiable department or division of a bank, any of which is registered under section 203 of this title.

''(b) EFFECT ON OTHER AUTHORITY.—Nothing in this section shall limit in any respect the authority of the appropriate Federal banking agency with respect to such bank holding company, bank, or department or division under any provision of law.

''(c) DEFINITION.—For purposes of this section, the term 'appropriate Federal banking agency' shall have the same meaning as in section 3 of the Federal Deposit Insurance Act.''.

SEC. 221. TREATMENT OF BANK COMMON TRUST FUNDS.

(a) SECURITIES ACT OF 1933.—Section 3(a)(2) of the Securities Act of 1933 (15 U.S.C. 77c(a)(2)) is amended by striking ''or any interest or participation in any common trust fund or similar fund maintained by a bank exclusively for the collective investment and reinvestment of assets contributed thereto by such bank in its capacity as trustee, executor, administrator, or guardian'' and inserting ''or any interest or participation in any common trust fund or similar fund that is excluded from the definition of the term 'investment company' under section 3(c)(3) of the Investment Company Act of 1940''.

(b) SECURITIES EXCHANGE ACT OF 1934.—Section 3(a)(12)(A)(iii) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)(12)(A)(iii)) is amended to read as follows:

''(iii) any interest or participation in any common trust fund or similar fund that is excluded from the definition of the term 'investment company' under section 3(c)(3) of the Investment Company Act of 1940;''.

(c) INVESTMENT COMPANY ACT OF 1940.—Section 3(c)(3) of the Investment Company Act of 1940 (15 U.S.C. 80a–3(c)(3)) is amended by inserting before the period the following: '', if—

''(A) such fund is employed by the bank solely as an aid to the administration of trusts, estates, or other accounts created and maintained for a fiduciary purpose;

''(B) except in connection with the ordinary advertising of the bank's fiduciary services, interests in such fund are not—

''(i) advertised; or

''(ii) offered for sale to the general public; and

''(C) fees and expenses charged by such fund are not in contravention of fiduciary principles established under applicable Federal or State law''.

SEC. 222. INVESTMENT ADVISERS PROHIBITED FROM HAVING CONTROLLING INTEREST IN REGISTERED INVESTMENT COMPANY.

Section 15 of the Investment Company Act of 1940 (15 U.S.C. 80a–15) is amended by adding at the end the following new subsection:

''(g) CONTROLLING INTEREST IN INVESTMENT COMPANY PROHIBITED.—

''(1) IN GENERAL.—If an investment adviser to a registered investment company, or an affiliated person of that investment adviser, holds a controlling interest in that registered investment company in a trustee or fiduciary capacity, such person shall—

''(A) if it holds the shares in a trustee or fiduciary capacity with respect to any employee benefit plan subject to the Employee Retirement Income Security Act of 1974, transfer the power to vote the shares of the investment company through to another person acting in a fiduciary capacity with respect to the plan who is not an affiliated person of that investment adviser or any affiliated person thereof; or

''(B) if it holds the shares in a trustee or fiduciary capacity with respect to any person or entity other than an employee benefit plan subject to the Employee Retirement Income Security Act of 1974—

''(i) transfer the power to vote the shares of the investment company through to—

''(I) the beneficial owners of the shares;

''(II) another person acting in a fiduciary capacity who is not an affiliated person of that investment adviser or any affiliated person thereof; or

''(III) any person authorized to receive statements and information with respect to the trust who is not an affiliated person of that investment adviser or any affiliated person thereof;

''(ii) vote the shares of the investment company held by it in the same proportion as shares held by all other shareholders of the investment company; or

''(iii) vote the shares of the investment company as otherwise permitted under such rules, regulations, or orders as the Commission may prescribe or issue consistent with the protection of investors.

''(2) EXEMPTION.—Paragraph (1) shall not apply to any investment adviser to a registered investment company, or any affiliated person of that investment adviser, that holds shares of the investment company in a trustee or fiduciary capacity if that registered investment company consists solely of assets held in such capacities.

''(3) SAFE HARBOR.—No investment adviser to a registered investment company or any affiliated person of such investment adviser shall be deemed to have acted unlawfully or to have breached a fiduciary duty under State or Federal law solely by reason of acting in accordance with clause (i), (ii), or (iii) of paragraph (1)(B).''.

SEC. 223. CONFORMING CHANGE IN DEFINITION.

Section 2(a)(5) of the Investment Company Act of 1940 (15 U.S.C. 80a–2(a)(5)) is amended by striking ''(A) a banking institution organized under the laws of the United States'' and inserting ''(A) a depository institution (as defined in section 3 of the Federal Deposit Insurance Act) or a branch or agency of a foreign bank (as such terms are defined in section 1(b) of the International Banking Act of 1978)''.

SEC. 224. CONFORMING AMENDMENT.

Section 202 of the Investment Advisers Act of 1940 (15 U.S.C. 80b–2) is amended by adding at the end the following new subsection:

''(c) CONSIDERATION OF PROMOTION OF EFFICIENCY, COMPETITION, AND CAPITAL FORMATION.—Whenever pursuant to this title the Commission is engaged in rulemaking and is required to consider or determine whether an action is necessary or appropriate in the public interest, the Commission shall also consider, in addition to the protection of investors, whether the action will promote efficiency, competition, and capital formation.''.

SEC. 225. EFFECTIVE DATE.

This subtitle shall take effect 90 days after the date of the enactment of this Act.

Subtitle C—Securities and Exchange Commission Supervision of Investment Bank Holding Companies

SEC. 231. SUPERVISION OF INVESTMENT BANK HOLDING COMPANIES BY THE SECURITIES AND EXCHANGE COMMISSION.

(a) AMENDMENT.—Section 17 of the Securities Exchange Act of 1934 (15 U.S.C. 78q) is amended—

(1) by redesignating subsection (i) as subsection (l); and

(2) by inserting after subsection (h) the following new subsections:

''(i) INVESTMENT BANK HOLDING COMPANIES.—

''(1) ELECTIVE SUPERVISION OF AN INVESTMENT BANK HOLDING COMPANY NOT HAVING A BANK OR SAVINGS ASSOCIATION AFFILIATE.—

''(A) IN GENERAL.—An investment bank holding company that is not—

''(i) an affiliate of a wholesale financial institution, an insured bank (other than an institution described in subparagraph (D), (F), or (G) of section 2(c)(2), or held under section 4(f), of the Bank Holding Company Act of 1956), or a savings association,

''(ii) a foreign bank, foreign company, or company that is described in section 8(a) of the International Banking Act of 1978, or

''(iii) a foreign bank that controls, directly or indirectly, a corporation chartered under section 25A of the Federal Reserve Act,

may elect to become supervised by filing with the Commission a notice of intention to become supervised, pursuant to subparagraph (B) of this paragraph. Any investment bank holding company filing such a notice shall be supervised in accordance with this section and comply with the rules promulgated by the Commission applicable to supervised investment bank holding companies.

''(B) NOTIFICATION OF STATUS AS A SUPERVISED INVESTMENT BANK HOLDING COMPANY.—An investment bank holding company that elects under subparagraph (A) to become supervised by the Commission shall file with the Commission a written notice of intention to become supervised by the Commission in such form and containing such information and documents concerning such investment bank holding company as the Commission, by rule, may prescribe as necessary or appropriate in furtherance of the purposes of this section. Unless the Commission finds that such supervision is not necessary or appropriate in furtherance of the purposes of this section, such supervision shall become effective 45 days after receipt of such written notice by the Commission or within such shorter time period as the Commission, by rule or order, may determine.

''(2) ELECTION NOT TO BE SUPERVISED BY THE COMMISSION AS AN INVESTMENT BANK HOLDING COMPANY.—

''(A) VOLUNTARY WITHDRAWAL.—A supervised investment bank holding company that is supervised pursuant to paragraph (1) may, upon such terms and conditions as the Commission deems necessary or appropriate, elect not to be supervised by the Commission by filing a written notice of withdrawal from Commission supervision. Such notice shall not become effective until one year after receipt by the Commission, or such shorter or longer period as the Commission deems necessary or appropriate to ensure effective supervision of the material risks to the supervised investment bank holding company and

to the affiliated broker or dealer, or to prevent evasion of the purposes of this section.

''(B) DISCONTINUATION OF COMMISSION SUPERVISION.—If the Commission finds that any supervised investment bank holding company that is supervised pursuant to paragraph (1) is no longer in existence or has ceased to be an investment bank holding company, or if the Commission finds that continued supervision of such a supervised investment bank holding company is not consistent with the purposes of this section, the Commission may discontinue the supervision pursuant to a rule or order, if any, promulgated by the Commission under this section.

''(3) SUPERVISION OF INVESTMENT BANK HOLDING COMPANIES.—

''(A) RECORDKEEPING AND REPORTING.—

''(i) IN GENERAL.—Every supervised investment bank holding company and each affiliate thereof shall make and keep for prescribed periods such records, furnish copies thereof, and make such reports, as the Commission may require by rule, in order to keep the Commission informed as to—

''(I) the company's or affiliate's activities, financial condition, policies, systems for monitoring and controlling financial and operational risks, and transactions and relationships between any broker or dealer affiliate of the supervised investment bank holding company; and

''(II) the extent to which the company or affiliate has complied with the provisions of this Act and regulations prescribed and orders issued under this Act.

''(ii) FORM AND CONTENTS.—Such records and reports shall be prepared in such form and according to such specifications (including certification by an independent public accountant), as the Commission may require and shall be provided promptly at any time upon request by the Commission. Such records and reports may include—

''(I) a balance sheet and income statement;

''(II) an assessment of the consolidated capital of the supervised investment bank holding company;

''(III) an independent auditor's report attesting to the supervised investment bank holding company's compliance with its internal risk management and internal control objectives; and

''(IV) reports concerning the extent to which the company or affiliate has complied with the provisions of this title and any regulations prescribed and orders issued under this title.

