one reads: ''The Tavistock Institute and the European Commission are working on a feasibility study to research the affect of using Smart Cards in competence accreditation. The study will be carried out in the USA and parts of Europe.'' The project involves assessing and validating students' skills, with information placed on personal skills Smartcards, which ''become real passports to employment.''

If without a passport one cannot enter a country, does this mean that without a skills passport one may not be able to get a job in the future?

In October 1997, the Tavistock Institute (and Manchester University) completed the final report for the European Commission, and described in a report summary were the relevancy of Goals 2000, SCANS (U.S. Department of Labor ''Secretary's Commission on Achieving Necessary Skills'') typology with its ''profound implications for the curriculum and training changes that this will require,'' valid skills standards and portable credentials ''benchmarked to international standards such as those promulgated by the International Standards Organization (ISO).''

The report summary went on to say that ''there is increasing attention being focused on developing global skill standards and accreditation agreements,'' and there will be ''partnerships between government, industry, and representatives of worker organizations . . . (and) a high degree of integration . . . embedding skills within the broader context of economic and social activity, and specifically within the areas of secondary education, work-based learning and local and regional economic development. . . . The NSSB, Goals 2000, STW Program are all combining to act as a catalyst to promote the formation of partnerships to develop skills standards. In this regard, a system like O*Net can be seen as the 'glue' that holds everything together.''

O*Net is a new occupational database system sponsored by the U.S. Department of Labor's Employment and Training Administration, and is being piloted in Texas, South Carolina, California, New York and Minnesota. It includes information such as ''Worker Characteristics'' (abilities, interests and work styles) and ''Worker Requirements'' (e.g., basic skills, knowledge and education).

INTRODUCTION OF THE CRIMINAL WELFARE PREVENTION ACT, PART III

HON. WALLY HERGER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 25, 1998

Mr. HERGER. Mr. Speaker, I rise today to announce the introduction of ''The Criminal Welfare Prevention Act, Part III''—the third in a series of legislative initiatives I have sponsored to help cut off fraudulent federal benefits to prisoners in state and local jails.

Because of the original ''Criminal Welfare Prevention Act''—legislation I introduced during the 104th Congress which was enacted as part of welfare reform in 1996—an effective new incentive system is now in place that enables the Social Security Administration (SSA) to detect and cut off fraudulent Supplemental Security Income (SSI) and Social Security (OASDI) benefits that would otherwise be issued to prisoners. That provision established monetary incentives for state and local law enforcement authorities to enter into voluntary data-sharing contracts with SSA. Now, participating local authorities can elect to provide the Social Security numbers of their inmates to the Social Security Administration. If SSA identifies any ''matches''—instances where inmates are fraudulently collecting SSI benefits—SSA now cuts off those benefits and the participating local authority receives a cash payment of as much as $400. Participation in these data-sharing contracts is strictly voluntary; they do not involve any unfunded federal mandates. According to a recent estimate by SSA's Inspector General, this initiative could help save taxpayers as much as $3.46 billion through the year 2001.

Mr. Speaker, on June 4th of this year, the House passed my follow-up legislation, ''The Criminal Welfare Prevention Act, Part II.'' This proposal would encourage even more sheriffs to become involved in fraud-prevention by extending the $400 incentive payments to intercepted Social Security (OASDI) checks as well. This provision—included as Section 7 of ''The Ticket to Work and Self-Sufficiency Act''—is now awaiting action in the Senate.

Despite this important progress, Mr. Speaker, our work is still not complete. In addition to establishing the new system of monetary incentives, the original Criminal Welfare Prevention Act also authorized the SSA to share the agency's augmented prisoner database with other federal agencies so that similar inmate fraud could be prevented in other federal and federally-assisted benefit programs. In April of this year, President Clinton issued an executive memorandum directing the SSA to act on its newly-granted authority and to make its database available by November 1st. This action, if faithfully executed, could potentially uncover a tremendous number of fraudulent benefit checks that would otherwise be issued to prisoners by the Departments of Agriculture, Education, Labor, Veterans' Affairs, and others. In fact, according to Administration estimates, this could save taxpayers an additional $500 million over five years.

Mr. Speaker, I want to take this opportunity to congratulate the President for joining this important fight against fraud in our nation's federal programs. However, because fraud prevention has not historically been a top priority at the SSA, I believe that Congress should nonetheless move to codify this administrative action into law.

The Criminal Welfare Prevention Act, Part III is quite straightforward. It would simply require the SSA to share its prisoner database with other federal departments and agencies to help prevent the continued payment of other fraudulent benefits (i.e., food stamps, veterans' benefits, education aid, etc.) to prisoners. I would urge all of my colleagues—on both sides of the aisle—to cosponsor this important legislation and to remind criminals that crime isn't supposed to pay.

INTRODUCTION OF REMEDIAL ANCSA SETTLEMENT TRUST LEGISLATION

HON. DON YOUNG

OF ALASKA

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 25, 1998

Mr. YOUNG of Alaska. Mr. Speaker, today I am pleased to introduce legislation which will enable Alaska Native Settlement Trusts to achieve the goals envisioned for them by the Congress in the original authorizing legislation: to encourage Alaska Native Corporation to use their own assets to provide segregated, protected funds to ''promote the health, education, and welfare of . . . (Settlement Trust) beneficiaries and preserve the heritage and culture of Natives.'' Settlement trusts have been impeded from achieving the laudatory goals originally envisaged because of deficiencies in the original legislation and impediments arising from certain IRS interpretations as well as inflexibility in current tax administration with regard to the trust.

In recent years I have written to the Chairman of the Ways and Means Committee informing him that what has started as a simple proposition, promoted by Congress in the Settlement Trust legislation—to provide aid from a protected source to Alaska Natives who often have very little in other available assets to sustain them and in particular in their retirement years—had become a complex and bewildering situation which frustrated the use of the settlement trust provisions in law. This result stems from an IRS interpretation calling for the immediate taxation to potential beneficiaries when these trusts are established by Alaska Native corporations which have earnings and profits, as opposed to taxation when the money is actually received by the beneficiaries. Put simply, in the case of some beneficiaries, particularly the elderly, who have to prepay taxes in order to receive their benefits and, if they die prematurely, they will not even receive the amount of their prepaid taxes back. Needless to say, this is a substantial impediment to setting up and continuing such beneficial trusts.

But those Native corporations having favorable tax situations which enable them to make contributions to trusts which are not immediately taxable to their beneficiaries face other impediments. The IRS has taken the position that there is no authority to withhold tax from beneficiary payments, which prevents a simple way for a Native to pay his or her tax. The IRS requires that trust reporting to beneficiaries be accomplished via the complex so-called ''K-1'' form as opposed to the simple 1099 form, so familiar to most of us. As you can imagine, the requirement to use the former, particularly in rural areas in the state of Alaska where accountants may not be readily available, presents major reporting problems. We believe the IRS internally has been supportive of such a change but has advised in the past that it would need to be accomplished by statute.

Finally, the original authorizing legislation failed to provide a mechanism to encourage sustaining the longevity of these trusts dedicated to the goals enumerated. Such trusts are currently treated as regular trusts and penalized for accumulating income with an assessment of the highest marginal tax rate. Accordingly, from the standpoint of a settlement trust, it currently makes good tax sense to distribute all income to the beneficiaries rather than leaving it to be taxed at the current trust tax rate. This, however,does not make good social sense and encourages the opposite result one would envision for these entities, whose goal is to sustain the funds on a long-term basis in order to fulfill the objective envisioned for Settlement Trusts.

Accordingly, Mr. Speaker, Congressman MILLER and Congressman HAYWORTH, and I