''(B) USE OF EXISTING REPORTS.—

''(i) IN GENERAL.—The Commission shall, to the fullest extent possible, accept reports in fulfillment of the requirements under this paragraph that the supervised investment bank holding company or its affiliates have been required to provide to another appropriate regulatory agency or self-regulatory organization.

''(ii) AVAILABILITY.—A supervised investment bank holding company or an affiliate of such company shall provide to the Commission, at the request of the Commission, any report referred to in clause (i).

''(C) EXAMINATION AUTHORITY.—

''(i) FOCUS OF EXAMINATION AUTHORITY.—The Commission may make examinations of any supervised investment bank holding company and any affiliate of such company in order to—

''(I) inform the Commission regarding—

''(aa) the nature of the operations and financial condition of the supervised investment bank holding company and its affiliates;

''(bb) the financial and operational risks within the supervised investment bank holding company that may affect any broker or dealer controlled by such supervised investment bank holding company; and

''(cc) the systems of the supervised investment bank holding company and its affiliates for monitoring and controlling those risks; and

''(II) monitor compliance with the provisions of this subsection, provisions governing transactions and relationships between any broker or dealer affiliated with the supervised investment bank holding company and any of the company's other affiliates, and applicable provisions of subchapter II of chapter 53, title 31, United States Code (commonly referred to as the 'Bank Secrecy Act') and regulations thereunder.

''(ii) RESTRICTED FOCUS OF EXAMINATIONS.—The Commission shall limit the focus and scope of any examination of a supervised investment bank holding company to—

''(I) the company; and

''(II) any affiliate of the company that, because of its size, condition, or activities, the nature or size of the transactions between such affiliate and any affiliated broker or dealer, or the centralization of functions within the holding company system, could, in the discretion of the Commission, have a materially adverse effect on the operational or financial condition of the broker or dealer.

''(iii) DEFERENCE TO OTHER EXAMINATIONS.—For purposes of this subparagraph, the Commission shall, to the fullest extent possible, use the reports of examination of an institution described in subparagraph (D), (F), or (G) of section 2(c)(2), or held under section 4(f), of the Bank Holding Company Act of 1956 made by the appropriate regulatory agency, or of a licensed insurance company made by the appropriate State insurance regulator.

''(4) HOLDING COMPANY CAPITAL.—

''(A) AUTHORITY.—If the Commission finds that it is necessary to adequately supervise investment bank holding companies and their broker or dealer affiliates consistent with the purposes of this subsection, the Commission may adopt capital adequacy rules for supervised investment bank holding companies.

''(B) METHOD OF CALCULATION.—In developing rules under this paragraph:

''(i) DOUBLE LEVERAGE.—The Commission shall consider the use by the supervised investment bank holding company of debt and other liabilities to fund capital investments in affiliates.

''(ii) NO UNWEIGHTED CAPITAL RATIO.—The Commission shall not impose under this section a capital ratio that is not based on appropriate risk-weighting considerations.

''(iii) NO CAPITAL REQUIREMENT ON REGULATED ENTITIES.—The Commission shall not, by rule, regulation, guideline, order or otherwise, impose any capital adequacy provision on a nonbanking affiliate (other than a broker or dealer) that is in compliance with applicable capital requirements of another Federal regulatory authority or State insurance authority.

''(iv) APPROPRIATE EXCLUSIONS.—The Commission shall take full account of the applicable capital requirements of another Federal regulatory authority or State insurance regulator.

''(C) INTERNAL RISK MANAGEMENT MODELS.—The Commission may incorporate internal risk management models into its capital adequacy rules for supervised investment bank holding companies.

''(5) FUNCTIONAL REGULATION OF BANKING AND INSURANCE ACTIVITIES OF SUPERVISED INVESTMENT BANK HOLDING COMPANIES.—The Commission shall defer to—

''(A) the appropriate regulatory agency with regard to all interpretations of, and the enforcement of, applicable banking laws relating to the activities, conduct, ownership, and operations of banks, and institutions described in subparagraph (D), (F), and (G) of section 2(c)(2), or held under section 4(f), of the Bank Holding Company Act of 1956; and

''(B) the appropriate State insurance regulators with regard to all interpretations of, and the enforcement of, applicable State insurance laws relating to the activities, conduct, and operations of insurance companies and insurance agents.

''(6) DEFINITIONS.—For purposes of this subsection—

''(A) The term 'investment bank holding company' means—

''(i) any person other than a natural person that owns or controls one or more brokers or dealers; and

''(ii) the associated persons of the investment bank holding company.

''(B) The term 'supervised investment bank holding company' means any investment bank holding company that is supervised by the Commission pursuant to this subsection.

''(C) The terms 'affiliate', 'bank', 'bank holding company', 'company', 'control', and 'savings association' have the meanings given to those terms in section 2 of the Bank Holding Company Act of 1956 (12 U.S.C. 1841).

''(D) The term 'insured bank' has the meaning given to that term in section 3 of the Federal Deposit Insurance Act.

''(E) The term 'foreign bank' has the meaning given to that term in section 1(b)(7) of the International Banking Act of 1978.

''(F) The terms ''person associated with an investment bank holding company' and ''associated person of an investment bank holding company' means any person directly or indirectly controlling, controlled by, or under common control with, an investment bank holding company.

''(j) AUTHORITY TO LIMIT DISCLOSURE OF INFORMATION.—Notwithstanding any other provision of law, the Commission shall not be compelled to disclose any information required to be reported under subsection (h) or (i) or any information supplied to the Commission by any domestic or foreign regulatory agency that relates to the financial or operational condition of any associated person of a broker or dealer, investment bank holding company, or any affiliate of an investment bank holding company. Nothing in this subsection shall authorize the Commission to withhold information from Congress, or prevent the Commission from complying with a request for information from any other Federal department or agency or any self-regulatory organization requesting the information for purposes within the scope of its jurisdiction, or complying with an order of a court of the United States in an action brought by the United States or the Commission. For purposes of section 552 of title 5, United States Code, this subsection shall be considered a statute described in subsection (b)(3)(B) of such section 552. In prescribing regulations to carry out the requirements of this subsection, the Commission shall designate information described in or obtained pursuant to subparagraphs (A), (B), and (C) of subsection (i)(5) as confidential information for purposes of section 24(b)(2) of this title.''.

(b) CONFORMING AMENDMENTS.—

(1) Section 3(a)(34) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)(34)) is amended by adding at the end the following new subparagraphs:

''(H) When used with respect to an institution described in subparagraph (D), (F), or (G) of section 2(c)(2), or held under section 4(f), of the Bank Holding Company Act of 1956—

''(i) the Comptroller of the Currency, in the case of a national bank or a bank in the

District of Columbia examined by the Comptroller of the Currency;

''(ii) the Board of Governors of the Federal Reserve System, in the case of a State member bank of the Federal Reserve System or any corporation chartered under section 25A of the Federal Reserve Act;

''(iii) the Federal Deposit Insurance Corporation, in the case of any other bank the deposits of which are insured in accordance with the Federal Deposit Insurance Act; or

''(iv) the Commission in the case of all other such institutions.''.

(2) Section 1112(e) of the Right to Financial Privacy Act of 1978 (12 U.S.C. 3412(e)) is amended—

(A) by striking ''this title'' and inserting ''law''; and

(B) by inserting '', examination reports'' after ''financial records''.

Subtitle D—Study

SEC. 241. STUDY OF METHODS TO INFORM INVESTORS AND CONSUMERS OF UNINSURED PRODUCTS.

Within one year after the date of enactment of this Act, the Comptroller General of the United States shall submit a report to the Congress regarding the efficacy, costs, and benefits of requiring that any depository institution that accepts federally insured deposits and that, directly or through a contractual or other arrangement with a broker, dealer, or agent, buys from, sells to, or effects transactions for retail investors in securities or consumers of insurance to inform such investors and consumers through the use of a logo or seal that the security or insurance is not insured by the Federal Deposit Insurance Corporation.

TITLE III—INSURANCE

Subtitle A—State Regulation of Insurance

SEC. 301. STATE REGULATION OF THE BUSINESS OF INSURANCE.

The Act entitled ''An Act to express the intent of the Congress with reference to the regulation of the business of insurance'' and approved March 9, 1945 (15 U.S.C. 1011 et seq.), commonly referred to as the ''McCarran—Ferguson Act'') remains the law of the United States.

SEC. 302. MANDATORY INSURANCE LICENSING REQUIREMENTS.

No person or entity shall provide insurance in a State as principal or agent unless such person or entity is licensed as required by the appropriate insurance regulator of such State in accordance with the relevant State insurance law, subject to section 104 of this Act.

SEC. 303. FUNCTIONAL REGULATION OF INSURANCE.

The insurance sales activity of any person or entity shall be functionally regulated by the States, subject to section 104 of this Act.

SEC. 304. INSURANCE UNDERWRITING IN NATIONAL BANKS.

(a) IN GENERAL.—Except as provided in section 306, a national bank and the subsidiaries of a national bank may not provide insurance in a State as principal except that this prohibition shall not apply to authorized products.

(b) AUTHORIZED PRODUCTS.—For the purposes of this section, a product is authorized if—

(1) as of January 1, 1997, the Comptroller of the Currency had determined in writing that national banks may provide such product as principal, or national banks were in fact lawfully providing such product as principal;

(2) no court of relevant jurisdiction had, by final judgment, overturned a determination of the Comptroller of the Currency that national banks may provide such product as principal; and

(3) the product is not title insurance, or an annuity contract the income of which is subject to tax treatment under section 72 of the Internal Revenue Code of 1986.

(c) DEFINITION.—For purposes of this section, the term ''insurance'' means—

(1) any product regulated as insurance as of January 1, 1997, in accordance with the relevant State insurance law, in the State in which the product is provided;

(2) any product first offered after January 1, 1997, which—

(A) a State insurance regulator determines shall be regulated as insurance in the State in which the product is provided because the product insures, guarantees, or indemnifies against liability, loss of life, loss of health, or loss through damage to or destruction of property, including, but not limited to, surety bonds, life insurance, health insurance, title insurance, and property and casualty insurance (such as private passenger or commercial automobile, homeowners, mortgage, commercial multiperil, general liability, professional liability, workers' compensation, fire and allied lines, farm owners multiperil, aircraft, fidelity, surety, medical malpractice, ocean marine, inland marine, and boiler and machinery insurance); and

(B) is not a product or service of a bank that is—

(i) a deposit product;

(ii) a loan, discount, letter of credit, or other extension of credit;

(iii) a trust or other fiduciary service;

(iv) a qualified financial contract (as defined in or determined pursuant to section 11(e)(8)(D)(i) of the Federal Deposit Insurance Act); or

(v) a financial guaranty, except that this subparagraph (B) shall not apply to a product that includes an insurance component such that if the product is offered or proposed to be offered by the bank as principal—

(I) it would be treated as a life insurance contract under section 7702 of the Internal Revenue Code of 1986, as amended; or

(II) in the event that the product is not a letter of credit or other similar extension of credit, a qualified financial contract, or a financial guaranty, it would qualify for treatment for losses incurred with respect to such product under section 832(b)(5) of the Internal Revenue Code of 1986, as amended, if the bank were subject to tax as an insurance company under section 831 of such Code; or

(3) any annuity contract the income on which is subject to tax treatment under section 72 of the Internal Revenue Code of 1986, as amended.

SEC. 305. NEW BANK AGENCY ACTIVITIES ONLY THROUGH ACQUISITION OF EXISTING LICENSED AGENTS.

If a national bank or a subsidiary of a national bank is not providing insurance as agent in a State as of the date of the enactment of this Act, the national bank and the subsidiary of the national bank may provide insurance (which such bank or subsidiary is otherwise authorized to provide) as agent in such State after such date only by acquiring a company which has been licensed by the appropriate State regulator to provide insurance as agent in such State for not less than 2 years before such acquisition.

SEC. 306. TITLE INSURANCE ACTIVITIES OF NATIONAL BANKS AND THEIR AFFILIATES.

(a) AUTHORITY.—

(1) IN GENERAL.—Notwithstanding any other provision of this Act or any other law, no national bank, and no subsidiary of a national bank, may engage in any activity involving the underwriting or sale of title insurance other than title insurance activities in which such national bank or subsidiary was actively and lawfully engaged before the date of the enactment of this Act.

(2) INSURANCE AFFILIATE.—In the case of a national bank which has an affiliate which provides insurance as principal and is not a subsidiary of the bank, the national bank and any subsidiary of the national bank may not engage in any activity involving the underwriting or sale of title insurance pursuant to paragraph (1).

(3) INSURANCE SUBSIDIARY.—In the case of a national bank which has a subsidiary which provides insurance as principal and has no affiliate which provides insurance as principal and is not a subsidiary, the national bank may not engage in any activity involving the underwriting or sale of title insurance pursuant to paragraph (1).

(4) AFFILIATE AND SUBSIDIARY DEFINED.—For purposes of this section, the terms ''affiliate'' and ''subsidiary'' have the meaning given such terms in section 2 of the Bank Holding Company Act of 1956.

(b) PARITY EXCEPTION.—Notwithstanding subsection (a), in the case of any State in which banks organized under the laws of such State were authorized to sell title insurance as agent as of January 1, 1997, a national bank and a subsidiary of a national bank may sell title insurance as agent in such State in the same manner and to the same extent such State banks are authorized to sell title insurance as agent in such State.

SEC. 307. EXPEDITED AND EQUALIZED DISPUTE RESOLUTION FOR FINANCIAL REGULATORS.

(a) FILING IN COURT OF APPEAL.—In the case of a regulatory conflict between a State insurance regulator and a Federal regulator as to whether any product is or is not insurance as defined in section 304(c) of this Act, or whether a State statute, regulation, order, or interpretation regarding any insurance sales or solicitation activity is properly treated as preempted under Federal law, either regulator may seek expedited judicial review of such determination by the United States Court of Appeals for the circuit in which the State is located or in the United States Court of Appeals for the District of Columbia Circuit by filing a petition for review in such court.

(b) EXPEDITED REVIEW.—The United States court of appeals in which a petition for review is filed in accordance with paragraph (1) shall complete all action on such petition, including rendering a judgment, before the end of the 60-day period beginning on the date such petition is filed, unless all parties to such proceeding agree to any extension of such period.

(c) SUPREME COURT REVIEW.—Any request for certiori to the Supreme Court of the United States of any judgment of a United States court of appeals with respect to a petition for review under this section shall be filed with the United States Supreme Court as soon as practicable after such judgment is issued.

(d) STATUTE OF LIMITATION.—No action may be filed under this section challenging an order, ruling, determination, or other action of a Federal financial regulator or State insurance regulator after the later of—

(1) the end of the 12-month period beginning on the date the first public notice is made of such order, ruling, or determination in its final form; or

(2) the end of the 6-month period beginning on the date such order, ruling, or determination takes effect.

(e) STANDARD OF REVIEW.—The court shall decide an action filed under this section based on its review on the merits of all questions presented under State and Federal law, including the nature of the product or activity and the history and purpose of its regulation under State and Federal law, without unequal deference.

SEC. 308. CONSUMER PROTECTION REGULATIONS.

(a) REGULATIONS REQUIRED.—

(1) IN GENERAL.—The Federal Deposit Insurance Act (12 U.S.C. 1811 et seq.) is amended by adding at the end the following new section:

SEC. 45. CONSUMER PROTECTION REGULATIONS.

''(a) REGULATIONS REQUIRED.—

''(1) IN GENERAL.—The Federal banking agencies shall prescribe and publish in final form, before the end of the 1-year period beginning on the date of the enactment of this Act, consumer protection regulations (which the agencies jointly determine to be appropriate) that—

''(A) apply to retail sales, solicitations, advertising, or offers of any insurance product by any insured depository institution or wholesale financial institution or any person who is engaged in such activities at an office of the institution or on behalf of the institution; and

''(B) are consistent with the requirements of this Act and provide such additional protections for consumers to whom such sales, solicitations, advertising, or offers are directed as the agency determines to be appropriate.

''(2) APPLICABILITY TO SUBSIDIARIES.—The regulations prescribed pursuant to paragraph (1) shall extend such protections to any subsidiaries of an insured depository institution, as deemed appropriate by the regulators referred to in paragraph (3), where such extension is determined to be necessary to ensure the consumer protections provided by this section.

''(3) CONSULTATION AND JOINT REGULATIONS.—The Federal banking agencies shall consult with each other and prescribe joint regulations pursuant to paragraph (1), after consultation with the State insurance regulators, as appropriate.

''(b) SALES PRACTICES.—The regulations prescribed pursuant to subsection (a) shall include anticoercion rules applicable to the sale of insurance products which prohibit an insured depository institution from engaging in any practice that would lead a consumer to believe an extension of credit, in violation of section 106(b) of the Bank Holding Company Act Amendments of 1970, is conditional upon—

''(1) the purchase of an insurance product from the institution or any of its affiliates or subsidiaries; or

''(2) an agreement by the consumer not to obtain, or a prohibition on the consumer from obtaining, an insurance product from an unaffiliated entity.

''(c) DISCLOSURES AND ADVERTISING.—The regulations prescribed pursuant to subsection (a) shall include the following provisions relating to disclosures and advertising in connection with the initial purchase of an insurance product:

''(1) DISCLOSURES.—

''(A) IN GENERAL.—Requirements that the following disclosures be made orally and in writing before the completion of the initial sale and, in the case of clause (iv), at the time of application for an extension of credit:

''(i) UNINSURED STATUS.—As appropriate, the product is not insured by the Federal Deposit Insurance Corporation, the United States Government, or the insured depository institution.

''(ii) INVESTMENT RISK.—In the case of a variable annuity or other insurance product which involves an investment risk, that there is an investment risk associated with the product, including possible loss of value.

''(iv) COERCION.—The approval of an extension of credit may not be conditioned on—

''(I) the purchase of an insurance product from the institution in which the application for credit is pending or any of its affiliates or subsidiaries; or

''(II) an agreement by the consumer not to obtain, or a prohibition on the consumer from obtaining, an insurance product from an unaffiliated entity.

''(B) MAKING DISCLOSURE READILY UNDERSTANDABLE.—Regulations prescribed under subparagraph (A) shall encourage the use of disclosure that is conspicuous, simple, direct, and readily understandable, such as the following:

''(i) 'NOT FDIC–INSURED'.

''(ii) 'NOT GUARANTEED BY THE BANK'.

''(iii) 'MAY GO DOWN IN VALUE'.

''(C) ADJUSTMENTS FOR ALTERNATIVE METHODS OF PURCHASE.—In prescribing the requirements under subparagraphs (A) and (D), necessary adjustments shall be made for purchase in person, by telephone, or by electronic media to provide for the most appropriate and complete form of disclosure and acknowledgments.

''(D) CONSUMER ACKNOWLEDGMENT.—A requirement that an insured depository institution shall require any person selling an insurance product at any office of, or on behalf of, the institution to obtain, at the time a consumer receives the disclosures required under this paragraph or at the time of the initial purchase by the consumer of such product, an acknowledgment by such consumer of the receipt of the disclosure required under this subsection with respect to such product.

''(2) PROHIBITION ON MISREPRESENTATIONS.—A prohibition on any practice, or any advertising, at any office of, or on behalf of, the insured depository institution, or any subsidiary as appropriate, which could mislead any person or otherwise cause a reasonable person to reach an erroneous belief with respect to—

''(A) the uninsured nature of any insurance product sold, or offered for sale, by the institution or any subsidiary of the institution; or

''(B) in the case of a variable annuity or other insurance product that involves an investment risk, the investment risk associated with any such product.

''(d) SEPARATION OF BANKING AND NONBANKING ACTIVITIES.—

''(1) REGULATIONS REQUIRED.—The regulations prescribed pursuant to subsection (a) shall include such provisions as the Federal banking agencies consider appropriate to ensure that the routine acceptance of deposits and the making of loans is kept, to the extent practicable, physically segregated from insurance product activity.

''(2) REQUIREMENTS.—Regulations prescribed pursuant to paragraph (1) shall include the following requirements:

''(A) SEPARATE SETTING.—A clear delineation of the setting in which, and the circumstances under which, transactions involving insurance products should be conducted in a location physically segregated from an area where retail deposits are routinely accepted.

''(B) REFERRALS.—Standards which permit any person accepting deposits from, or making loans to, the public in an area where such transactions are routinely conducted in an insured depository institution to refer a customer who seeks to purchase any insurance product to a qualified person who sells such product, only if the person making the referral receives no more than a one-time nominal fee of a fixed dollar amount for each referral that does not depend on whether the referral results in a transaction.

''(C) QUALIFICATION AND LICENSING REQUIREMENTS.—Standards prohibiting any insured depository institution from permitting any person to sell or offer for sale any insurance product in any part of any office of the institution, or on behalf of the institution, unless such person is appropriately qualified and licensed.

''(e) DOMESTIC VIOLENCE DISCRIMINATION PROHIBITION.—

''(1) IN GENERAL.—In the case of an applicant for, or an insured under, any insurance product described in paragraph (2), the status of the applicant or insured as a victim of domestic violence, or as a provider of services to victims of domestic violence, shall not be considered as a criterion in any decision with regard to insurance underwriting, pricing, renewal, or scope of coverage of insurance policies, or payment of insurance claims, except as required or expressly permitted under State law.

''(2) SCOPE OF APPLICATION.—The prohibition contained in paragraph (1) shall apply to any insurance product which is sold or offered for sale, as principal, agent, or broker, by any insured depository institution or any person who is engaged in such activities at an office of the institution or on behalf of the institution.

''(3) SENSE OF THE CONGRESS.—It is the sense of the Congress that, by the end of the 30-month period beginning on the date of the enactment of this Act, the States should enact prohibitions against discrimination with respect to insurance products that are at least as strict as the prohibitions contained in paragraph (1).

''(4) DOMESTIC VIOLENCE DEFINED.—For purposes of this subsection, the term 'domestic violence' means the occurrence of 1 or more of the following acts by a current or former family member, household member, intimate partner, or caretaker:

''(A) Attempting to cause or causing or threatening another person physical harm, severe emotional distress, psychological trauma, rape, or sexual assault.

''(B) Engaging in a course of conduct or repeatedly committing acts toward another person, including following the person without proper authority, under circumstances that place the person in reasonable fear of bodily injury or physical harm.

''(C) Subjecting another person to false imprisonment.

''(D) Attempting to cause or cause damage to property so as to intimidate or attempt to control the behavior of another person.

''(f) CONSUMER GRIEVANCE PROCESS.—The Federal banking agencies shall jointly establish a consumer complaint mechanism, for receiving and expeditiously addressing consumer complaints alleging a violation of regulations issued under the section, which shall—

''(1) establish a group within each regulatory agency to receive such complaints;

''(2) develop procedures for investigating such complaints;

''(3) develop procedures for informing consumers of rights they may have in connection with such complaints; and

''(4) develop procedures for addressing concerns raised by such complaints, as appropriate, including procedures for the recovery of losses to the extent appropriate.

''(g) EFFECT ON OTHER AUTHORITY.—

''(1) No provision of this section shall be construed as granting, limiting, or otherwise affecting—

''(A) any authority of the Securities and Exchange Commission, any self-regulatory organization, the Municipal Securities Rulemaking Board, or the Secretary of the Treasury under any Federal securities law; or

''(B) any authority of any State insurance commissioner or other State authority under any State law.

''(2) Regulations prescribed by a Federal banking agency under this section shall not apply to retail sales, solicitations, advertising, or offers of any insurance product by

any insured depository institution or wholesale financial institution or to any person who is engaged in such activities at an office of such institution or on behalf of the institution, in a State where the State has in effect statutes, regulations, orders, or interpretations, that are inconsistent with or contrary to the regulations prescribed by the Federal banking agencies.

''(h) INSURANCE PRODUCT DEFINED.—For purposes of this section, the term 'insurance product' includes an annuity contract the income of which is subject to tax treatment under section 72 of the Internal Revenue Code of 1986.''.

SEC. 309. CERTAIN STATE AFFILIATION LAWS PREEMPTED FOR INSURANCE COMPANIES AND AFFILIATES.

No State may, by law, regulation, order, interpretation, or otherwise—

(1) prevent or restrict any insurer, or any affiliate of an insurer (whether such affiliate is organized as a stock company, mutual holding company, or otherwise), from becoming a financial holding company or acquiring control of an insured depository institution;

(2) limit the amount of an insurer's assets that may be invested in the voting securities of an insured depository institution (or any company which controls such institution), except that the laws of an insurer's State of domicile may limit the amount of such investment to an amount that is not less than 5 percent of the insurer's admitted assets; or

(3) prevent, restrict, or have the authority to review, approve, or disapprove a plan of reorganization by which an insurer proposes to reorganize from mutual form to become a stock insurer (whether as a direct or indirect subsidiary of a mutual holding company or otherwise) unless such State is the State of domicile of the insurer.

Subtitle B—Redomestication of Mutual Insurers

SEC. 311. GENERAL APPLICATION.

This subtitle shall only apply to a mutual insurance company in a State which has not enacted a law which expressly establishes reasonable terms and conditions for a mutual insurance company domiciled in such State to reorganize into a mutual holding company.

SEC. 312. REDOMESTICATION OF MUTUAL INSURERS.

(a) REDOMESTICATION.—A mutual insurer organized under the laws of any State may transfer its domicile to a transferee domicile as a step in a reorganization in which, pursuant to the laws of the transferee domicile and consistent with the standards in subsection (f), the mutual insurer becomes a stock insurer that is a direct or indirect subsidiary of a mutual holding company.

(b) RESULTING DOMICILE.—Upon complying with the applicable law of the transferee domicile governing transfers of domicile and completion of a transfer pursuant to this section, the mutual insurer shall cease to be a domestic insurer in the transferor domicile and, as a continuation of its corporate existence, shall be a domestic insurer of the transferee domicile.

(c) LICENSES PRESERVED.—The certificate of authority, agents' appointments and licenses, rates, approvals and other items that a licensed State allows and that are in existence immediately prior to the date that a redomesticating insurer transfers its domicile pursuant to this subtitle shall continue in full force and effect upon transfer, if the insurer remains duly qualified to transact the business of insurance in such licensed State.

(d) EFFECTIVENESS OF OUTSTANDING POLICIES AND CONTRACTS.—

(1) IN GENERAL.—All outstanding insurance policies and annuities contracts of a redomesticating insurer shall remain in full force and effect and need not be endorsed as to the new domicile of the insurer, unless so ordered by the State insurance regulator of a licensed State, and then only in the case of outstanding policies and contracts whose owners reside in such licensed State.

(2) FORMS.—

(A) Applicable State law may require a redomesticating insurer to file new policy forms with the State insurance regulator of a licensed State on or before the effective date of the transfer.

(B) Notwithstanding subparagraph (A), a redomesticating insurer may use existing policy forms with appropriate endorsements to reflect the new domicile of the redomesticating insurer until the new policy forms are approved for use by the State insurance regulator of such licensed State.

(e) NOTICE.—A redomesticating insurer shall give notice of the proposed transfer to the State insurance regulator of each licensed State and shall file promptly any resulting amendments to corporate documents required to be filed by a foreign licensed mutual insurer with the insurance regulator of each such licensed State.

(f) PROCEDURAL REQUIREMENTS.—No mutual insurer may redomesticate to another State and reorganize into a mutual holding company pursuant to this section unless the State insurance regulator of the transferee domicile determines that the plan of reorganization of the insurer includes the following requirements:

(1) APPROVAL BY BOARD OF DIRECTORS AND POLICYHOLDERS.—The reorganization is approved by at least a majority of the board of directors of the mutual insurer and at least a majority of the policyholders who vote after notice, disclosure of the reorganization and the effects of the transaction on policyholder contractual rights, and reasonable opportunity to vote, in accordance with such notice, disclosure, and voting procedures as are approved by the State insurance regulator of the transferee domicile.

(2) CONTINUED VOTING CONTROL BY POLICYHOLDERS; REVIEW OF PUBLIC STOCK OFFERING.—After the consummation of a reorganization, the policyholders of the reorganized insurer shall have the same voting rights with respect to the mutual holding company as they had before the reorganization with respect to the mutual insurer. With respect to an initial public offering of stock, the offering shall be conducted in compliance with applicable securities laws and in a manner approved by the State insurance regulator of the transferee domicile.

(3) AWARD OF STOCK OR GRANT OF OPTIONS TO OFFICERS AND DIRECTORS.—For a period of 6 months after completion of an initial public offering, neither a stock holding company nor the converted insurer shall award any stock options or stock grants to persons who are elected officers or directors of the mutual holding company, the stock holding company, or the converted insurer, except with respect to any such awards or options to which a person is entitled as a policyholder and as approved by the State insurance regulator of the transferee domicile.

(4) CONTRACTUAL RIGHTS.—Upon reorganization into a mutual holding company, the contractual rights of the policyholders are preserved.

(5) FAIR AND EQUITABLE TREATMENT OF POLICYHOLDERS.—The reorganization is approved as fair and equitable to the policyholders by the insurance regulator of the transferee domicile.

SEC. 313. EFFECT ON STATE LAWS RESTRICTING REDOMESTICATION.

(a) IN GENERAL.—Unless otherwise permitted by this subtitle, State laws of any transferor domicile that conflict with the purposes and intent of this subtitle are preempted, including but not limited to—

(1) any law that has the purpose or effect of impeding the activities of, taking any action against, or applying any provision of law or regulation to, any insurer or an affiliate of such insurer because that insurer or any affiliate plans to redomesticate, or has redomesticated, pursuant to this subtitle;

(2) any law that has the purpose or effect of impeding the activities of, taking action against, or applying any provision of law or regulation to, any insured or any insurance licensee or other intermediary because such person or entity has procured insurance from or placed insurance with any insurer or affiliate of such insurer that plans to redomesticate, or has redomesticated, pursuant to this subtitle, but only to the extent that such law would treat such insured licensee or other intermediary differently than if the person or entity procured insurance from, or placed insurance with, an insured licensee or other intermediary which had not redomesticated;

(3) any law that has the purpose or effect of terminating, because of the redomestication of a mutual insurer pursuant to this subtitle, any certificate of authority, agent appointment or license, rate approval, or other approval, of any State insurance regulator or other State authority in existence immediately prior to the redomestication in any State other than the transferee domicile.

(b) DIFFERENTIAL TREATMENT PROHIBITED.—No State law, regulation, interpretation, or functional equivalent thereof, of a State other than a transferee domicile may treat a redomesticating or redomesticated insurer or any affiliate thereof any differently than an insurer operating in that State that is not a redomesticating or redomesticated insurer.

(c) LAWS PROHIBITING OPERATIONS.—If any licensed State fails to issue, delays the issuance of, or seeks to revoke an original or renewal certificate of authority of a redomesticated insurer immediately following redomestication, except on grounds and in a manner consistent with its past practices regarding the issuance of certificates of authority to foreign insurers that are not redomesticating, then the redomesticating insurer shall be exempt from any State law of the licensed State to the extent that such State law or the operation of such State law would make unlawful, or regulate, directly or indirectly, the operation of the redomesticated insurer, except that such licensed State may require the redomesticated insurer to—

(1) comply with the unfair claim settlement practices law of the licensed State;

(2) pay, on a nondiscriminatory basis, applicable premium and other taxes which are levied on licensed insurers or policyholders under the laws of the licensed State;

(3) register with and designate the State insurance regulator as its agent solely for the purpose of receiving service of legal documents or process;

(4) submit to an examination by the State insurance regulator in any licensed state in which the redomesticated insurer is doing business to determine the insurer's financial condition, if—

(A) the State insurance regulator of the transferee domicile has not begun an examination of the redomesticated insurer and has not scheduled such an examination to begin before the end of the 1-year period beginning on the date of the redomestication; and

(B) any such examination is coordinated to avoid unjustified duplication and repetition;

(5) comply with a lawful order issued in—

(A) a delinquency proceeding commenced by the State insurance regulator of any licensed State if there has been a judicial finding of financial impairment under paragraph (7); or

(B) a voluntary dissolution proceeding;

(6) comply with any State law regarding deceptive, false, or fraudulent acts or practices, except that if the licensed State seeks an injunction regarding the conduct described in this paragraph, such injunction must be obtained from a court of competent jurisdiction as provided in section 314(a);

(7) comply with an injunction issued by a court of competent jurisdiction, upon a petition by the State insurance regulator alleging that the redomesticating insurer is in hazardous financial condition or is financially impaired;

(8) participate in any insurance insolvency guaranty association on the same basis as any other insurer licensed in the licensed State; and

(9) require a person acting, or offering to act, as an insurance licensee for a redomesticated insurer in the licensed State to obtain a license from that State, except that such State may not impose any qualification or requirement that discriminates against a nonresident insurance licensee.

SEC. 314. OTHER PROVISIONS.

(a) JUDICIAL REVIEW.—The appropriate United States district court shall have exclusive jurisdiction over litigation arising under this section involving any redomesticating or redomesticated insurer.

(b) SEVERABILITY.—If any provision of this section, or the application thereof to any person or circumstances, is held invalid, the remainder of the section, and the application of such provision to other persons or circumstances, shall not be affected thereby.

SEC. 315. DEFINITIONS.

For purposes of this subtitle, the following definitions shall apply:

(1) COURT OF COMPETENT JURISDICTION.—The term ''court of competent jurisdiction'' means a court authorized pursuant to section 314(a) to adjudicate litigation arising under this subtitle.

(2) DOMICILE.—The term ''domicile'' means the State in which an insurer is incorporated, chartered, or organized.

(3) INSURANCE LICENSEE.—The term ''insurance licensee'' means any person holding a license under State law to act as insurance agent, subagent, broker, or consultant.

(4) INSTITUTION.—The term ''institution'' means a corporation, joint stock company, limited liability company, limited liability partnership, association, trust, partnership, or any similar entity.

(5) LICENSED STATE.—The term ''licensed State'' means any State, the District of Columbia, American Samoa, Guam, Puerto Rico, or the United States Virgin Islands in which the redomesticating insurer has a certificate of authority in effect immediately prior to the redomestication.

(6) MUTUAL INSURER.—The term ''mutual insurer'' means a mutual insurer organized under the laws of any State.

(7) PERSON.—The term ''person'' means an individual, institution, government or governmental agency, State or political subdivision of a State, public corporation, board, association, estate, trustee, or fiduciary, or other similar entity.

(8) POLICYHOLDER.—The term ''policyholder'' means the owner of a policy issued by a mutual insurer, except that, with respect to voting rights, the term means a member of a mutual insurer or mutual holding company granted the right to vote, as determined under applicable State law.

(9) REDOMESTICATED INSURER.—The term ''redomesticated insurer'' means a mutual insurer that has redomesticated pursuant to this subtitle.

(10) REDOMESTICATING INSURER.—The term ''redomesticating insurer'' means a mutual insurer that is redomesticating pursuant to this subtitle.

(11) REDOMESTICATION OR TRANSFER.—The terms ''redomestication'' and ''transfer'' mean the transfer of the domicile of a mutual insurer from one State to another State pursuant to this subtitle.

(12) STATE INSURANCE REGULATOR.—The term ''State insurance regulator'' means the principal insurance regulatory authority of a State, the District of Columbia, American Samoa, Guam, Puerto Rico, or the United States Virgin Islands.

(13) STATE LAW.—The term ''State law'' means the statutes of any State, the District of Columbia, American Samoa, Guam, Puerto Rico, or the United States Virgin Islands and any regulation, order, or requirement prescribed pursuant to any such statute.

(14) TRANSFEREE DOMICILE.—The term ''transferee domicile'' means the State to which a mutual insurer is redomesticating pursuant to this subtitle.

(15) TRANSFEROR DOMICILE.—The term ''transferor domicile'' means the State from which a mutual insurer is redomesticating pursuant to this subtitle.

SEC. 316. EFFECTIVE DATE.

This subtitle shall take effect on the date of enactment of this Act.

Subtitle C—National Association of Registered Agents and Brokers

SEC. 321. STATE FLEXIBILITY IN MULTISTATE LICENSING REFORMS.

(a) IN GENERAL.—The provisions of this subtitle shall take effect unless by the end of the 3-year period beginning on the date of the enactment of this Act at least a majority of the States—

(1) have enacted uniform laws and regulations governing the licensure of individuals and entities authorized to sell and solicit the purchase of insurance within the State; or

(2) have enacted reciprocity laws and regulations governing the licensure of nonresident individuals and entities authorized to sell and solicit insurance within those States.

(b) UNIFORMITY REQUIRED.—States shall be deemed to have established the uniformity necessary to satisfy subsection (a)(1) if the States—

(1) establish uniform criteria regarding the integrity, personal qualifications, education, training, and experience of licensed insurance producers, including the qualification and training of sales personnel in ascertaining the appropriateness of a particular insurance product for a prospective customer;

(2) establish uniform continuing education requirements for licensed insurance producers;

(3) establish uniform ethics course requirements for licensed insurance producers in conjunction with the continuing education requirements under paragraph (2);

(4) establish uniform criteria to ensure that an insurance product, including any annuity contract, sold to a consumer is suitable and appropriate for the consumer based on financial information disclosed by the consumer; and

(5) do not impose any requirement upon any insurance producer to be licensed or otherwise qualified to do business as a nonresident that has the effect of limiting or conditioning that producer's activities because of its residence or place of operations, except that counter-signature requirements imposed on nonresident producers shall not be deemed to have the effect of limiting or conditioning a producer's activities because of its residence or place of operations under this section.

(c) RECIPROCITY REQUIRED.—States shall be deemed to have established the reciprocity required to satisfy subsection (a)(2) if the following conditions are met:

(1) ADMINISTRATIVE LICENSING PROCEDURES.—At least a majority of the States permit a producer that has a resident license for selling or soliciting the purchase of insurance in its home State to receive a license to sell or solicit the purchase of insurance in such majority of States as a nonresident to the same extent such producer is permitted to sell or solicit the purchase of insurance in its State, without satisfying any additional requirements other than submitting—

(A) a request for licensure;

(B) the application for licensure that the producer submitted to its home State;

(C) proof that the producer is licensed and in good standing in its home State; and

(D) the payment of any requisite fee to the appropriate authority,

if the producer's home State also awards such licenses on such a reciprocal basis.

(2) CONTINUING EDUCATION REQUIREMENTS.—A majority of the States accept an insurance producer's satisfaction of its home State's continuing education requirements for licensed insurance producers to satisfy the States' own continuing education requirements if the producer's home State also recognizes the satisfaction of continuing education requirements on such a reciprocal basis.

(3) NO LIMITING NONRESIDENT REQUIREMENTS.—A majority of the States do not impose any requirement upon any insurance producer to be licensed or otherwise qualified to do business as a nonresident that has the effect of limiting or conditioning that producer's activities because of its residence or place of operations, except that countersignature requirements imposed on nonresident producers shall not be deemed to have the effect of limiting or conditioning a producer's activities because of its residence or place of operations under this section.

(4) RECIPROCAL RECIPROCITY.—Each of the States that satisfies paragraphs (1), (2), and (3) grants reciprocity to residents of all of the other States that satisfy such paragraphs.

(d) DETERMINATION.—

(1) NAIC DETERMINATION.—At the end of the 3-year period beginning on the date of the enactment of this Act, the National Association of Insurance Commissioners shall determine, in consultation with the insurance commissioners or chief insurance regulatory officials of the States, whether the uniformity or reciprocity required by subsections (b) and (c) has been achieved.

(2) JUDICIAL REVIEW.—The appropriate United States district court shall have exclusive jurisdiction over any challenge to the National Association of Insurance Commissioners' determination under this section and such court shall apply the standards set forth in section 706 of title 5, United States Code, when reviewing any such challenge.

(e) CONTINUED APPLICATION.—If, at any time, the uniformity or reciprocity required by subsections (b) and (c) no longer exists, the provisions of this subtitle shall take effect within 2 years, unless the uniformity or reciprocity required by those provisions is satisfied before the expiration of that 2-year period.

(f) SAVINGS PROVISION.—No provision of this section shall be construed as requiring that any law, regulation, provision, or action of any State which purports to regulate insurance producers, including any such law,

regulation, provision, or action which purports to regulate unfair trade practices or establish consumer protections, including countersignature laws, be altered or amended in order to satisfy the uniformity or reciprocity required by subsections (b) and (c), unless any such law, regulation, provision, or action is inconsistent with a specific requirement of any such subsection and then only to the extent of such inconsistency.

SEC. 322. NATIONAL ASSOCIATION OF REGISTERED AGENTS AND BROKERS.

(a) ESTABLISHMENT.—There is established the National Association of Registered Agents and Brokers (hereafter in this subtitle referred to as the ''Association'')

(b) STATUS.—The Association shall—

(1) be a nonprofit corporation and be presumed to have the status of an organization described in section 501(c)(6) of the Internal Revenue Code of 1986 unless the Secretary of the Treasury determines that the Association does not meet the requirements of such section;

(2) have succession until dissolved by an Act of Congress;

(3) not be an agency or establishment of the United States Government; and

(4) except as otherwise provided in this Act, be subject to, and have all the powers conferred upon a nonprofit corporation by the District of Columbia Nonprofit Corporation Act (D.C. Code, sec. 29y–1001 et seq.).

SEC. 323. PURPOSE.

The purpose of the Association shall be to provide a mechanism through which uniform licensing, appointment, continuing education, and other insurance producer sales qualification requirements and conditions can be adopted and applied on a multistate basis, while preserving the right of States to license, supervise, and discipline insurance producers and to prescribe and enforce laws and regulations with regard to insurance-related consumer protection and unfair trade practices.

SEC. 324. RELATIONSHIP TO THE FEDERAL GOVERNMENT.

The Association shall be subject to the supervision and oversight of the National Association of Insurance Commissioners (hereafter in this subtitle referred to as the ''NAIC'') and shall not be an agency or an instrumentality of the United States Government.

SEC. 325. MEMBERSHIP.

(a) ELIGIBILITY.—

(1) IN GENERAL.—Any State-licensed insurance producer shall be eligible to become a member in the Association.

(2) INELIGIBILITY FOR SUSPENSION OR REVOCATION OF LICENSE.—Notwithstanding paragraph (1), a State-licensed insurance producer shall not be eligible to become a member if a State insurance regulator has suspended or revoked such producer's license in that State during the 3-year preceding the date such producer applies for membership.

(3) RESUMPTION OF ELIGIBILITY.—Paragraph (2) shall cease to apply to any insurance producer if—

(A) the State insurance regulator renews the license of such producer in the State in which the license was suspended or revoked; or

(B) the suspension or revocation is subsequently overturned.

(b) AUTHORITY TO ESTABLISH MEMBERSHIP CRITERIA.—The Association shall have the authority to establish membership criteria that—

(1) bear a reasonable relationship to the purposes for which the Association was established; and

(2) do not unfairly limit the access of smaller agencies to the Association membership.

(c) ESTABLISHMENT OF CLASSES AND CATEGORIES.—

(1) CLASSES OF MEMBERSHIP.—The Association may establish separate classes of membership, with separate criteria, if the Association reasonably determines that performance of different duties requires different levels of education, training, or experience.

(2) CATEGORIES.—The Association may establish separate categories of membership for individuals and for other persons. The establishment of any such categories of membership shall be based either on the types of licensing categories that exist under State laws or on the aggregate amount of business handled by an insurance producer. No special categories of membership, and no distinct membership criteria, shall be established for members which are insured depository institutions or wholesale financial institutions or for their employees, agents, or affiliates.

(d) MEMBERSHIP CRITERIA.—

(1) IN GENERAL.—The Association may establish criteria for membership which shall include standards for integrity, personal qualifications, education, training, and experience.

(2) MINIMUM STANDARD.—In establishing criteria under paragraph (1), the Association shall consider the highest levels of insurance producer qualifications established under the licensing laws of the States.

(e) EFFECT OF MEMBERSHIP.—Membership in the Association shall entitle the member to licensure in each State for which the member pays the requisite fees, including licensing fees and, where applicable, bonding requirements, set by such State.

(f) ANNUAL RENEWAL.—Membership in the Association shall be renewed on an annual basis.

(g) CONTINUING EDUCATION.—The Association shall establish, as a condition of membership, continuing education requirements which shall be comparable to or greater than the continuing education requirements under the licensing laws of a majority of the States.

(h) SUSPENSION AND REVOCATION.—The Association may—

(1) inspect and examine the records and offices of the members of the Association to determine compliance with the criteria for membership established by the Association; and

(2) suspend or revoke the membership of an insurance producer if—

(A) the producer fails to meet the applicable membership criteria of the Association: or

(B) the producer has been subject to disciplinary action pursuant to a final adjudicatory proceeding under the jurisdiction of a State insurance regulator, and the Association concludes that retention of membership in the Association would not be in the public interest.

(i) OFFICE OF CONSUMER COMPLAINTS.—

(1) IN GENERAL.—The Association shall establish an office of consumer complaints that shall—

(A) receive and investigate complaints from both consumers and State insurance regulators related to members of the Association; and

(B) recommend to the Association any disciplinary actions that the office considers appropriate, to the extent that any such recommendation is not inconsistent with State law.

(2) RECORDS AND REFERRALS.—The office of consumer complaints of the Association shall—

(A) maintain records of all complaints received in accordance with paragraph (1) and make such records available to the NAIC and to each State insurance regulator for the State of residence of the consumer who filed the complaint; and

(B) refer, when appropriate, any such complaint to any appropriate State insurance regulator.

(3) TELEPHONE AND OTHER ACCESS.—The office of consumer complaints shall maintain a toll-free telephone number for the purpose of this subsection and, as practicable, other alternative means of communication with consumers, such as an Internet home page.

SEC. 326. BOARD OF DIRECTORS.

(a) ESTABLISHMENT.—There is established the board of directors of the Association (hereafter in this subtitle referred to as the ''Board'') for the purpose of governing and supervising the activities of the Association and the members of the Association.

(b) POWERS.—The Board shall have such powers and authority as may be specified in the bylaws of the Association.

(c) COMPOSITION.—

(1) MEMBERS.—The Board shall be composed of 7 members appointed by the NAIC.

(2) REQUIREMENT.—At least 4 of the members of the Board shall have significant experience with the regulation of commercial lines of insurance in at least 1 of the 20 States in which the greatest total dollar amount of commercial-lines insurance is placed in the United States.

(3) INITIAL BOARD MEMBERSHIP.—

(A) IN GENERAL.—If, by the end of the 2-year period beginning on the date of the enactment of this Act, the NAIC has not appointed the initial 7 members of the Board of the Association, the initial Board shall consist of the 7 State insurance regulators of the 7 States with the greatest total dollar amount of commercial-lines insurance in place as of the end of such period.

(B) ALTERNATE COMPOSITION.—If any of the State insurance regulators described in subparagraph (A) declines to serve on the Board, the State insurance regulator with the next greatest total dollar amount of commercial-lines insurance in place, as determined by the NAIC as of the end of such period, shall serve as a member of the Board.

(C) INOPERABILITY.—If fewer than 7 State insurance regulators accept appointment to the Board, the Association shall be established without NAIC oversight pursuant to section 332.

(d) TERMS.—The term of each director shall, after the initial appointment of the members of the Board, be for 3 years, with ⅓ of the directors to be appointed each year.

(e) BOARD VACANCIES.—A vacancy on the Board shall be filled in the same manner as the original appointment of the initial Board for the remainder of the term of the vacating member.

(f) MEETINGS.—The Board shall meet at the call of the chairperson, or as otherwise provided by the bylaws of the Association.

SEC. 327. OFFICERS.

(a) IN GENERAL.—

(1) POSITIONS.—The officers of the Association shall consist of a chairperson and a vice chairperson of the Board, a president, secretary, and treasurer of the Association, and such other officers and assistant officers as may be deemed necessary.

(2) MANNER OF SELECTION.—Each officer of the Board and the Association shall be elected or appointed at such time and in such manner and for such terms not exceeding 3 years as may be prescribed in the bylaws of the Association.

(b) CRITERIA FOR CHAIRPERSON.— Only individuals who are members of the National Association of Insurance Commissioners shall be eligible to serve as the chairperson of the board of directors.

SEC. 328. BYLAWS, RULES, AND DISCIPLINARY ACTION.

(a) ADOPTION AND AMENDMENT OF BYLAWS.—

(1) COPY REQUIRED TO BE FILED WITH THE NAIC.—The board of directors of the Association shall file with the NAIC a copy of the proposed bylaws or any proposed amendment to the bylaws, accompanied by a concise general statement of the basis and purpose of such proposal.

(2) EFFECTIVE DATE.—Except as provided in paragraph (3), any proposed bylaw or proposed amendment shall take effect—

(A) 30 days after the date of the filing of a copy with the NAIC;

(B) upon such later date as the Association may designate; or

(C) such earlier date as the NAIC may determine.

(3) DISAPPROVAL BY THE NAIC.—Notwithstanding paragraph (2), a proposed bylaw or amendment shall not take effect if, after public notice and opportunity to participate in a public hearing—

(A) the NAIC disapproves such proposal as being contrary to the public interest or contrary to the purposes of this subtitle and provides notice to the Association setting forth the reasons for such disapproval; or

(B) the NAIC finds that such proposal involves a matter of such significant public interest that public comment should be obtained, in which case it may, after notifying the Association in writing of such finding, require that the procedures set forth in subsection (b) be followed with respect to such proposal, in the same manner as if such proposed bylaw change were a proposed rule change within the meaning of such paragraph.

(b) ADOPTION AND AMENDMENT OF RULES.—

(1) FILING PROPOSED REGULATIONS WITH THE NAIC.—

(A) IN GENERAL.—The board of directors of the Association shall file with the NAIC a copy of any proposed rule or any proposed amendment to a rule of the Association which shall be accompanied by a concise general statement of the basis and purpose of such proposal.

(B) OTHER RULES AND AMENDMENTS INEFFECTIVE.—No proposed rule or amendment shall take effect unless approved by the NAIC or otherwise permitted in accordance with this paragraph.

(2) INITIAL CONSIDERATION BY THE NAIC.—Within 35 days after the date of publication of notice of filing of a proposal, or before the end of such longer period not to exceed 90 days as the NAIC may designate after such date if the NAIC finds such longer period to be appropriate and sets forth its reasons for so finding, or as to which the Association consents, the NAIC shall—

(A) by order approve such proposed rule or amendment; or

(B) institute proceedings to determine whether such proposed rule or amendment should be modified or disapproved.

(3) NAIC PROCEEDINGS.—

(A) IN GENERAL.—Proceedings instituted by the NAIC with respect to a proposed rule or amendment pursuant to paragraph (2) shall—

(i) include notice of the grounds for disapproval under consideration;

(ii) provide opportunity for hearing; and

(iii) be concluded within 180 days after the date of the Association's filing of such proposed rule or amendment.

(B) DISPOSITION OF PROPOSAL.—At the conclusion of any proceeding under subparagraph (A), the NAIC shall, by order, approve or disapprove the proposed rule or amendment.

(C) EXTENSION OF TIME FOR CONSIDERATION.—The NAIC may extend the time for concluding any proceeding under subparagraph (A) for—

(i) not more than 60 days if the NAIC finds good cause for such extension and sets forth its reasons for so finding; or

(ii) for such longer period as to which the Association consents.

(4) STANDARDS FOR REVIEW.—

(A) GROUNDS FOR APPROVAL.—The NAIC shall approve a proposed rule or amendment if the NAIC finds that the rule or amendment is in the public interest and is consistent with the purposes of this Act.

(B) APPROVAL BEFORE END OF NOTICE PERIOD.—The NAIC shall not approve any proposed rule before the end of the 30-day period beginning on the date the Association files proposed rules or amendments in accordance with paragraph (1) unless the NAIC finds good cause for so doing and sets forth the reasons for so finding.

(5) ALTERNATE PROCEDURE.—

(A) IN GENERAL.—Notwithstanding any provision of this subsection other than subparagraph (B), a proposed rule or amendment relating to the administration or organization of the Association may take effect—

(i) upon the date of filing with the NAIC, if such proposed rule or amendment is designated by the Association as relating solely to matters which the NAIC, consistent with the public interest and the purposes of this subsection, determines by rule do not require the procedures set forth in this paragraph; or

(ii) upon such date as the NAIC shall for good cause determine.

(B) ABROGATION BY THE NAIC.—

(i) IN GENERAL.—At any time within 60 days after the date of filing of any proposed rule or amendment under subparagraph (A)(i) or (B)(ii), the NAIC may repeal such rule or amendment and require that the rule or amendment be refiled and reviewed in accordance with this paragraph, if the NAIC finds that such action is necessary or appropriate in the public interest, for the protection of insurance producers or policyholders, or otherwise in furtherance of the purposes of this subtitle.

(ii) EFFECT OF RECONSIDERATION BY THE NAIC.—Any action of the NAIC pursuant to clause (i) shall—

(I) not affect the validity or force of a rule change during the period such rule or amendment was in effect; and

(II) not be considered to be final action.

(c) ACTION REQUIRED BY THE NAIC.—The NAIC may, in accordance with such rules as the NAIC determines to be necessary or appropriate to the public interest or to carry out the purposes of this subtitle, require the Association to adopt, amend, or repeal any bylaw, rule or amendment of the Association, whenever adopted.

(d) DISCIPLINARY ACTION BY THE ASSOCIATION.—

(1) SPECIFICATION OF CHARGES.—In any proceeding to determine whether membership shall be denied, suspended, revoked, and not renewed (hereafter in this section referred to as a ''disciplinary action''), the Association shall bring specific charges, notify such member of such charges and give the member an opportunity to defend against the charges, and keep a record.

(2) SUPPORTING STATEMENT.—A determination to take disciplinary action shall be supported by a statement setting forth—

(A) any act or practice in which such member has been found to have been engaged;

(B) the specific provision of this subtitle, the rules or regulations under this subtitle, or the rules of the Association which any such act or practice is deemed to violate; and

(C) the sanction imposed and the reason for such sanction.

(e) NAIC REVIEW OF DISCIPLINARY ACTION.—

(1) NOTICE TO THE NAIC.—If the Association orders any disciplinary action, the Association shall promptly notify the NAIC of such action.

(2) REVIEW BY THE NAIC.—Any disciplinary action taken by the Association shall be subject to review by the NAIC—

(A) on the NAIC's own motion; or

(B) upon application by any person aggrieved by such action if such application is filed with the NAIC not more than 30 days after the later of—

(i) the date the notice was filed with the NAIC pursuant to paragraph (1); or

(ii) the date the notice of the disciplinary action was received by such aggrieved person.

(f) EFFECT OF REVIEW.—The filing of an application to the NAIC for review of a disciplinary action, or the institution of review by the NAIC on the NAIC's own motion, shall not operate as a stay of disciplinary action unless the NAIC otherwise orders.

(g) SCOPE OF REVIEW.—

(A) IN GENERAL.—In any proceeding to review such action, after notice and the opportunity for hearing, the NAIC shall—

(i) determine whether the action should be taken;

(ii) affirm, modify, or rescind the disciplinary sanction; or

(iii) remand to the Association for further proceedings.

(B) DISMISSAL OF REVIEW.—The NAIC may dismiss a proceeding to review disciplinary action if the NAIC finds that—

(i) the specific grounds on which the action is based exist in fact;

(ii) the action is in accordance with applicable rules and regulations; and

(iii) such rules and regulations are, and were, applied in a manner consistent with the purposes of this Act.

SEC. 329. ASSESSMENTS.

(a) INSURANCE PRODUCERS SUBJECT TO ASSESSMENT.—The Association may establish such application and membership fees as the Association finds necessary to cover the costs of its operations, including fees made reimbursable to the NAIC under subsection (b), except that, in setting such fees, the Association may not discriminate against smaller insurance producers.

(b) NAIC ASSESSMENTS.—The NAIC may assess the Association for any costs it incurs under this subtitle.

SEC. 330. FUNCTIONS OF THE NAIC.

(a) ADMINISTRATIVE PROCEDURE.—Determinations of the NAIC, for purposes of making rules pursuant to section 328, shall be made after appropriate notice and opportunity for a hearing and for submission of views of interested persons.

(b) EXAMINATIONS AND REPORTS.—

(1) The NAIC may make such examinations and inspections of the Association and require the Association to furnish it with such reports and records or copies thereof as the NAIC may consider necessary or appropriate in the public interest or to effectuate the purposes of this subtitle.

(2) As soon as practicable after the close of each fiscal year, the Association shall submit to the NAIC a written report regarding the conduct of its business, and the exercise of the other rights and powers granted by this subtitle, during such fiscal year. Such report shall include financial statements setting forth the financial position of the Association at the end of such fiscal year and the results of its operations (including the source and application of its funds) for such fiscal year. The NAIC shall transmit such report to the President and the Congress with such comment thereon as the NAIC determines to be appropriate.

SEC. 331. LIABILITY OF THE ASSOCIATION AND THE DIRECTORS, OFFICERS, AND EMPLOYEES OF THE ASSOCIATION.

(a) IN GENERAL.—The Association shall not be deemed to be an insurer or insurance producer within the meaning of any State law,

rule, regulation, or order regulating or taxing insurers, insurance producers, or other entities engaged in the business of insurance, including provisions imposing premium taxes, regulating insurer solvency or financial condition, establishing guaranty funds and levying assessments, or requiring claims settlement practices.

(b) LIABILITY OF THE ASSOCIATION, ITS DIRECTORS, OFFICERS, AND EMPLOYEES.—Neither the Association nor any of its directors, officers, or employees shall have any liability to any person for any action taken or omitted in good faith under or in connection with any matter subject to this subtitle.

SEC. 332. ELIMINATION OF NAIC OVERSIGHT.

(a) IN GENERAL.—The Association shall be established without NAIC oversight and the provisions set forth in section 324, subsections (a), (b), (c), and (e) of section 328, and sections 329(b) and 330 of this subtitle shall cease to be effective if, at the end of the 2-year period after the date on which the provisions of this subtitle take effect pursuant to section 321—

(1) at least a majority of the States representing at least 50 percent of the total United States commercial-lines insurance premiums have not satisfied the uniformity or reciprocity requirements of subsections (a) and (b) of section 321; and

(2) the NAIC has not approved the Association's bylaws as required by section 328, the NAIC is unable to operate or supervise the Association, or the Association is not conducting its activities as required under this Act.

(b) BOARD APPOINTMENTS.—If the repeals required by subsection (a) are implemented—

(1) GENERAL APPOINTMENT POWER.—The President, with the advice and consent of the United States Senate, shall appoint the members of the Association's Board established under section 326 from lists of candidates recommended to the President by the National Association of Insurance Commissioners.

(2) PROCEDURES FOR OBTAINING NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS APPOINTMENT RECOMMENDATIONS.—

(A) INITIAL DETERMINATION AND RECOMMENDATIONS.—After the date on which the provisions of part a of this section take effect, then the National Association of Insurance Commissioners shall have 60 days to provide a list of recommended candidates to the President. If the National Association of Insurance Commissioners fails to provide a list by that date, or if any list that is provided does not include at least 14 recommended candidates or comply with the requirements of section 326(c), the President shall, with the advice and consent of the United States Senate, make the requisite appointments without considering the views of the NAIC.

(B) SUBSEQUENT APPOINTMENTS.—After the initial appointments, the National Association of Insurance Commissioners shall provide a list of at least 6 recommended candidates for the Board to the President by January 15 of each subsequent year. If the National Association of Insurance Commissioners fails to provide a list by that date, or if any list that is provided does not include at least 6 recommended candidates or comply with the requirements of section 326(c), the President, with the advice and consent of the Senate, shall make the requisite appointments without considering the views of the NAIC.

(C) PRESIDENTIAL OVERSIGHT.—

(i) REMOVAL.—If the President determines that the Association is not acting in the interests of the public, the President may remove the entire existing Board for the remainder of the term to which the members of the Board were appointed and appoint, with the advice and consent of the Senate, new members to fill the vacancies on the Board for the remainder of such terms.

(ii) SUSPENSION OF RULES OR ACTIONS.—The President, or a person designated by the President for such purpose, may suspend the effectiveness of any rule, or prohibit any action, of the Association which the President or the designee determines is contrary to the public interest.

(d) ANNUAL REPORT.—As soon as practicable after the close of each fiscal year, the Association shall submit to the President and to Congress a written report relative to the conduct of its business, and the exercise of the other rights and powers granted by this subtitle, during such fiscal year. Such report shall include financial statements setting forth the financial position of the Association at the end of such fiscal year and the results of its operations (including the source and application of its funds) for such fiscal year.

SEC. 333. RELATIONSHIP TO STATE LAW.

(a) PREEMPTION OF STATE LAWS.—State laws, regulations, provisions, or actions purporting to regulate insurance producers shall be preempted in the following instances:

(1) No State shall impede the activities of, take any action against, or apply any provision of law or regulation to, any insurance producer because that insurance producer or any affiliate plans to become, has applied to become, or is a member of the Association.

(2) No State shall impose any requirement upon a member of the Association that it pay different fees to be licensed or otherwise qualified to do business in that State, including bonding requirements, based on its residency.

(3) No State shall impose any licensing, appointment, integrity, personal or corporate qualifications, education, training, experience, residency, or continuing education requirement upon a member of the Association that is different than the criteria for membership in the Association or renewal of such membership, except that counter-signature requirements imposed on nonresident producers shall not be deemed to have the effect of limiting or conditioning a producer's activities because of its residence or place of operations under this section.

(4) No State shall implement the procedures of such State's system of licensing or renewing the licenses of insurance producers in a manner different from the authority of the Association under section 325.

(b) SAVINGS PROVISION.—Except as provided in subsection (a), no provision of this section shall be construed as altering or affecting the continuing effectiveness of any law, regulation, provision, or action of any State which purports to regulate insurance producers, including any such law, regulation, provision, or action which purports to regulate unfair trade practices or establish consumer protections, including, but not limited to, countersignature laws.

SEC. 334. COORDINATION WITH OTHER REGULATORS.

(a) COORDINATION WITH STATE INSURANCE REGULATORS.—The Association shall have the authority to—

(1) issue uniform insurance producer applications and renewal applications that may be used to apply for the issuance or removal of State licenses, while preserving the ability of each State to impose such conditions on the issuance or renewal of a license as are consistent with section 333;

(2) establish a central clearinghouse through which members of the Association may apply for the issuance or renewal of licenses in multiple States; and

(3) establish or utilize a national database for the collection of regulatory information concerning the activities of insurance producers.

(b) COORDINATION WITH THE NATIONAL ASSOCIATION OF SECURITIES DEALERS.—The Association shall coordinate with the National Association of Securities Dealers in order to ease any administrative burdens that fall on persons that are members of both associations, consistent with the purposes of this subtitle and the Federal securities laws.

SEC. 335. JUDICIAL REVIEW.

(a) JURISDICTION.—The appropriate United States district court shall have exclusive jurisdiction over litigation involving the Association, including disputes between the Association and its members that arise under this subtitle. Suits brought in State court involving the Association shall be deemed to have arisen under Federal law and therefore be subject to jurisdiction in the appropriate United States district court.

(b) EXHAUSTION OF REMEDIES.—An aggrieved person must exhaust all available administrative remedies before the Association and the NAIC before it may seek judicial review of an Association decision.

(c) STANDARDS OF REVIEW.—The standards set forth in section 553 of title 5, United States Code, shall be applied whenever a rule or bylaw of the Association is under judicial review, and the standards set forth in section 554 of title 5, United States Code, shall be applied whenever a disciplinary action of the Association is judicially reviewed.

SEC. 336. DEFINITIONS.

For purposes of this subtitle, the following definitions shall apply:

(1) INSURANCE.—The term ''insurance'' means any product defined or regulated as insurance by the appropriate State insurance regulatory authority.

(2) INSURANCE PRODUCER.—The term ''insurance producer'' means any insurance agent or broker, surplus lines broker, insurance consultant, limited insurance representative, and any other person that solicits, negotiates, effects, procures, delivers, renews, continues or binds policies of insurance or offers advice, counsel, opinions or services related to insurance.

(3) STATE LAW.—The term ''State law'' includes all laws, decisions, rules, regulations, or other State action having the effect of law, of any State. A law of the United States applicable only to the District of Columbia shall be treated as a State law rather than a law of the United States.

(4) STATE.—The term ''State'' includes any State, the District of Columbia, American Samoa, Guam, Puerto Rico, and the United States Virgin Islands.

(5) HOME STATE.—The term ''home State'' means the State in which the insurance producer maintains its principal place of residence and is licensed to act as an insurance producer.

TITLE IV—UNITARY SAVINGS AND LOAN HOLDING COMPANIES

SEC. 401. TERMINATION OF EXPANDED POWERS FOR NEW UNITARY S&L HOLDING COMPANIES.

(a) IN GENERAL.—Section 10(c) of the Home Owners' Loan Act (12 U.S.C. 1467a(c)) is amended by adding at the end the following new paragraph:

''(9) TERMINATION OF EXPANDED POWERS FOR NEW UNITARY S&L HOLDING COMPANY.—

''(A) IN GENERAL.—Subject to subparagraph (B), paragraph (3) shall not apply with respect to any company that becomes a savings and loan holding company pursuant to an application filed after March 31, 1998.

''(B) EXISTING UNITARY S&L HOLDING COMPANIES AND THE SUCCESSORS TO SUCH COMPANIES.—Subparagraph (A) shall not apply, and paragraph (3) shall continue to apply, to a company (or any subsidiary of such company) that—

''(i) either—

''(I) acquired 1 or more savings associations described in paragraph (3) pursuant to applications at least 1 of which was filed before April 1, 1998; or

''(II) became a savings and loan holding company by acquiring ownership or control of the company described in subclause (I); and

''(ii) continues to control the savings associations referred to in clause (i)(I) or the successor to any such savings association.''.

(b) TECHNICAL AND CONFORMING AMENDMENT.—Section 10(c)(3) of the Home Owners' Loan Act (12 U.S.C. 1467a(c)(3)) is amended by striking ''Notwithstanding'' and inserting ''Except as provided in paragraph (9) and notwithstanding''.

H.R. 1872

OFFERED BY: MR. DAN SCHAEFER OF COLORADO

Amendment No. 1: Page 6, line 6, after ''take into consideration'' insert the following: ''and act in a manner consistent with''.